



Financial Reports

COUNCIL OF THE CITY OF ROCKDALE

General purpose financial report for the year ended 30 June 2007

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This financial report is a general purpose financial report of Council of the City of Rockdale and is 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
21 Bryant Street
Rockdale NSW 2216

The financial report was authorised for issue by the Council on _ November 2007. Council has the power to amend and reissue the financial report.

Through the use of the internet, we have ensured that our reporting is timely, complete, and available at minimum cost. All press releases, financial reports 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 2007

**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:

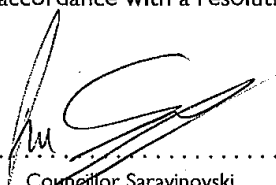
- The Local Government Act 1993 (as amended) and the Regulations made thereunder
- The Australian Accounting Standards and professional pronouncements
- The Local Government Code of Accounting Practice and Financial Reporting

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

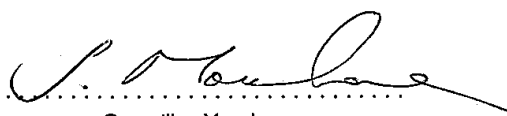
- present fairly the Council's operating result and financial position for the year, and
- accords with Council's accounting and other records.

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 5 September 2007.



Councillor Saravinovski
MAYOR



Councillor Moselmane
COUNCILLOR



Chris Watson
GENERAL MANAGER



John Lee
**RESPONSIBLE ACCOUNTING
OFFICER**

COUNCIL OF THE CITY OF ROCKDALE

INCOME STATEMENT

for the year ended 30 June 2007

Original Budget ¹ 2007 \$'000		Notes	Actual 2007 \$'000	Actual 2006 \$'000
Income from continuing operations				
39,546	Rates and annual charges	3a	40,184	37,515
6,273	User charges and fees	3b	4,000	3,795
1,740	Interest and investment revenue	3c	4,677	4,378
1,294	Other revenues	3d	4,477	3,253
4,183	Grants and contributions provided for operating purposes	3e, f	4,979	4,758
3,154	Grants and contributions provided for capital purposes	3e, f	1,708	3,343
Other Income:				
91	Net gain from the disposal of assets	5	647	2,095
56,282	Total income from continuing operations		60,672	59,137
Expenses from continuing operations				
23,037	Employee benefits and on-costs	4a	24,163	22,110
418	Borrowing costs	4b	410	425
12,759	Materials and contracts	4c	14,342	13,813
8,208	Depreciation and amortisation	4d	8,186	7,966
9,163	Other expenses	4e	8,574	9,307
53,586	Total expenses from continuing operations		55,675	53,621
2,697	Operating result from continuing operations		4,997	5,516
-	Operating result from discontinued operations		-	-
2,697	Net operating result for the year		4,997	5,516
(458)	Net operating result for the year before grants and contributions provided for capital purposes		3,290	2,173

Note:

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

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

COUNCIL OF THE CITY OF ROCKDALE

BALANCE SHEET

as at 30 June 2007

		Actual 2007 \$'000	Actual 2006 \$'000
ASSETS	Notes		
Current assets			
Cash and cash equivalents	6a	22,195	24,477
Investments	6b	24,918	27,105
Receivables	7	6,385	5,801
Inventories	8	65	70
Other	8	1,465	402
Total current assets		55,028	57,855
Non-current assets			
Receivables	7	4	102
Property, Plant & Equipment	9	891,152	879,367
Intangibles	21	2,933	2,012
Total non-current assets		894,089	881,481
Total assets		949,117	939,336
LIABILITIES			
Current liabilities			
Payables - Payable in less than 12 months	10	7,893	3,353
- Payable after 12 months	10	1,818	1,234
Interest bearing liabilities	10	1,142	2,096
Provisions - Payable in less than 12 months	10	1,918	1,911
- Payable after 12 months	10	6,812	6,211
Total current liabilities		19,583	14,805
Non-current liabilities			
Interest bearing liabilities	10	4,723	4,824
Provisions	10	1,080	973
Total non-current liabilities		5,803	5,797
Total liabilities		25,386	20,602
Net assets		923,731	918,734
EQUITY			
Accumulated Surplus	20	923,731	918,734
Total Equity		923,731	918,734

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

COUNCIL OF THE CITY OF ROCKDALE

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2007

	Actual 2007 \$'000		Actual 2006 \$'000	
	Retained Earnings	Total Equity	Retained Earnings	Total Equity
Balance at beginning of reporting period	918,734	918,734	913,218	913,218
Adjustment on adoption of AASBI32 and AASBI39	-	-	-	-
Transfers to/from Asset revaluation reserve	-	-	-	-
Transfers to/from Other reserves	-	-	-	-
Other adjustments	-	-	-	-
Distribution to minority interests	-	-	-	-
Net movements recognised directly in equity	-	-	-	-
Net operating result for the year	4,997	4,997	5,516	5,516
Balance at end of the reporting period	923,731	923,731	918,734	918,734

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

COUNCIL OF THE CITY OF ROCKDALE
CASH FLOW STATEMENT

For the year ended 30 June 2007

Budget 2007 \$'000		Actual 2007 \$'000	Actual 2006 \$'000
Cash Flows from Operating Activities			
	Receipts		
39,368	Rates and annual charges	40,017	37,200
6,526	User charges and fees	3,110	5,104
1,750	Investment revenue and interest	4,578	3,945
7,037	Grants and contributions	6,459	7,849
1,284	Other revenue	2,737	1,757
	Payments		
(22,300)	Employee benefits and on-costs	(23,449)	(20,246)
(12,862)	Materials and contracts	(12,880)	(13,670)
(423)	Borrowing costs	(445)	(428)
(9,163)	Other expenses	(4,471)	(11,114)
11,218	Net cash provided by operating activities	15,656	10,397
		11(b)	
Cash Flows from Investing Activities			
	Receipts		
-	Redemption of investment	17,698	30,623
861	Sales of infrastructure, property, plant and equipment	2,518	4,507
	Payments		
(1,250)	Purchase of investments	(14,336)	(33,115)
(11,573)	Purchase of infrastructure, property, plant and equipment	(22,762)	(12,378)
(11,962)	Net cash used in investing activities	(16,882)	(10,363)
Cash Flows from Financing Activities			
	Receipts		
1,100	Proceeds from borrowings	1,100	1,100
	Payments		
(2,111)	Repayment of borrowings	(2,156)	(919)
(1,011)	Net cash (outflow) inflow from financing activities	(1,056)	181
(1,755)	Net increase (decrease) in cash held	(2,282)	215
24,477	Cash at the beginning of the reporting period	24,477	24,262
22,722	Cash at the end of the reporting period	22,195	24,477

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

COUNCIL OF THE CITY OF ROCKDALE

for the year ended 30 June 2007

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NOTES TO THE FINANCIAL STATEMENTS

Note I

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

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

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

(i). Historical cost convention

These financial statements have been prepared under the historical cost convention.

(ii). Critical accounting estimates

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

(b) Principles of consolidation**(i). The Consolidated Fund**

In accordance with the provisions of Section 409(1) of the Local Government Act 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
- Waste Management Operations
- Rockdale Meal Service

The following Committees and entities, 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 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 are included in these reports.

(c) Revenue recognition

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

(i). Rates and annual charges

Rates and annual charges are recognised as revenues when the Council obtains control over the assets comprising these receipts. Control over assets 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.

The rating period and financial reporting period coincide and accordingly, all rates levied for the year are recognised as revenues. Uncollected rates are recognised as receivables after providing for doubtful debts relating to unknown owners and postponed rates in accordance with the requirements of the Local Government Act, 1993.

Rates are calculated by levies on the unimproved value of land as determined by the Valuer General. Increases in rates are limited by State Legislation. The Council is permitted to make, levy, demand and recover charges for other services, registrations, licences and applications.

(ii). Grants, contributions and donations

Grants, contributions (including developer contributions) and donations (in cash or kind) are recognised as revenues when Council obtains control over the assets comprising the contributions. Control over granted assets is normally obtained upon their receipt. Where notification has been received that a grant has been secured and Council acts in reliance of that notification, control is deemed at that time.

Council has an obligation to provide facilities from contributions received from developers under the provisions of s94 of the Environmental Planning & Assessment Act 1991. These contributions may be expended only for the purposes for which the contributions were required, but Council may apply contributions according to the priorities established in the relevant contributions plans and accompanying works schedules.

Contribution plans adopted by Council are available for public inspection free of cost. Council has one all encompassing s94 Plan which collects Developer Contributions for the following assets:-

- * Open Space (including land acquisitions, embellishments, facilities & amenities)
- * Community Facilities (including library and child care)
- * Wollli Creek (including roads, stormwater management, pedestrian and cyclist facilities)
- * Drainage
- * Car Parks
- * Town Centre and Streetscape Improvements
- * Pollution Control

Where grants, contributions or donations recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period and those conditions were undischarged as at the reporting date, the unused grant or contribution is disclosed in Note 17. 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.

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

(iv). Sale of infrastructure, property, plant and equipment

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

(v). Interest and rents

Interest income is recognized as it accrues. Rents are recognised as revenue when the payment is due.

(d) Cash and cash equivalents

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

(e) Receivables

Receivables are generally settled within 30 days. Collectibility of receivables is reviewed on an ongoing basis. A provision for doubtful debts is raised where some doubt as to collection exists. Debts that are known to be uncollectible are written off.

(f) Inventories

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

(g) Investments and other financial assets

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

(h) Acquisition of assets

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

(i) Impairment of assets

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

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

(j) Infrastructure, property, plant and equipment

All infrastructure, property, plant and equipment under the Council's control are stated at cost less depreciation. Cost includes expenditure that is directly attributable to the acquisition of the items.

