

# Financial Statements Summary

This report provides analysis on the attached 2009 Financial Statements. It compares the reported financial results to Council's own financial objectives. Readers of the Statements are encouraged to contact Council's Financial Services Department on (02) 4732 7815 for any assistance required in understanding the reported results.

These statements are produced in accordance with the Australian Accounting Standards and the NSW Local Government Code of Accounting Practice. The Australian Accounting Standards Board (AASB) has adopted International Financial Reporting Standards (IFRS) and issued the Australian equivalents (AIFRS). The application of AIFRS is

reflected in these Financial Statements. These statements are independently audited, reported to Council, placed on public exhibition and lodged with the Division of Local Government (DLG) by early November each year.

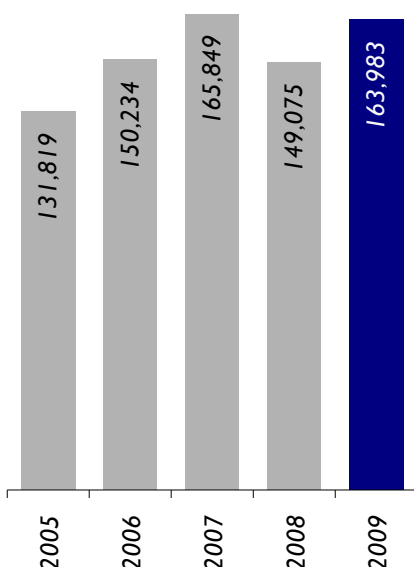
Under the 1993 NSW Local Government Act, Council is required to produce an audited set of Financial Statements. Key statements produced, and included in this document are:

- Income Statement,
- Balance Sheet,
- Cash Flow Statement, and
- Notes to the Financial Statements.

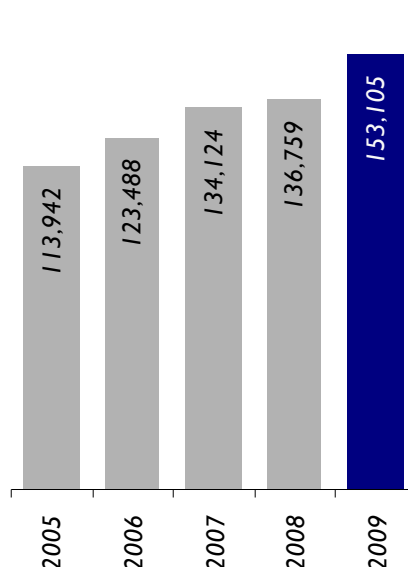
## Summary of 2009 Key Results and Events

- Operating surplus of \$10.9m
- Total Assets ▼ 0.7% to \$1,152m
- New Infrastructure, Property, Plant & Equipment of \$40.6m
- Debt Service Ratio ▲ 4.5% to 7.45%
- Rates & Annual Charges Outstanding ▼ 2.0% to 4.94%
- Unrestricted Current Ratio 1.17:1

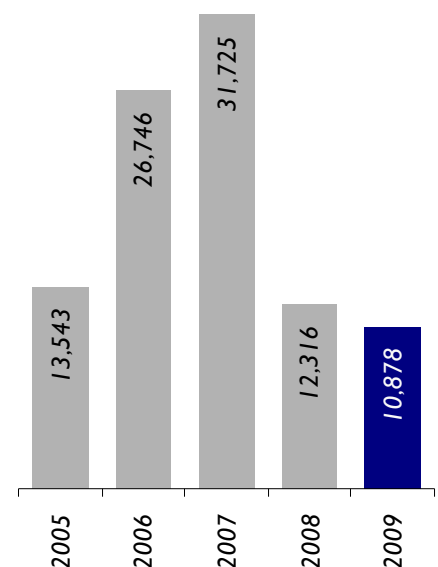
Total Income (\$'000)



Total Expenses (\$'000)



Operating Result from Continuing Operations (\$'000)