Land is classified as either operational or community in accordance with Part 2 of Chapter 6 of the Local Government Act (1993). This is disclosed in Note 9(a).

Council's assets will be progressively revalued to fair value in accordance with a staged implementation advised by the Department of Local Government.

Property, plant and equipment, land, buildings and other	2007/08
Roads, bridges, footpaths and drainage	2008/09

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

(k) Land under roads

Council has elected not to recognize land under roads in accordance with the deferral arrangements available in the transitional provisions of AASB 1045. These provisions allow deferral of recognition until 30 June 2008.

(l) Depreciation and amortisation

All assets having a limited useful life are depreciated or amortised on a straight-line basis to write off the net cost of each item of infrastructure, property, plant and equipment over its expected useful life to the Council. Land is not depreciated. Assets are depreciated or amortised from the date from which they are

first installed ready for use or, in the case of internally constructed assets, from the time an asset is completed and held ready for use. Estimates of remaining useful lives are reassessed annually.

The expected useful lives of major assets are as follows:

Asset Group	Life	Rate
Land	Infinite	n/a
Buildings	33 - 40 years	2.5 - 3%
Bridges - concrete	67 years	1.5%
Bulk Earthworks	Infinite	n/a
Cliff Stabilisation	50 years	2.0%
Drainage Infrastructure	67 years	1.5%
Earth moving Equipment	8 years	12.5%
Foreshore Improvements	30 years	3.3%
Park Landscaping	50 years	2.0%
Park Furniture & Equipment	5 years	20.0%
Recycling Bins	10 years	10.0%
Streetscaping & Bus Shelters Road	20 years	5.00%
Office Furniture & Equipment	4 -10 years	10 – 25.0%
Library Resources	7 years	14.3%
Vehicles and Other Plant & Equipment	7 - 8 years	12.5 – 15.0%
Intangible Assets	10 years	10.0%

Gains and losses on disposal of assets are determined as the difference between the carrying amount of the asset at the time of disposal and the proceeds of disposal, and are included in the income statement.

(m) Intangible assets

Costs incurred in developing systems and acquiring software and licences that will contribute to future benefits are capitalized to software and systems. Costs capitalized 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 the estimated useful life of the asset.

IT development costs include only those costs directly attributable to the development phase. Assets are stated at cost less amortization.

(n) 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.

Amounts received by Council as security deposits are treated as liabilities until refunded.

(o) Interest bearing liabilities and borrowing costs

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

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

(p) Provisions

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

(q) Employee benefits**(i). Salaries, wages, annual leave and sick leave**

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

(ii). Long service leave

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

(iii). Retirement benefit obligations

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

A liability or asset in respect of defined benefit superannuation plans would ordinarily be recognised in the balance sheet, and measured as the present value of the defined benefit obligation at the reporting date plus unrecognised actuarial gains (less unrecognised actuarial losses) less the fair value of the superannuation fund's assets at that date and any unrecognised past service cost. The present value of the defined benefit obligation is based on expected future payments which arise from membership of the fund to the reporting date, calculated annually by independent actuaries using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. However, when this information is not reliably available, Council accounts for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans. The Local Government Superannuation Scheme has advised that it is unable to provide individual councils with an accurate split of their share of the Scheme's assets and liabilities and so no asset or liability is recognised.

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

(r) Allocation between current and non-current

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Council's operational cycle. In the case of liabilities where Council does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave and annual leave, the liability is classified as current even if not expected to be settled within the next 12 months.

(s) Changes to prior year comparatives

Some figures for the 2005/06 comparative year were changed because of different classifications used for the 2006/07 financial year.

(t) Rounding of amounts

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

(u) New accounting standards and Urgent Issues Group (UIG) interpretations

Certain new accounting standards and UIG interpretations have been published that are not mandatory for 30 June 2007 reporting periods. Council's assessment of the impact of these new standards and interpretations is set out below.

AASB 7 Financial Instruments: Disclosures and AASB 2005-10 Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038]

AASB 7 and AASB 2005-10 are applicable to annual reporting periods beginning on or after 1 January 2007. The Council has not adopted the standards early. Application of the standards will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in the financial instruments.

(v) Crown Reserves

Crown Reserves under Council's care and control are recognized as assets of the Council. While ownership of the reserves remain 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 to the reserves are recognized within Council's income statement.

(w) Reserves and internally restricted assets

Council has established a number of reserves to meet specific commitments for future expenditure. Amounts held in reserves are invested in interest bearing securities in accordance with Council's policy on the investment of funds. Details relating to the reserve are set out in note 6c.

(x) Special Purpose Financial Reports

Council's Business Units are not large enough to be classified as Category 1 or 2, in accordance with the requirements of National Competition Policy.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 (a)

FUNCTIONS

Incomes, expenses and assets have been directly attributed to the following functions and activities.

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 2007 \$'000	ACTUAL 2007 \$'000	ACTUAL 2006 \$'000	ORIGINAL BUDGET 2007 \$'000	ACTUAL 2007 \$'000	ACTUAL 2006 \$'000	ORIGINAL BUDGET 2007 \$'000	ACTUAL 2007 \$'000	ACTUAL 2006 \$'000	ACTUAL 2007 \$'000	ACTUAL 2006 \$'000	ACTUAL 2007 \$'000	ACTUAL 2006 \$'000
City Services	(5,835)	(4,608)	(4,197)	23,674	25,164	24,415	17,839	20,623	20,219	-	-	589,668	601,349
City Strategy	(1,374)	(2,318)	(1,734)	2,210	3,072	1,988	836	754	253	-	-	3,498	3,666
Corporate Support	(208)	(241)	(50)	7,301	7,052	8,031	7,093	6,809	7,981	-	-	6,905	4,989
General Manager and Governance	-	-	-	1,201	1,153	1,226	1,201	1,154	1,226	-	-	495	415
Fixed Costs	(280)	(265)	(256)	8,702	8,975	8,359	8,421	8,710	8,102	(265)	(244)	335,413	325,107
Waste Management Services	(9,978)	(10,100)	(9,513)	10,012	10,079	9,396	35	(21)	(116)	(116)	(263)	2,914	2,635
Local Area Maintenance	(333)	(895)	(119)	486	180	206	152	(714)	87	-	-	-	-
Total Functions and Activities	(18,008)	(18,427)	(15,869)	53,586	55,675	53,621	35,577	37,315	37,752	(381)	(507)	938,893	938,161
General Purpose Revenue	(35,029)	(39,890)	(37,830)	-	-	-	(35,029)	(39,957)	(37,830)	(4,411)	(4,078)	10,224	1,177
Capital Purpose Revenue	(3,245)	(2,355)	(5,438)	-	-	-	(3,245)	(2,355)	(5,438)	(1,258)	(1,121)	-	-
Totals	(56,282)	(60,672)	(59,137)	53,586	55,675	53,621	(2,697)	(4,997)	(5,516)	(6,050)	(5,706)	949,117	939,338

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 (b)

COMPONENTS OF FUNCTIONS

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

City Services

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

- Management City Services
- Community and Customer Services
- Operational Services
- Environmental Business Services
- Technical Services
- Development Assessment and Compliance

City Strategy

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 business units in this department are:

- Strategy
- Environmental Planning
- Urban Planning

Corporate Support

This department leads and supports business processes throughout the organisation providing supporting services and advice to enable all departments to carry out their functions effectively and efficiently. The business units in this department are:

- Public Relations
- Human Resources and Risk Management
- Finance and Administration
- Information Management
- Supply and Fleet Management

General Manager's Office & Governance

This Department 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, corporate governance issues and liaison with and advice to community organizations involved in Council's Sister City Program

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 (b)**COMPONENTS OF FUNCTIONS** *(continued)***Fixed Costs**

Fixed costs include loan servicing, depreciation expense of infrastructure assets and contributions to government departments including NSW Fire Brigade Service.

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. Activities are funded by local area business rates.

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).

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3

REVENUES FROM CONTINUING OPERATIONS

	Actual 2007 \$'000	Actual 2006 \$'000
(a) Rates and annual charges		
Ordinary Rates		
- Residential	24,539	23,735
- Business	3,851	3,741
- Farmland	5	5
Total Ordinary Rates	<u>28,395</u>	<u>27,481</u>
Special Rates		
- Local area rates	386	367
- Community Safety Levy	903	867
- Stormwater Levy	795	-
Total Special Rates	<u>2,084</u>	<u>1,234</u>
Annual Charges (pursuant to s.496 & s.501)		
- Domestic Waste Management Charge	9,705	8,800
Total Annual Charges	<u>9,705</u>	<u>8,800</u>
Total rates and annual charges	<u>40,184</u>	<u>37,515</u>

Council has used 2003 valuations provided by the NSW Valuer General in calculating its rates. Valuations are updated every three years.