## Five-Year Financial Summary

<i>for the Year Ended 30 June</i>	<b>Units</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
<b>Total Income from Continuing Operations</b>	<b>\$000</b>	<b>163,983</b>	149,075	165,849	150,234	131,819
<b>Total Expenses from Continuing Operations</b>	<b>\$000</b>	<b>153,105</b>	136,759	134,124	123,488	118,276
<b>Net Operating Result for Year</b>	<b>\$000</b>	<b>10,878</b>	12,316	31,725	26,746	13,543
<b>Net Operating Result before Capital Grants and Contributions</b>	<b>\$000</b>	<b>(1,190)</b>	(2,059)	(1,099)	1,251	(4,321)
<i>Further breakdown of Income Statement items are shown in Appendix I</i>						
<b>Current Assets</b>	<b>\$000</b>	<b>56,588</b>	60,302	61,654	52,727	47,185
<b>Non-Current Assets</b>	<b>\$000</b>	<b>1,095,773</b>	1,100,426	902,940	876,488	853,127
<b>Current Liabilities</b>	<b>\$000</b>	<b>43,352</b>	39,763	40,037	38,018	40,436
<b>Non-Current Liabilities</b>	<b>\$000</b>	<b>59,077</b>	58,455	53,658	53,206	48,631
<b>Total Equity</b>	<b>\$000</b>	<b>1,049,932</b>	1,062,510	869,716	837,991	811,245
<i>Further breakdown of Balance Sheet items are shown in Appendix I</i>						
<b>Cash Flows from Operating Activities</b>	<b>\$000</b>	<b>30,500</b>	24,119	36,060	35,515	19,656
<b>Cash Flows from Investing Activities</b>	<b>\$000</b>	<b>(27,903)</b>	(32,221)	(35,503)	(44,758)	(20,585)
<b>Cash Assets at the end of Reporting Period</b>	<b>\$000</b>	<b>5,035</b>	809	3,262	1,771	6,262
<b>Rates Outstanding</b>	<b>%</b>	<b>4.94</b>	5.04	4.72	4.44	4.06
<b>Unrestricted Current Ratio</b>	<b>Ratio</b>	<b>1.17:1</b>	1.15:1	1.33:1	1.19:1	1.11:1
<b>Debt Service Ratio</b>	<b>%</b>	<b>7.45</b>	7.13	7.32	7.18	8.53
<b>Asset Renewal</b>	<b>Ratio</b>	<b>0.57:1</b>	0.43:1	0.51:1	-	-

Civic Centre  
Photo by  
Julie Ackland  
U3A

## Financial Overview

Council's financial position as at 30 June 2009 was once again a very sound result. After allowing for \$12.1m of capital grants and contributions Council finished the year with a surplus of \$10.9m. This year's operations helped finance \$40.6m of capital acquisitions during the year.

Unrestricted current assets exceed current liabilities by a ratio of 1.17:1. Council has an established target of 1.25:1, this year's ratio has fallen marginally below this target. The Division of Local Government (DLG) recently revised their benchmark of the unrestricted current ratio (UCR) to 1.5:1. Council's ratio remains constrained due to the continued practice of using internal loans from unrestricted funds to finance Section 94 works in advance of receipt of contributions to the Section 94 plans. Internal borrowings totalled \$5.4m (\$4.5m in 2008). Excluding these internal borrowings from the equation would give an unrestricted current ratio of 1.41:1. This constraint will be removed during 2010 as clauses are inserted into the Section 94 plans to allow borrowings between Section 94 plans. This will return the UCR close to the DLG benchmark. Council's Working Capital (an internal liquidity measure) is \$3.6m representing a slight decrease on last year's figure of \$3.7m.

The outstanding loan liability for 2009 increased to \$65.0m (\$63.4m in 2008). A total of 7.45% of operating revenue was committed to servicing this debt (7.13% in 2008). This increase is primarily the result of additional borrowings in June 2008 to fund a property purchase and accelerate Council's Footpath Paving Program. The indicator's trend is in line with Council's expectations.

Internal (restricted) reserves totalled \$14.1m at 30 June 2009. This is a slight increase from the prior year (\$13.7m) and is due mainly to an increase in the funds held in the Infrastructure Construction reserve. Transfers to this reserve over the last 12 months will help ensure that Council has sufficient capacity in 2009-10 as the impacts of the economic downturn continue to be felt. Borrowing from internal reserves to forward fund essential Section 94 works (\$5.4m) continues to impact the internal reserves balance. The internal borrowings are applied on a pro-rata basis against all internal reserves.