(b) User charges and fees

User charges (pursuant to s.502)

- Non-Rateable Waste Management	71	60
- Non-Domestic Waste Management	379	351
Total user charges	<u>450</u>	<u>411</u>

Regulatory and statutory fees

- Building Inspections	160	141
- Building Consent and Construction Certificate	167	166
- Rating Certificates Fees (section 603)	121	92
- Development & Planning Consent Fee	988	756
- Zoning Certificate Fees (section 149)	215	162
- Health Inspection & Approvals Fees	102	123
- Others	28	25
Total regulatory and statutory fees	<u>1,781</u>	<u>1,465</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3

REVENUES FROM CONTINUING OPERATIONS (CONTINUED)

	Actual 2007 \$'000	Actual 2006 \$'000
Discretionary fees		
- Meals on Wheels Fees	282	304
- Restoration & Road Opening Fee	914	1,062
- Engineering Inspections & Other Fees	66	78
- Street Furniture Advertising Fee	83	80
- Permits & Inspection Fees	133	111
- Library Fees & Charges	70	113
- Others	221	171
Total discretionary fees	<u>1,769</u>	<u>1,919</u>
Total user charges and fees	<u>4,000</u>	<u>3,795</u>
 (c) Interest and investment revenue		
Cash, cash equivalents and Investments:		
- Externally restricted	1,116	1,632
- Internally restricted	1,928	1,423
- Unrestricted	1,466	1,166
Interest on Overdue Rates & Charges	126	122
Interest on Waste Management	41	35
Total interest and investment revenue	<u>4,677</u>	<u>4,378</u>
 (d) Other revenues		
Fines		
- Car Parking Infringements	821	900
- Other	416	369
Rental income		
- Residential & Commercial Property	784	775
- Halls & community Facilities	181	124
- Parks & Sporting Facilities	495	585
Others	1,780	500
Total other revenue	<u>4,477</u>	<u>3,253</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3

REVENUES FROM CONTINUING OPERATIONS (CONTINUED)

	OPERATING		CAPITAL	
	Actual 2007 \$'000	Actual 2006 \$'000	Actual 2007 \$'000	Actual 2006 \$'000
(e) Grants				
General Purpose Grants				
Financial Assistance Grant	1,639	1,593	-	-
Pensioners Rates Subsidies	731	999	-	-
LGGC Financial Assistance - Local Road	583	564	-	-
	<u>2,953</u>	<u>3,156</u>	<u>-</u>	<u>-</u>
Specific Purpose Grants				
Pensioner Rate Subsidies (DWM)	261	-	-	-
RTA Roads & Traffic	321	350	-	943
Library Assistance Grant	238	240	-	-
Streetlighting Subsidy	250	244	-	-
Meals on Wheels Subsidy	198	201	-	-
RTA Roads & Traffic	-	-	164	-
Roads to Recovery	-	-	347	-
RRIF Grant from LGSA	-	-	220	-
Waterway & Foreshore Improvements	-	-	284	-
Natural Disaster Mitigation Grant	-	-	110	-
Others	571	394	133	178
	<u>1,839</u>	<u>1,429</u>	<u>1,258</u>	<u>1,121</u>
Total Grants	<u>4,792</u>	<u>4,585</u>	<u>1,258</u>	<u>1,121</u>
Comprising:				
- Commonwealth Funding	3,221	3,246	220	-
- State Funding	1,571	1,330	1,038	947
- Other Funding	-	9	-	174
Total	<u>4,792</u>	<u>4,585</u>	<u>1,258</u>	<u>1,121</u>
(f) Contributions				
Section 94 Developer Contributions				
- Open Space	-	-	305	1,329
- Community Facilities	-	-	60	187
- North Arncliffe	-	-	-	525
- Drainage, Pollution Control and Others	-	-	43	168
Others	187	173	42	13
	<u>187</u>	<u>173</u>	<u>450</u>	<u>2,222</u>
Total Contributions	<u>187</u>	<u>173</u>	<u>450</u>	<u>2,222</u>
Total grants and contributions	<u>4,979</u>	<u>4,758</u>	<u>1,708</u>	<u>3,343</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3

REVENUES FROM CONTINUING OPERATIONS (CONTINUED)

	Actual 2007 \$'000	Actual 2006 \$'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	2,102	3,965
Less:		
Grants and contributions recognised in previous reporting periods which have been spent in the current period	(11,213)	(2,350)
Net increase (decrease) in restricted grants and contributions	<u><u>(9,111)</u></u>	<u><u>1,615</u></u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4

EXPENSES FROM CONTINUING OPERATIONS

	Actual 2007 \$'000	Actual 2006 \$'000
(a) EMPLOYEE BENEFITS AND ON COSTS		
Salaries and Wages	18,688	17,282
Travelling	23	193
Employee Leave Entitlements	3,029	2,337
Superannuation	1,546	1,429
Workers' Compensation Insurance	610	850
FBT	133	141
Training and Seminars	250	340
Occupational Health & Safety	15	106
Others	683	51
Less: Capitalised Costs	(814)	(619)
Total employee costs expensed	<u>24,163</u>	<u>22,110</u>
Number of FTE employees	369.6	346.0
(b) BORROWING COSTS		
Interest on Loans	410	420
Interest on Finance Lease	-	5
Less: Capitalised Borrowing Costs	-	-
Total borrowing costs expensed	<u>410</u>	<u>425</u>
(c) MATERIALS & CONTRACTS		
Printing and stationery	1,153	920
Computer maintenance	313	362
Roads, parks and property maintenance	2,257	2,433
Recycling contract	2,484	2,239
Waste collection and disposal	4,795	4,397
Community safety, vandalism and graffiti program	309	927
Design and Planning	840	771
Other contractor and consultancy	1,392	1,092
Audit Fees:		
- Audit Services	72	51
- Other	4	-
Legal Fees		
- Planning and development	90	104
- Other	267	176
Operating Leases:		
- Computers	366	341
Total materials and contracts expensed	<u>14,342</u>	<u>13,813</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4

EXPENSES FROM CONTINUING OPERATIONS (CONTINUED)

	Actual 2007 \$'000	Actual 2006 \$'000
(d) DEPRECIATION, AMORTISATION AND IMPAIRMENT		
Plant & Equipment	891	866
Computer & Office Equipment	279	236
Intangible Assets Amortisation	272	667
Furniture & Fittings	70	154
Buildings	1,366	805
- Roads, Bridges & Footpaths	3,243	3,191
- Car Parking Areas	76	76
- Stormwater Drainage	749	735
- Parks Development / Land Improvements	394	459
- Foreshore Protection	173	140
- Wharves & Jetties	-	21
- Beach Bathing Enclosures	-	1
- Streetscaping	181	161
Other Assets		
- Library Books	316	279
- Recycling Bins	175	175
Total depreciation and total impairment	<u>8,186</u>	<u>7,966</u>
(e) OTHER EXPENSES		
Advertising	333	309
Bad Debts Written-off	96	39
Communications	281	315
Mayoral Fees	31	27
Councillors' Fees	210	214
Councillors' (incl. Mayor) Expenses	306	306
Donation and Subsidies	118	315
Fees and Charges	220	194
Property Expenses	372	360
Insurance	1,094	882
Contributions and levies	1,270	1,299
Street Lighting	1,128	1,025
Utilities/Rates/Charges	445	337
Others	2,670	3,685
Total other expenses from continuing operations	<u>8,574</u>	<u>9,307</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5

GAIN OR LOSS ON DISPOSAL OF ASSETS

	Actual 2007 \$'000	Actual 2006 \$'000
Gain on disposal of Land and Building		
Proceeds from disposal	1,817	3,865
Less: Carrying amount of assets sold	<u>(1,162)</u>	<u>(1,775)</u>
Gain on disposal	<u>655</u>	<u>2,090</u>
Gain (or loss) on disposal of Infrastructure, Plant and Equipment		
Proceeds from disposal	701	642
Less: Carrying amount of assets sold	<u>(709)</u>	<u>(637)</u>
Gain (or loss) on disposal	<u>(8)</u>	<u>5</u>
Net gain from disposal of assets	<u><u>647</u></u>	<u><u>2,095</u></u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6(a)

CASH AND CASH EQUIVALENTS

	Actual 2007		Actual 2006	
	Current \$'000	Non-Current \$'000	Current \$'000	Non-Current \$'000
Cash on hand and at bank	18,951	-	24,477	-
Deposits at call	3,244	-	-	-
	<u>22,195</u>	<u>-</u>	<u>24,477</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6(b)

INVESTMENTS

The following financial assets are held as investments:

	Actual 2007		Actual 2006	
	Current \$'000	Non-Current \$'000	Current \$'000	Non-Current \$'000
Financial assets at fair value through Profit and Loss	24,918	-	27,105	-
Held to maturity investments	-	-	-	-
Available for sale financial assets	-	-	-	-
Total	24,918	-	27,105	-
Financial assets at fair value through Profit and Loss				
At beginning of year	27,105	-	24,613	-
Adjustment on adoption of AASB132 & 139	-	-	-	-
Revaluation to Income statement	1,175	-	988	-
Additions	14,336	-	32,127	-
Disposals (Sale/Redemption)	(17,698)	-	(30,623)	-
At end of year	24,918	-	27,105	-
Held for trading:				
- FRNs	10,742	-	12,556	-
- Other	5	-	5	-
- CDOs	-	-	-	-
- Term Deposits	-	-	3,405	-
- Equity Linked Notes	14,171	-	11,139	-
	24,918	-	27,105	-

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6(c)

RESTRICTED CASH, CASH EQUIVALENTS AND INVESTMENTS

	Actual 2006/07		Actual 2005/06	
	Current \$'000	Non-Current \$'000	Current \$'000	Non-Current \$'000
Total cash, cash equivalents and investments	47,113	-	51,582	-
External restrictions	26,441	-	32,749	-
Internal restrictions	17,410	-	16,827	-
Unrestricted	3,262	-	2,006	-
	47,113	-	51,582	-
Movements				
	Opening Balance 30 June 2006 \$'000	Transfers to Restriction \$'000	Transfers from Restriction \$'000	Closing Balance 30 June 2007 \$'000
External restrictions				
Developer contributions	23,527	1,523	(10,984)	14,066
Other contributions	-	68	-	68
Unexpended grant funds	1,164	583	(233)	1,514
Domestic waste reserve	2,456	217	-	2,673
Local area funds	5,602	2,844	(326)	8,120
Total external restrictions	32,749	5,235	(11,543)	26,441
Internal restrictions				
Employee's Entitlements	1,100	1,618	(563)	2,155
Plant & Equipment	353	161	-	514
Office & IT Reserve	570	371	(329)	612
Open Space and s94 Obligations	3,501	400	(493)	3,408
Central Library	2,726	-	-	2,726
Loan Sinking Fund	1,045	55	(1,100)	-
Bexley Pool Complex	1,000	-	-	1,000
Public Liability Claims	585	87	(400)	272
Lady Robinson's Beach	160	54	(30)	184
Workers Compensation Equalisation	4	239	-	243
Council Election	200	80	-	280
Municipal Buildings	528	50	-	578
Capital Revotes	976	-	(976)	-
Interest Equalisation	-	680	(57)	623
Groynes Contribution	34	-	(34)	-
Strategic Priorities	3,359	1,302	(1,333)	3,328
Debt Equalisation	19	902	(908)	13
Street Lighting Hardware	61	37	-	98
Building Income Equalisation	-	14	-	14
Revolving Energy Fund	1	-	-	1
Regulations Services	605	473	(209)	869
Brighton Baths Amenities Building	-	492	-	492
Total internal restrictions	16,827	7,015	(6,432)	17,410
Total restrictions	49,576	12,250	(17,975)	43,851

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7

RECEIVABLES

Purpose	Actual 2007		Actual 2006	
	Current \$'000	Non-Current \$'000	Current \$'000	Non-Current \$'000
Rates and Annual Charges - Levies	2,375	-	1,919	74
Rates and Annual Charges - Interest	265	-	199	24
Interest on Investments	509	-	679	-
User Charges and Fees	431	-	434	-
Government Grants and Subsidies	336	-	522	-
GST Refund from ATO	654	-	797	-
Sundry Debtors	2,014	4	1,279	4
Total	6,584	4	5,829	102
Less: Provision for doubtful debts				
- Rates & Annual Charges	(66)	-	-	-
- Interest & Extra Charges	(33)	-	(20)	-
- User Charges & Fees	(2)	-	-	-
- Other Doubtful Debts	(98)	-	(8)	-
	(199)	-	(28)	-
	6,385	4	5,801	102
Restricted receivables				
Externally restricted receivables				
Domestic Waste Receivable	569	-	505	24
Local Area Rates Receivable	31	-	26	-
Total externally restricted receivables	600	-	531	24
Unrestricted Receivables	5,785	4	5,270	78
Total receivables	6,385	4	5,801	102

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8

INVENTORIES & OTHER ASSETS

	Actual 2007		Actual 2006	
	Current \$'000	Non-Current \$'000	Current \$'000	Non-Current \$'000
Inventories				
Stores & Materials	65	-	70	-
	<u>65</u>	<u>-</u>	<u>70</u>	<u>-</u>
Other Assets				
Prepayments	1,465	-	402	-
	<u>1,465</u>	<u>-</u>	<u>402</u>	<u>-</u>
Externally restricted inventories and other assets				
	Current	Non-Current	Current	Non-Current
Domestic Waste Management				
Stores & Materials	-	-	-	-
Prepayments	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9

(a) INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

CLASS OF ASSET BY TYPE	At 30 June 2006			Movements during the year					At 30 June 2007		
	Cost/Deemed Cost \$'000	Accumulated Depreciation \$'000	Written-down Value \$'000	Reclassification: Cost \$'000	Accum Depn \$'000	Additions \$'000	WDV of disposals \$'000	Depreciation \$'000	Cost/Deemed Cost \$'000	Accumulated Depreciation \$'000	Written-down Value \$'000
Plant & Equipment	7,922	(3,331)	4,591	24	(14)	1,729	(708)	(891)	8,967	(4,236)	4,731
Computer & Office Equipment	1,322	(1,031)	291	634	(419)	36	-	(279)	1,992	(1,729)	263
Furniture & Fittings	1,644	(1,178)	466	(664)	439	406	-	(70)	1,386	(809)	577
Land											
- Operational Land	47,892	(44)	47,848	6,862	-	5,823	(1,162)	-	59,415	(44)	59,371
- Community Land	516,298	(7)	516,291	(7,971)	-	-	-	-	508,327	(7)	508,320
Buildings	46,762	(25,368)	21,394	978	135	360	-	(1,366)	48,100	(26,599)	21,501
Infrastructure											
- Roads, Bridges and Footpaths	246,470	(59,490)	186,980	7,765	(1)	5,719	-	(3,243)	259,954	(62,734)	197,220
- Non-Depreciable Bulk Earthworks	43,350	-	43,350	-	-	-	-	-	43,350	-	43,350
- Car Parking Stations	10,310	(721)	9,589	(7,765)	1	-	-	(76)	2,545	(796)	1,749
- Stormwater Drainage	49,926	(22,203)	27,723	-	-	2,120	-	(749)	52,046	(22,952)	29,094
- Parks Development	17,152	(4,634)	12,518	126	(135)	4,267	-	(394)	21,545	(5,163)	16,382
- Foreshore & Marine Infrastructure	5,243	(1,315)	3,928	-	-	673	-	(173)	5,916	(1,488)	4,428
- Streetscaping	3,607	(736)	2,871	5	-	2	-	(181)	3,614	(917)	2,697
Capital WIP	-	-	-	-	-	-	-	-	-	-	-
Other Assets											
- Library Books	2,305	(1,128)	1,177	-	-	433	-	(316)	2,738	(1,444)	1,294
- Other (Recycling Bins)	1,753	(1,403)	350	-	-	-	-	(175)	1,753	(1,578)	175
TOTALS	1,001,956	(122,589)	879,367	(6)	6	21,568	(1,870)	(7,913)	1,021,648	(130,496)	891,152

NOTE 9

(b) RESTRICTED INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

CLASS OF ASSET	At 30 June 2006			Movements during the year					At 30 June 2007		
	Cost/Deemed Cost \$'000	Accumulated Depreciation \$'000	Written-down Value \$'000	Reclassification: Cost \$'000	Accum Depn \$'000	Additions \$'000	WDV of disposals \$'000	Depreciation \$'000	Cost/Deemed COST \$'000	Accumulated Depreciation \$'000	Written-down Value \$'000
Domestic Waste Management											
Garbage and Recycling Containers	1,753	(1,403)	349	-	-	-	-	(175)	1,753	(1,579)	174
TOTAL RESTRICTIONS	1,753	(1,403)	349	-	-	-	-	(175)	1,753	(1,579)	174

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10(a)

(a) PAYABLES, INTEREST BEARING LIABILITIES
AND PROVISIONS

	Actual 2007		Actual 2006	
	Current \$'000	Non-Current \$'000	Current \$'000	Non-Current \$'000
Payables				
Goods and services	5,242	-	1,815	-
Payments received in advance	263	-	238	-
Accrued expenses	1,140	-	296	-
Deposits and retentions	2,757	-	1,985	-
Other	309	-	253	-
Total payables	9,711	-	4,587	-
Interest bearing liabilities				
Loans - secured	1,142	4,723	2,096	4,824
Total interest bearing liabilities	1,142	4,723	2,096	4,824
Provisions				
Annual leave	3,008	-	2,728	-
Sick leave	1,470	-	1,446	-
Long service leave	4,056	653	3,754	564
Gratuities	48	279	46	261
Public liability under excess	148	148	148	148
Total provisions	8,730	1,080	8,122	973

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10

(b) DESCRIPTION AND MOVEMENTS IN PROVISIONS

Class of Provision	Opening Balance	Movements			Closing Balance
	30 June 2006	Increases to	Payments	Remeasurements	30 June 2007
	\$'000	\$'000	\$'000	\$'000	\$'000
Annual leave	2,728	1,524	1,243	-	3,009
Sick leave	1,446	49	26	-	1,469
Long service leave	4,319	693	303	-	4,709
Gratuities	306	21	-	-	327
Public liability under excess	296	-	-	-	296
Total	9,095	2,287	1,572	-	9,810

(c) DETAILS OF RESTRICTED CURRENT PAYABLES, INTEREST BEARING LIABILITIES & PROVISIONS

Item	Specific Purpose DWM Current		General Purpose Current		TOTAL Current	
	2007	2006	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Payables	192	224	9,519	5,279	9,711	5,503
Interest bearing liabilities	-	-	1,142	2,096	1,142	2,096
Provisions	32	15	8,698	7,192	8,730	7,207
Total Restricted Balance	224	239	19,359	14,567	19,583	14,806

NOTES TO THE FINANCIAL STATEMENTS

NOTE II

RECONCILIATION OF CASH FLOW MOVEMENTS

	Note	Actual 2007 \$'000	Actual 2006 \$'000
(a) Reconciliation of cash assets			
Total cash and cash equivalents	6a	22,195	24,477
Less: bank overdraft		-	-
Balance as per cash flow statement		22,195	24,477
(b) Reconciliation of net operating result to cash provided from operating activities			
Net operating result from Income Statement		4,997	5,516
Add:			
Depreciation and amortisation		8,186	7,966
Decrease in other assets		-	241
Decrease in inventories		5	-
Increase in creditors		5,124	-
Increase in provisions		715	737
Less:			
Increase in receivables		(487)	(1,163)
Increase in inventories		-	(8)
Increase in other assets		(1,062)	-
Decrease in creditors		-	(797)
Gain on sale of assets		(647)	(2,095)
Investment revaluation increment		(1,175)	-
Net Cash provided from operating activities		15,656	10,397
(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

Note:

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 12

COMMITMENTS FOR EXPENDITURE

	Actual 2007 \$'000	Actual 2006 \$'000
(a) Capital Commitments		
Capital expenditure contracted for at the reporting date but not recognised in the accounts as liabilities:-		
- Park Improvements	-	111
- Land Acquisitions for Roadway & Open space	-	7,168
- Shopping Centre Improvements	193	-
- Roads, Traffic & Bridge Widening Projects	682	1,005
Total	875	8,284
These expenditures are payable:-		
- Not later than one year	875	7,614
- Later than one year and not later than 5 years	-	670
- Later than 5 years	-	-
Total	875	8,284
(b) Service Commitments		
Other non-capital expenditure committed for at the reporting date but not recognised in the accounts as liabilities:-		
- Auditors Services	-	9
- Australia Post - Collections Agreement	209	174
- Waste Management	12,722	1,447
- Cleaning Maintenance	939	429
- Other Operations Maintenance	5,594	4,294
- Software Maintenance Contract	1,464	981
- Architects and other services	-	956
Total	20,928	8,290
- Not later than one year	6,110	4,052
- Later than one year and not later than 5 years	14,818	4,079
- Later than 5 years	-	159
Total	20,928	8,290
(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	1,285	240
- Later than one year and not later than 5 years	2,260	178
- Later than 5 years	-	-
Total	3,545	418
(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	2,143	1,241
- Later than one year and not later than 5 years	10,715	1,716
- Later than 5 years	-	-
Total	12,858	2,957

NOTES TO THE FINANCIAL STATEMENTS

NOTE 13

STATEMENT OF PERFORMANCE MEASURES

	Amounts	Current Year Indicators	2006	2005
1. Unrestricted current ratio				
Current assets less all external restrictions ⁽¹⁾	\$27,987	2.61	3.45	3.23
Current liabilities less specific purpose liabilities ^{(2) (3)}	\$10,729			
2. Debt service ratio				
Debt service cost	\$2,621	0.046	0.027	0.061
Revenue from continuing operations excluding capital items and specific purpose grants/contributions	\$56,939			
3. Rate coverage ratio				
Rates and annual charges	\$40,184	0.66	0.63	0.65
Revenue for continuing operations	\$60,672			
4. Rates and annual charges outstanding percentage				
Rates and annual charges outstanding	\$2,542	5.97%	5.55%	4.95%
Rates and annual charges collectable	\$42,547			

Notes:

⁽¹⁾ Refer to Notes 6-8 inclusive⁽²⁾ Refer to Note 10(b)⁽³⁾ \$7,582k ELE and bonds deducted as not expected to be paid in 12 months.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 14

INVESTMENT PROPERTIES

	Actual 2007 \$'000	Actual 2006 \$'000
At fair value		
Opening balance at 1 July	-	-
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	<u>-</u>	<u>-</u>
(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	-	-
	<u>-</u>	<u>-</u>
(b) Valuation basis		
n/a		
(c) Contractual obligations		
n/a		
(d) Leasing arrangements		
n/a		

NOTES TO THE FINANCIAL STATEMENTS

NOTE 15

FINANCIAL INSTRUMENTS

(a) Interest Rate Exposures

The Council's exposure to interest rate risk, and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out below. Exposures arise predominantly from assets and liabilities bearing variable interest rates, which the Council intends to hold as fixed rate assets and liabilities to maturity.

Year ended 30 June 2007	Notes	Floating interest rate \$'000	Fixed interest maturing in:			Non interest bearing \$'000	Total \$'000
			Less Than One Year \$'000	One to Five Years \$'000	More than Five Years \$'000		
Financial assets							
Cash and cash equivalents	6	22,195	-	-	-	-	22,195
Investment Securities	6	24,918	-	-	-	-	24,918
Receivables	7	3,644	-	-	-	2,741	6,385
Total		50,757	-	-	-	2,741	53,498
Weighted Average Interest Rate		6.36%	6.44%	-	-	-	6.40%
Financial liabilities							
Interest bearing liabilities	10	-	231	1,349	4,247	38	5,865
Payables	10	-	-	-	-	9,711	9,711
Lease liabilities	10	-	-	-	-	-	-
Total		-	231	1,349	4,247	9,749	15,576
Weighted Average Interest Rate		-	9.39%	9.86%	6.33%	-	5.55%
Net financial assets/(liabilities)		50,757	(231)	(1,349)	(4,247)	(7,008)	37,922
Year ended 30 June 2006	Notes	Floating interest rate \$'000	Fixed interest maturing in:			Non interest bearing \$'000	Total \$'000
			Less Than One Year \$'000	One to Five Years \$'000	More than Five Years \$'000		
Financial assets							
Cash and cash equivalents	6	24,477	-	-	-	-	24,477
Investment Securities	6	23,698	3,407	-	-	-	27,105
Receivables	7	2,216	-	-	-	3,585	5,801
Total		50,391	3,407	-	-	3,585	57,383
Weighted Average Interest Rate		6.73%	5.96%	-	-	-	6.34%
Financial liabilities							
Interest bearing liabilities	10	-	-	2,477	3,343	1,100	6,920
Payables	10	-	-	-	-	4,587	4,587
Lease liabilities	10	-	-	-	-	-	-
Total		-	-	2,477	3,343	5,687	11,507
Weighted Average Interest Rate		-	-	8.13%	6.54%	-	5.40%
Net financial assets/(liabilities)		50,391	3,407	(2,477)	(3,343)	(2,102)	45,876

NOTES TO THE FINANCIAL STATEMENTS

NOTE 15

FINANCIAL INSTRUMENTS (CONTINUED)

(b) Net fair value

The aggregate net fair values of Council's financial assets and financial liabilities are detailed as follows:

	Actual 2007		Actual 2006	
	Carrying Amount \$'000	Net Fair Value \$'000	Carrying Amount \$'000	Net Fair Value \$'000
Financial Assets				
- Cash and cash equivalents	22,195	22,195	24,478	24,478
- Other debtors	6,385	6,385	5,903	5,903
- Listed investments	24,918	24,918	27,104	27,104
Total	53,498	53,498	57,485	57,485
Financial Liabilities				
- Interest bearing liabilities	5,864	5,864	6,921	6,921
- Other financial liabilities	9,711	9,711	4,828	4,828
Total	15,575	15,575	11,749	11,749

(c) Credit risk

The credit risk of financial assets, excluding investments, is the carrying amount net of any provision for doubtful debts.

Council has an investment policy which seeks to minimise the risk of capital loss. Investments are placed in accordance with the Local Government Investment Order which restricts investments to securities carrying a credit rating of 'A' or better.

Debtors for rates and annual charges are secured by a charge over the land to which it relates.

There are no significant concentrations of credit risk to any single debtor or group of debtors.

(d) Policies

Accounting policies in respect to financial assets and financial liabilities are described in Note 1.

(e) Terms and conditions

Terms and conditions associated with financial assets and financial liabilities which may significantly affect the amount, timing and certainty of future cash flows are set out below:

(i) Borrowings – There are no special terms and conditions on any of Council's loans. The majority are 10 year fixed interest loans.

(ii) Investments – Certain investments are 'capital guaranteed' if Council holds the investment to maturity. Should Council wish to redeem the investment before that time, then there is a risk that the capital may not be fully recouped. Council holds \$14 million in investments that are subject to these conditions.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 16**MATERIAL BUDGET VARIATIONS**

for the year ended 30 June 2007

Council's original budget was incorporated as part of the Management Plan adopted by the Council on 21 June 2006. 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** was below budget by \$2.2m (35.6%) mainly because of rental income from property, community and sporting facilities, which was budgeted for under this category, has actual result reported under Other Revenue.
2. **Interest and investment revenue** exceeded budget by \$2.9m (169%) because of:
 - revaluation of investment at 30/6/07 resulting in a gain of \$1.2m and
 - a \$1.2m gain resulting from the sale of a property rated note
 - interest earned on investment was higher because the interest rates used in the budget calculation were lower than actual.
3. **Other revenue** exceeded budget by \$3.4m (262%) because of the sale of land at Stables Lane, rental income from property, community and sporting facilities (which was budgeted for under User charges and fees but has actual results reported under Other revenue) and higher than expected parking infringement revenue.
4. **Grants & contributions provided for operating and capital purposes** were below budget mainly because of contributions from developers under section 94 of the Environmental Planning and Assessment Act (1979). Contributions receivable are dependent upon the level of development activities which was lower than predicted.
5. **Gain from sale of assets** was \$0.5m above budget because the sale of the property at 586 Princes Highway was not included in the original budget

Expenses

6. **Materials and contracts costs** were above budget by \$1.6m (12.5%). The main reason was the repair and maintenance programs of infrastructure assets where, because of the higher volume of activities, contractor and consultancy costs were above budget. Contractor and consultancy costs relating to Destination Rockdale project and computer system maintenance also contributed to the over-expenditure.

CASH FLOW STATEMENT**Cash Flows from Operating Activities**

1. **User charges and fees** was below budget by \$3.4m (51.8%) because
 - rental income from property, community and sporting facilities (\$1.7m) was incorrectly included in user charges and fees in the original budget. Actual results are reported under Other Revenue.
 - the cash flow relating to this item in the budget was too high.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 16

MATERIAL BUDGET VARIATIONS (CONTINUED)

for the year ended 30 June 2007

2. **Investment and interest revenue** was above budget by \$2.8m (162%) because of the reason mentioned above under Income Statement.
3. **Other revenue** was above budget by \$1.7m (129.7%) because of the reason in (1) above.
4. **Other expenses** was below budget by \$4.4m (48.0%) mainly because of a significant increase in Payables (see Balance Sheet) which was not envisaged when the budget was prepared. This means a major proportion of other expenses is non-cash.