Council's June Review of the Management Plan is prepared alongside the Financial Statements. The Management Plan provides a comprehensive assessment of Council's budget performance. Major budget variations are included in Note 16 of this report, however further details are included in the Management Plan document. Council's budget position resulted in a deficit of \$149,801 for 2009. This budget result is a reflection of the challenges Council faced as the impacts of the Global Financial Crisis were felt. Economic growth across the globe contracted and this impacted Council particularly in the areas of development-related and investment income. Despite the challenges faced by Council, operational savings achieved throughout the year have enabled Council to respond to emerging priorities and absorb some of the impacts of the economic downturn.

After a review of the value to Council of the Standard & Poor's credit rating, it was withdrawn at Council's request in May 2009. At that point, Council's credit rating was AA+.

Included in the Appendices of this document are detailed historical financial comparatives, general Rating information, and the NSW LGMA's Sustainable Finances Health Check. These measures demonstrate Council's strong financial performance.

In the preparation of this year's Financial Statements, Council again ran a photo competition open to all School students in the Local Government Area. Some images submitted for this competition appear throughout this document, with the winning entry by Louise Bartolo of Montgrove College, Orchard Hills appearing on the cover.



**Andrew Moore**  
Financial Services Manager

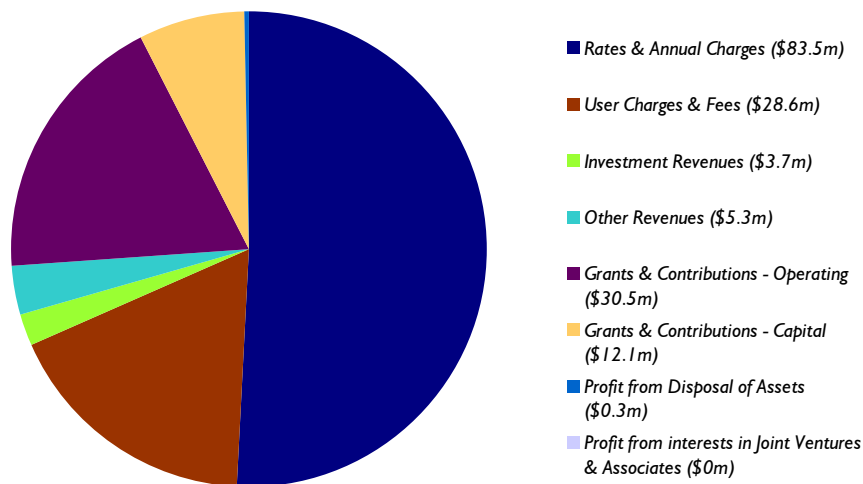


**Vicki O'Kelly**  
Group Manager Finance  
Responsible Accounting Officer

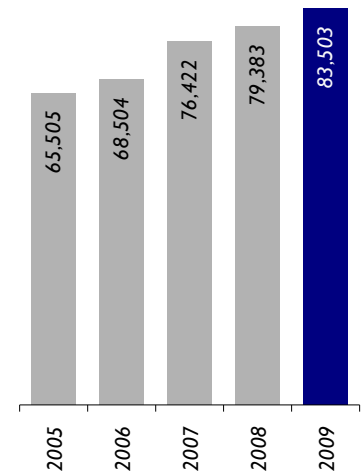
## Income

### Summary

- Overall income ▲ by 10% to \$164m



### Rates & Annual Charges (\$000)

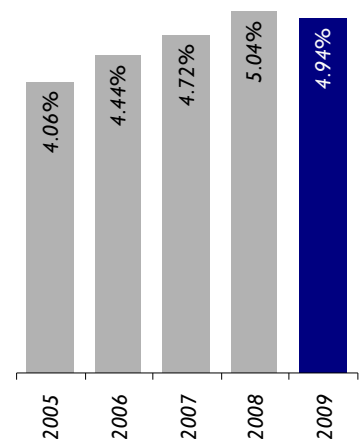


**Operating Grants & Contributions rose 41.5% to \$30.5m in 2009**

Increases in income for the 2009 Financial Year resulted from increases in revenue from major sources, including Rates & Annual Charges, User Charges & Fees, and Operating Grants and Contributions.