Cash Flows from Investing Activities

5. **Sale of infrastructure, property, plant and equipment** exceeded budget by \$1.7m (192.4%) because of the sale of 586 Princes Highway, Rockdale which was not taken into account in the preparation of the budget.
6. **Sale and redemption of investment** exceeded budget by \$3.4m (100%) because the sale and redemption were not envisaged when the budget was prepared.
7. **Purchase of investments** was below budget by \$1.3m (100%) because no purchase took place even though it was included in the budgeted cash flows.
8. **Purchase of infrastructure, property, plant and equipment** exceeded budget by \$11.1m (96.7%) mainly because of some special projects undertaken were not included in the budget. These included \$7.9 land acquisition, \$2.2m Brighton Le Sands Promenade work and \$1.3m road improvements at Mt Olympus Boulevarde and Madgelene Tce.

NOTE 2(a)

1. The **City Services** function's operating result has net expenses (total expense less total revenue) exceeded budget by \$2.8m (15.6%) mainly because:
 - materials and contracts costs were above budget by \$1.0m as a result of increased repair and maintenance activities relating to infrastructure assets,
 - revenue was below budget by \$1.2 m because, following an organizational restructure that affected City Services and City Strategy Departments late in the previous year, some revenue (including rental income from property, community and sporting facilities) which was budgeted for in City Services was not aligned with actual result, which was reported in City Strategy.
2. **Local area maintenance** function's operating result has net revenue (total revenue less total expense) exceeded budget by \$0.9m because:
 - the budget did not include rental income and interest earned on reserve funds,
 - maintenance expenditure was below budget.
3. Total **general purpose revenue and capital purpose revenue** was above budget by \$4.0m because of interest & investment revenue and other revenue explained above under Income Statement.

NOTE TO THE FINANCIAL STATEMENTS

NOTE 17

STATEMENT OF CONTRIBUTION PLANS
as at 30 June 2007

CONTRIBUTION PLAN	OPENING BALANCE	CONTRIBUTIONS RECEIVED DURING YEAR*		INTEREST EARNED DURING YEAR	EXPENDED DURING YEAR	INTERNAL BORROWINGS TO / (FROM)	HELD AS RESTRICTED ASSET**	PROJECTED FUTURE CONTRIBUTIONS	PROJECTED COST OF WORKS STILL OUTSTANDING	PROJECTED OVER / (UNDER) FUNDING
		CASH	NON-CASH							
CARPARKING										
West Arncliffe/Turrella Industrial	9	-	-	1	-	-	10	(10)	-	-
East Arncliffe Industrial Area	31	-	-	2	-	-	33	(33)	-	-
Rockdale - Industrial	1	-	-	-	-	-	1	(1)	-	-
Rockdale - Business	-	-	-	-	-	-	-	1,632	3,179	(1,548)
Brighton-Le-Sandis - Business	-	-	-	-	-	-	-	-	-	-
Ramsgate Beach - Business	442	-	-	27	-	-	469	(122)	347	-
Bexley - Business	36	-	-	2	-	-	38	164	808	(606)
Bexley North - Business	-	-	-	-	-	-	-	703	1,406	(703)
Kingsgrove - Business	8	-	-	-	-	-	8	927	1,870	(935)
	527	-	-	32	-	-	559	3,260	7,610	(3,792)
DRAINAGE POLLUTION CONTROL										
Wolli Creek	85	1	-	5	-	-	91	(91)	-	-
Bardwell Creek	39	4	-	2	-	-	45	(45)	-	-
Bonnie Doon	51	-	-	3	-	-	54	(54)	-	-
Spring Street	64	-	-	4	-	-	68	(68)	-	-
Muddy Creek	134	1	-	8	-	-	143	(143)	-	-
Eve Street	27	-	-	2	-	-	29	(29)	-	-
Scarborough Ponds	24	-	-	1	-	-	25	(25)	-	-
Waradel Creek	(6)	1	-	-	-	-	(5)	5	-	-
Bado-berong Creek	4	1	-	-	-	-	5	(5)	-	-
Goorum Creek	8	-	-	-	-	-	8	(8)	-	-
Whole of City	(138)	12	-	(7)	-	-	(133)	2,325	28,433	(26,243)
	292	20	-	18	-	-	330	1,862	28,433	(26,243)
COMMUNITY FACILITIES										
Community Facilities	2,693	41	-	6	-	-	2,740	(151)	2,589	-
Libraries	1,248	17	-	165	-	-	1,430	1,299	10,169	(7,440)
Child Care	70	2	-	76	-	-	148	649	797	-
	4,011	60	-	247	-	-	4,318	1,797	13,555	(7,440)
OPEN SPACE										
Open Space	18,369	305	-	900	(7,658)	(3,194)	8,722	42,664	54,580	-
	18,369	305	-	900	(7,658)	(3,194)	8,722	42,664	54,580	-
TRAFFIC AND ELECTRICITY FACILITIES										
Gertrude Street	92	-	-	6	-	-	98	-	98	-
	92	-	-	6	-	-	98	-	98	-
TOWN CENTRE PROGRAMS										
Arncliffe	-	-	-	-	-	-	-	-	625	(625)
Bexley	1	-	-	-	-	-	1	20	355	(333)
Bexley North	-	-	-	-	-	-	-	27	768	(741)
Brighton	2	-	-	-	-	-	2	6	253	(244)
Kogarah	-	-	-	-	-	-	-	10	390	(379)
Ramsgate Commercial	-	-	-	-	-	-	-	9,231	9,231	-
Rockdale	-	-	-	-	-	-	-	463	4,681	(4,218)
Sans Souci	-	1	-	-	-	-	1	20	560	(537)
Wolli Creek	-	-	-	-	-	-	-	4,410	4,410	-
City Wide	15	4	-	1	-	-	20	411	4,186	(3,755)
	18	5	-	1	-	-	24	14,598	25,459	(10,832)
WOLLI CREEK										
Flood and Stormwater Management	2,343	-	-	143	-	(2,486)	-	8,263	10,750	-
Roadworks, Traffic and Parking	(2,219)	-	-	(235)	(3,274)	5,728	-	22,905	17,177	-
Pedestrian/Cycle	259	-	-	16	-	(275)	-	2,898	4,225	(1,052)
Administration	(167)	-	-	(12)	(48)	227	-	573	346	-
	216	-	-	(88)	(3,322)	3,194	-	34,639	32,498	(1,052)
ADMINISTRATION & MANAGEMENT										
Administration & Management	-	4	-	-	(4)	-	-	100	100	-
	-	4	-	-	(4)	-	-	100	100	-
Total S94 Under Plans	23,525	394	-	1,116	(10,984)	-	14,051	98,918	162,333	(49,359)
S94 NOT UNDER PLAN										
Interallotment Drainage Contributions	1	14	-	-	-	-	15	-	14	-
Total S94 Not Under Plans	1	14	-	-	-	-	15	-	14	-
TOTAL S94 CONTRIBUTIONS PLANS	23,526	408	-	1,116	(10,984)	-	14,066	98,918	162,347	(49,359)

Council has one contributions plan adopted on 26 May 2004 with specific components as set out above.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 18

CONTINGENCIES

The following assets and liabilities do not qualify for recognition in the Balance Sheet but knowledge of those items is considered relevant to the users of the financial report when making decisions about the allocation of scarce resources:

Contingent liabilities

Liabilities of the entity that have not been recognised because: -

- (i) the amount of the liability can not be reliably measured (for example, a claim for acquisition of land reserved for open space is received, or could be received, and the amount of the claim cannot be measured reliably as at the reporting date due to the unique nature of the claim).
 - Council's adopted s94 Plan (effective 1 June 2004), includes the acquisition of properties for open space, car parking and road widening valued at \$52M. Whilst a significant portion of the funds required for these acquisitions are being collected via the s.94 contributions plan these funds will not be collected for many years to come.
 - Council has commissioned a probity plan for a property that may fail to comply with building standards. In the event that the building does not comply rectification costs may be in the vicinity of \$1M.

- (ii) items not recognised as liabilities because of significant uncertainty as to whether an obligation presently exists. For example, obligations which may arise or have arisen to recompense other levels of government for services provided in:-
 - Reaugmenting stormwater drainage networks.
 - Public transport facilities that accommodate regional needs.
 - Undergrounding overhead cables.
 - Macro environmental issues associated with greenhouse gas emissions.
 - Matters that could arise from Community Safety concerns.

Contingent assets

Council has been advised that the Government proposes to transfer a significant land holding to Council subject to a development occurring, which may take place over the next few years. Although the valuation of the land will be limited as it is to be used for the next 100 years as active recreation (golf course), it is still considered to be a significant contingent asset.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 19

INTERESTS IN JOINT VENTURES

Entity not "Controlled" by any member

Rockdale City Council participates in the following cooperative organisation, the activities of which are not controlled by any one member:

Metro Pool

Council is a member of an insurance group named Metro Pool, which provides 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.

Public Liability insurance is one that can take many years to mature, so it is likely that the cooperative will continue to carry old claims for these councils for some time into the future.

Member councils provide the contributions toward insurance coverage which is arranged on their behalf by Metro Pool. Metro Pool organises the administration of the funds and of claims made against the insurance policies.