Income Item	2009 (\$'000)	2008 (\$'000)	% Change
Rates & Annual Charges	83,503	79,383	5.2%
User Charges & Fees	28,554	25,788	10.7%
Investment Revenues	3,669	2,542	44.3%
Other Revenues	5,325	4,580	16.3%
Grants & Contributions - Operating	30,535	21,576	41.5%
Grants & Contributions - Capital	12,068	14,375	(16.0%)
Profit from Disposal of Assets	329	-	100.0%
Profit from interests in Joint Ventures & Associates	-	831	(100.0%)
<b>Total Income from Continuing Operations</b>	<b>163,983</b>	<b>149,075</b>	<b>10.0%</b>

### Rates Outstanding %



### Rateable properties

2009	64,405
2008	64,000
2007	63,384
2006	63,043
2005	62,737

### Rates & Annual Charges

The increase in property numbers from 64,000 in 2008 to 64,405 in 2009, together with a Ministerial rate increase of 3.2% added \$4.1m to Operating Revenue. Rates Outstanding, a key industry indicator, declined to 4.94%, from 5.04% in 2008 and is now below the industry target of 5%. This can be attributed to Council's strong debt recovery process.

### User Charges & Fees

User Charges and Fees increased 10.7% over the 2009 Financial Year. Increases in Children's Services, Penrith Performing and Visual Arts (PPVA), and Swimming Centres income have been partly offset by decreases in Road Reinstatement and Other Statutory and Regulatory fees. Planning and Building fees have decreased slightly for 2009, but have stabilised in recent years.



## Income (continued)

### Investment Revenues

Council's investment portfolio as at 30 June 2009 has decreased slightly to \$63.1m. Despite the uncertainty of global financial markets, this healthy portfolio balance allowed interest income to remain strong for 2009, and is an improvement over 2008. Returns were offset by the final write-off of Council's two Collateralised Debt Obligations (CDOs). The resulting write-off of \$418,000 has been recognised in the income statement for 2009.

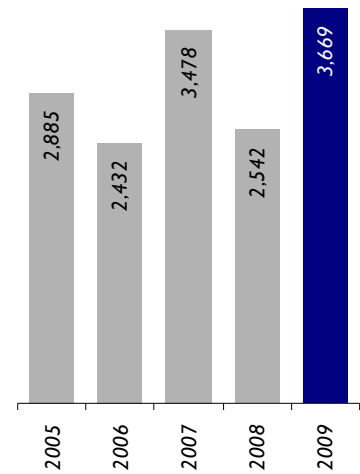
### Other Revenues

Other Revenues increased \$745,000 (16.3%) during 2009. This increase was mainly due to increase in the valuation of Council's investment properties of \$483,000, along with an additional \$127,000 being received in relation to the Environmental Performance Rebate. This is the second year that this initiative has been offered by the State Government, and it is expected that future year rebates will be of a similar magnitude.

### Grants & Contributions

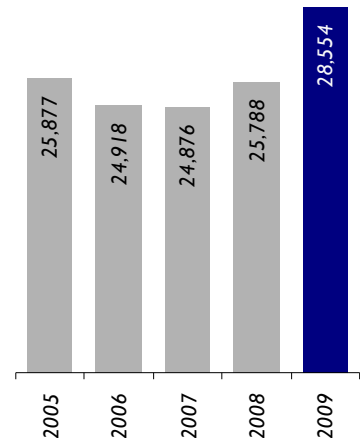
Grants & Contributions have increased overall by \$6.7m. This is the result of a number of Federal Government stimulus initiatives. Through the Regional and Local Community Infrastructure Program, Council received \$1.7m for a number of local projects, and a further \$2.5m (of a total \$5m allocation) for the construction of a commuter carpark at Penrith Station. Council also received the first quarter 2010 Financial Assistance Grant of \$2.7m in 2009.

Investment Revenues (\$'000)



**Investment revenues increased 44% (\$1.1m) in 2009**

User Charges & Fees (\$000)



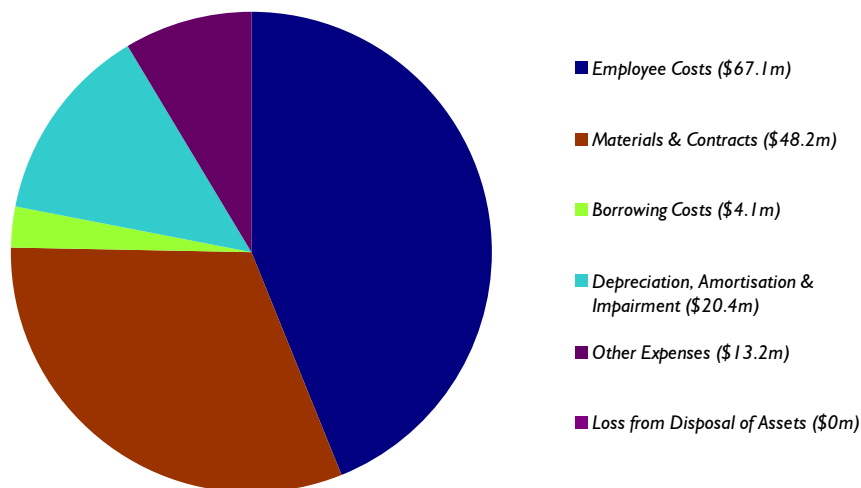
**A total of \$4.2m was received from the Federal Government under the Regional and Local Community Infrastructure Program**