Metro Pool	2007	2006
Council's respective interests are:		
- interest in outputs of the joint operation	14.3%	14.3%
- ownership interest in the joint operation	14.3%	14.3%
- the proportion of voting power in the joint operation	14.3%	14.3%

In accordance with AASB 131 *Interests in Joint Ventures*, interest in a jointly controlled entity needs to be accounted for using the equity method described in AASB 128 *Investments in Associates*. Council has not applied AASB 128 to account for this joint venture because its 14.3% interest in Metro Pool does not meet the standard's definition of 'significant influence'.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 20

REVALUATION RESERVES AND RETAINED EARNINGS

	Actual 2007 \$'000	Actual 2006 \$'000
(a) Revaluation reserves		
Infrastructure, property, plant and equipment revaluation reserve	-	-
Available for sale investments revaluation reserve	-	-
	<u>-</u>	<u>-</u>
Movements:		
Property, plant and equipment revaluation reserve		
At beginning of year	-	-
Revaluation – gross	-	-
Depreciation transfer – gross	-	-
At end of year	<u>-</u>	<u>-</u>
Available for sale investments revaluation reserve		
At beginning of year	-	-
Adjustment on adoption of AASB 132 and AASB 139	-	-
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	918,734	913,218
Net operating result for the year	4,997	5,516
At end of year	<u>923,731</u>	<u>918,734</u>
(c) Nature and purpose of reserves		
Council has a cash reserves policy. The nature and purpose of each of the internal cash reserves is outlined in Note 1 of these accounts.		
	-	-
(d) Correction of error in previous years		
There were no corrections of errors in previous years to report in these accounts.		
	-	-
	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 21

INTANGIBLE ASSETS

	Actual 2007 \$'000	Actual 2006 \$'000
At start of year		
Cost	3,452	2,526
Accumulated amortisation	(1,440)	(772)
Net book value at start of year	<u>2,012</u>	<u>1,754</u>
Add: addition	1,193	926
Less: amortisation	(272)	(668)
At end of year	<u><u>2,933</u></u>	<u><u>2,012</u></u>

NOTES TO THE FINANCIAL STATEMENTS

NOTE 22

EVENT OCCURRING AFTER BALANCE SHEET DATE

As at 30 June 2007, Council had an unrealised gain of \$1,174,952.56 in its investment portfolio following a revaluation. This gain dropped to \$234,341.50 as at 30 July 2007.

The drop of the revalued amount to \$234,341.50 has not been brought to account at 30 June 2007.



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

Scope

We have audited the financial reports of **Rockdale City Council** for the financial year ended 30 June 2007 as set out on pages 1 to 43. The financial reports consist of the general purpose financial reports and Council's statement in the approved form as required by Section 413(2)(a) of the Local Government Act, 1993. Our audit responsibility does not extend to the Original Budget figures disclosed in the Income Statement, Statement of Cash Flows, Notes 2(a) and 16 to the financial statements nor the attached Special Schedules. The Council is responsible for the preparation and presentation of the financial statements and the information they contain. We have conducted an independent audit of these financial statements in order to express an opinion on them to the Council.

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

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

Audit opinion

In our opinion:

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

PricewaterhouseCoopers
Chartered Accountants

J A Gordon
Sydney 2007, 17 October.

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17 October 2007

The Mayor
Councillor John Flowers
Rockdale City Council
DX 25308
ROCKDALE

Dear Councillor Flowers

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**REPORT ON THE CONDUCT OF THE AUDIT FOR YEAR ENDED 30 JUNE 2007 -
SECTION 417(3)**

We have completed our audit of the financial reports of Rockdale City Council for the year ended 30 June 2007, 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 (Urgent Issues Group Consensus Views) 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 \$5.5M to \$5M during the period under review. The main reasons for this reduction were:

- A reduction in capital grants and contributions
- A reduction in profit on asset sales

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Cash Position

Council's overall cash position declined from \$52M to \$47M during the period under review. The following table highlights the composition of cash.

	6/06 \$M	6/07 \$M
Externally Restricted	32.7	26.4
Internally Restricted	16.8	17.4
Unrestricted	2.0	3.3
	51.5	47.1

The decline in externally restricted cash is mainly the result of lower Section 94 Contributions held at year end.

Working Capital

Council's net current assets declined from \$43M to \$35M during the period under review.

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

	6/06 \$'000	6/07 \$'000
Net Current Assets	43,050	35,445
Less		
External Restrictions	32,749	26,441
Internal Restrictions	16,826	17,410
	(6,525)	(8,406)
Add		
Current Liabilities to be funded from other sources	11,452	11,690
Available Working Capital	4,927	3,284

The effective unrestricted or available working capital upon which Council could build its 2007/08 budget was \$3.3M.

Performance Indicators

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

	6/06 %	6/07 %
Unrestricted Current Ratio	345	261
Debt Service Ratio	2.7	4.6
Rate Coverage Ratio	63	66
Rates Outstanding Ratio	5.6	6.0

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

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

The rate coverage ratio increased to 66% of total revenue.

The rates outstanding ratio deteriorated and is higher than the accepted industry benchmark of 5%.

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 not be allowed to increase further.


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,



PricewaterhouseCoopers



J A Gordon
Partner
Sydney



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

PricewaterhouseCoopers
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Scope

We have audited the special purpose financial reports of **Rockdale City Council** for the year ended 30 June 2007, comprising the Statement by Council, Income Statements of Business Activities, Balance Sheets of Business Activities, and accompanying Notes to the Accounts. The financial statements include the accounts of the business activities of the Council and the entities it controlled at the year's end or from time to time during the year. The Council is responsible for the preparation and presentation of the financial statements and the information they contain. We have conducted an independent audit of these financial statements in order to express an opinion on them to the Council.

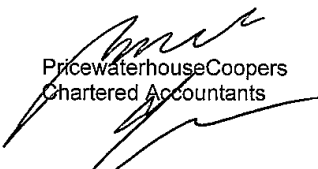
The special purpose financial reports have been prepared for distribution to the Council and the Department of Local Government for the purpose of fulfilling the requirements of National Competition Policy reporting. We disclaim any assumption of responsibility for any reliance on this report or on the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

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

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

Audit opinion

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


PricewaterhouseCoopers
Chartered Accountants

J A Gordon
Sydney

17 October 2007.

Liability is limited by the Accountant's Scheme under the Professional Standards Act 1994 (NSW)

ROCKDALE CITY COUNCIL

Special Schedule No. 1

NET COST OF SERVICES
for the year ended 30 June 2007

Function or Activity	Expenses from continuing operations		Income from continuing operations			Net cost of services	
	Expenses (\$'000s)	Group Totals (\$'000s)	Non capital revenues (\$'000s)	Capital revenues	Group Totals (\$'000s)	Net cost (\$'000s)	Group totals (\$'000s)
Governance	1,153	1,153	-	-	-	(1,153)	(1,153)
Administration							
Corporate Support	10,704		3,031	-		(7,673)	
Engineering & Works	3,686		1,776	-		(1,910)	
Other Support Services	2,129		13	220		(1,896)	
		16,519			5,040		(11,479)
Public order and Safety							
Statutory Contribution to Fire Service Levy	1,126		-	-		(1,126)	
Fire Protection - Other	126		-	-		(126)	
Animal Control	137		-	-		(137)	
Beach Control	47		8	-		(39)	
Enforcement of Local Government Regulations	1,448		2,971	-		1,523	
Emergency Services	28		-	-		(28)	
Other	363		1	-		(362)	
		3,275			2,980		(295)
Health							
Administration & Inspection	338		50	-		(288)	
Food Control	13		19	-		6	
Insect/Vermin Control	23		-	-		(23)	
Health Centres	44		-	-		(44)	
		418			69		(349)
Community Services and Education							
Administration	81		2	-		(79)	
Child Care	86		140	-		54	
Youth Services	81		2	-		(79)	
Aged & Disabled	628		530	-		(98)	
Other Community Services	233		270	-		37	
Education	3		-	-		(3)	
		1,112			944		(168)
Housing and Community Amenities							
Housing	18		76	-		58	
Town Planning	3,066		982	-		(2,084)	
Domestic Waste Management	9,603		9,708	-		105	
Other Waste Management	1,140		458	-		(682)	
Street Cleaning	-		-	-		-	
Other Sanitation & Garbage	964		(13)	-		(977)	
Urban Stormwater Drainage	928		281	6		(641)	
Environmental Protection	505		227	357		79	
Public Conveniences	-		-	-		-	
Other Community Amenities	719		50	-		(669)	
		16,943			12,132		(4,811)
Recreation and Culture							
Public Libraries	2,706		489	-		(2,217)	
Community Centres	75		38	-		(37)	
Public Halls	405		21	-		(384)	
Other Cultural Services	169		67	11		(91)	
Swimming Pools	162		-	-		(162)	
Sporting Grounds and Parks	2,304		2,593	81		370	
Other Sport & Recreation	4,662		17	31		(4,614)	
		10,483			3,348		(7,135)
Transport and Communication							
Urban Roads: Local	3,086		146	-		(2,940)	
Urban Roads: Regional	13		100	-		87	
Bridges on Urban Roads: Local	-		-	-		-	
Footpaths	-		61	38		99	
Parking Areas	6		32	-		26	
Bus Shelters & Services	-		-	-		-	
Water Transport	13		-	-		(13)	
RTA Works	238		321	411		494	
Street Lighting	1,128		-	-		(1,128)	
Other	146		22	-		(124)	
		4,630			1,131		(3,499)
Economic Affairs							
Tourism & Area Promotion	924		7	-		(917)	
Other Business Undertakings	218		49	-		(169)	
		1,142			56		(1,086)
Totals - Functions		55,675			25,700		(29,975)
General purpose revenues ¹		-	34,972	-	34,972	-	-
Net operating result for the year ²		55,675			60,672		4,997

Notes:

(1) Includes rates and annual charges (including ex-gratia), non-capital general purpose grants, interest on investments

(2) As reported in the Income Statement

B-1

COUNCIL OF THE CITY OF ROCKDALE

Special Schedule No. 2

STATEMENT OF LONG TERM DEBT (ALL PURPOSE)

for the year ended 30 June 2007

Classification of Debt	Principal Outstanding at the Beginning of the Year			New Loans Raised During the Year \$'000	Debt Redemption during the year From Revenue \$'000	Transfer to Sinking Funds \$'000	Interest applicable for the year \$'000	Principal Outstanding at the end of the Year		
	Current \$'000	Non-Current \$'000	Total \$'000					Current \$'000	Non-Current \$'000	Total \$'000
LOANS (By Source)										
Commonwealth Government	4	38	42	-	4	-	-	4	34	38
Treasury Corporation	-	-	-	-	-	-	-	-	-	-
Other State Government	-	-	-	-	-	-	-	-	-	-
Public Subscription	-	-	-	-	-	-	-	-	-	-
Financial Institutions	2,092	4,786	6,878	1,100	2,152	-	410	1,141	4,686	5,827
Other	-	-	-	-	-	55	-	-	-	-
TOTAL LOANS	2,096	4,824	6,920	1,100	2,156	55	410	1,145	4,720	5,865
OTHER LONG TERM DEBT										
Ratepayers Advances	-	-	-	-	-	-	-	-	-	-
Government Advances	-	-	-	-	-	-	-	-	-	-
Finance Leases	-	-	-	-	-	-	-	-	-	-
Deferred Payment	-	-	-	-	-	-	-	-	-	-
TOTAL LONG TERM DEBT	2,096	4,824	6,920	1,100	2,156	55	410	1,145	4,720	5,865

COUNCIL OF THE CITY OF ROCKDALE

SPECIAL SCHEDULE NO. 7

CONDITION OF PUBLIC WORKS

as at 30 June 2007

Asset Class / Group	Asset Category	Depreciation Rate (%)	Depreciation Expense \$'000	Cost \$'000	Accumulated Depreciation \$'000	WDV \$'000	Asset Condition (explained below)	Estimated cost to bring to a satisfactory standard \$'000	Required Annual Maintenance* \$'000	Current Annual Maintenance* \$'000
Buildings	Council Owned Buildings	1% - 2%	1,366	48,100	26,600	21,500	Fair / Poor	4,100	1,347	1,104
Public Roads	Sealed Roads Surface	2%-14.3%	583	29,838	7,201	22,637	Good / Satisfactory	300	597	954
	Sealed Roads Structure	1.33%	1,082	110,735	26,724	84,011	Good		1,107	
	Footpaths	1.4%	584	41,808	10,090	31,719	Fair / Good	530	597	911
	Bridges	1.67%	62	3,782	913	2,869	Fair / Good	120	63	93
	Kerb & Gutter	1.25%	688	56,291	13,585	42,706	Good / Fair	1,590	704	301
	Ancillary Items	1.43%	244	17,500	4,223	13,277	Good	290	250	819
	Car Parking Stations	3.0%	76	2,545	796	1,750	Good		76	34
Drainage Works	Stormwater Drainage	1.43%	749	52,045	22,952	29,094	Fair	3,330	781	2,004
Total - Classes	Total - All Assets		5,434	362,644	113,084	249,563		10,260	5,522	6,220

* Estimated Annual Maintenance Costs and Cost of Works in current year only include those costs that maintain or extend the life of the asset.

ASSET CONDITION EXPLAINED

Excellent - These assets are in an 'as new' condition.

Good - These assets are being maintained at a level that meets the service level requirement as determined by Council. Although these assets could use more resources to bring them up to an 'as new' condition, a rating of Good is deemed to be above satisfactory.

Satisfactory - These assets are considered to be maintained to a satisfactory condition.

Fair - These assets require more resources to bring them up to a Satisfactory condition rating. Council strives to have all assets maintained in a Satisfactory condition, with the exception of Footpaths and Cycleways which are to be maintained in an Excellent condition.

Poor - These assets are below a satisfactory condition and will deteriorate more rapidly without a rehabilitation program. Council's Asset Management Programs provides highest priority to assets with this classification if the asset is required into the future.

ROCKDALE CITY COUNCIL
SPECIAL SCHEDULE NO. 8

FINANCIAL PROJECTIONS

as at 30 June 2007

	2007 ⁽¹⁾	2008	2009	2010 ⁽³⁾	2011 ⁽³⁾
	\$m	\$m	\$m	\$m	\$m
Recurrent budget					
Income from continuing operations	60.7	59.1	59.9	60.8	62.2
Expenses from continuing operations	55.7	56.4	57.8	59.6	61.4
Operating result from continuing operations	5.0	2.7	2.1	1.2	0.8
Capital budget					
New capital works ⁽²⁾	-	-	-	-	-
Renewing existing assets ⁽²⁾	11.8	7.1	7.5	7.6	7.8
Funded by:					
- Loans	1.1	1.1	1.1	1.1	1.1
- Asset sales	1.0	0.4	0.4	0.4	0.4
- Reserves	6.2	1.2	1.3	1.3	1.3
- Grants/Contributions	0.8	0.5	0.5	0.5	0.5
- Recurrent revenue	1.8	3.0	3.2	3.3	3.5
- Other	0.9	0.9	1.0	1.0	1.0
	11.8	7.1	7.5	7.6	7.8

Notes:

(1) From Income Statement.

(2) New Capital Works being major non-recurrent projects, eg new Leisure Centre, new Library, new Swimming pool etc are described in Council's Management Plan, although it is the Council's practise to only vote such major expenditure once the project is ready to construct / acquire, etc. This rarely happens as part of the original budget for the year, and never happens a number of years in advance. The capital works which forms part of Council's 3-year Management Plan is limited to the renewing existing assets which Council uses to maintains the \$1 billion of assets under it's ownership or control.

(3) Note: although Council has adopted a 3-year Management Plan, these figures are taken from Council's long-term model

Important

This document contains important information about Rockdale City Council. If you do not understand, please visit Council's Customer Service Centre at 2 Bryant Street Rockdale, Monday – Friday from 8.30am – 4.30pm. Council Staff will be happy to arrange interpreter services for you.

You may also contact Telephone Interpreter Services on 131 450 and ask them to ring Rockdale City Council on 9562 1666 on your behalf.

Arabic

هام:

تحتوي هذه الوثيقة على معلومات هامة عن بلدية روكدايل. إذا لم تكن قادراً على فهمها، يرجى زيارة مركز خدمة زبائن البلدية على العنوان التالي: 2 Bryant Street في روكدايل من الإثنين إلى الجمعة بين الساعة ٨.٣٠ صباحاً و ٤.٣٠ مساءً، حيث سيقوم موظفو البلدية بتأمين مترجم لك بكل سرور.

كما يمكنك الاتصال بخدمة الترجمة الهاتفية على الرقم 131 450 والطلب منهم الاتصال ببلدية روكدايل على الرقم 9562 1666 نيابةً عنك.

Chinese

重要消息

本文件載有關於 Rockdale 市政府的重要資訊，如果您有不明白之處，請於星期一至星期五，上午 8 時 30 分至下午 4 時 30 分，前來位於 2 Bryant Street, Rockdale, 市政府的顧客服務中心。市政府的職員會很樂意為您安排傳譯員的服務。

您也可以聯絡電話傳譯服務處，電話 131 450，並請他們代您致電 9562 1666 給 Rockdale 市政府。

Greek

Σημαντικό:

Αυτό το έγγραφο περιέχει σημαντικές πληροφορίες για τη Δημαρχία Rockdale City Council. Αν δεν τις καταλαβαίνετε, παρακαλείσθε να επισκεφτείτε το Κέντρο Εξυπηρέτησης Πελατών [Customer Service Centre] του Δήμου στο 2 Bryant Street, Rockdale, Δευτέρα - Παρασκευή από 8.30πμ - 4.30μμ. Το Προσωπικό του Δήμου θα χαρεί να κανονίσει υπηρεσίες διερμηνέων για σας.

Μπορείτε επίσης να επικοινωνήσετε με τις Τηλεφωνικές Υπηρεσίες Διερμηνέων [Telephone Interpreter Services] στο 131 450 και να τους ζητήσετε να τηλεφωνήσουν στο Rockdale City Council στο 9562 1666 για λογαριασμό σας.

Italian

Importante:

Questo documento contiene importanti informazioni sul Comune di Rockdale City. Se avete difficoltà a comprenderne il contenuto, recatevi presso il Customer Service Centre del Comune a 2 Bryant Street, Rockdale dal lunedì al venerdì dalle ore 8.30 alle 16.30. Il personale del Comune sarà ben lieto di procurarvi un servizio interpreti.

Potete anche chiamare il Servizio telefonico interpreti (TIS) al numero 131 450 chiedendo che telefoni per vostro conto al Comune di Rockdale City al numero 9562 1666.

Macedonian

Важно:

Ова документ содржи важни информации за Rockdale City Council (Градската општина на Rockdale). Ако не го разбирате, ве молиме, посетете го општинскиот Customer Service Centre (Центар за услуги на клиенти), кој се наоѓа на 2 Bryant Street, Rockdale, од понеделник до петок, од 8.30 наутро до 4.30 попладне. Вработените во општината со задоволство ќе ви организираат да користите преведувач.

Исто така, можете да телефонирате во Telephone Interpreter Services (Служба за преведување по телефон) на 131 450, и да ги замолите во ваше име да се јават во Градската општина на Rockdale на 9562 1666.

Spanish

Importante:

Este documento contiene información importante sobre el Rockdale City Council (Municipio de Rockdale). Si no la entiende, le rogamos concurrir al Centro de Servicio al Cliente del Municipio, ubicado en 2 Bryant Street, Rockdale, atención de lunes a Viernes, de 8:30 am a 4:30 pm. El personal del municipio se complacerá en obtener los servicios de un intérprete para usted.

Puede asimismo llamar al Servicio Telefónico de Intérpretes al 131 450 y pedirles que llamen de su parte al Rockdale City Council, teléfono 9562 1666.