## Expenses

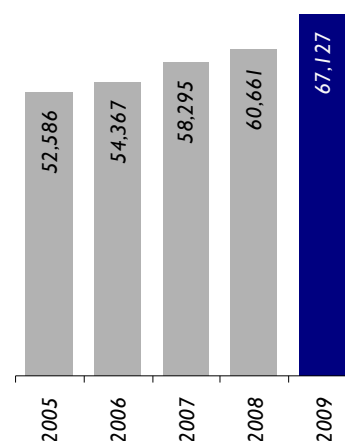
### Summary

- Total Expenses ▲ 12% to \$153.1m.
- Employee costs ▲ 10.7% to \$67.1m.



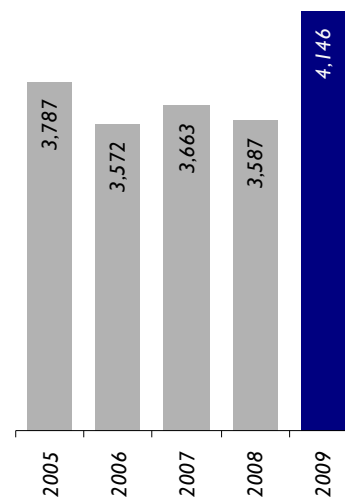
**Borrowing costs have increased due to uncertainty in the market and the high cost of capital**

Employee Costs (\$'000)



Expense Item	2009 (\$'000)	2008 (\$'000)	% Change
Employee Costs	67,127	60,661	10.7%
Materials & Contracts	48,183	41,961	14.8%
Borrowing Costs	4,146	3,587	15.6%
Depreciation, Amortisation & Impairment	20,436	17,441	17.2%
Other Expenses	13,213	12,754	3.6%
Loss from Disposal of Assets	-	355	(100.0%)
<b>Total expenses from Continuing Operations</b>	<b>153,105</b>	<b>136,759</b>	<b>12.0%</b>

Borrowing Costs (\$'000)



### Employee Costs

Total employee costs increased \$6.5m in 2009. This equates to a 10.7% increase and is attributable to the award increase of 4% in November 2008, and:

- Additional payments to the Defined Benefits Superannuation plan - \$914,000
- Skills and knowledge progression - \$449,000
- Employee performance bonuses - \$351,000
- Increase in the provision for Employee Entitlements - \$1.6m

Council contributes 9% Superannuation for all employees except those who are members of the Local Government Superannuation Defined Benefits Scheme. In recent years, Council has benefited from a contributions holiday, which did not require Council to make its full contribution to the scheme. This holiday has now ended, and in 2009, Council's costs in relation to these Superannuation expenses returned to the full contribution rate, representing an increase of \$914,000. Council's contribution to this scheme has continued to be impacted by

**Additional payments required for the Defined Benefits Scheme has contributed to increased Superannuation costs of \$1.2m (27%)**

## Expenses (continued)

the global financial crisis and the Local Government Superannuation Scheme (LGSS) have advised that increased contributions of \$1.5m will be required from 2010.

### Materials and Contracts

Council commenced new domestic waste services contracts in October 2007. These new arrangements have resulted in reduced recycling services costs of \$287,000 in 2009. These savings are expected to continue over the life of the new waste services contracts. There was also additional works to Penrith Stadium of \$4.7m in 2009 in relation to the redevelopment of the Eastern Grandstand.

### Depreciation

Depreciation is the allocation of the costs of an asset, based on the likely period of its useful life. The depreciation rates used by Council are set out in Note 1 of this document. In 2009, a review of the remaining useful life of road assets was once again undertaken to more accurately reflect the depreciation charge for these assets in light of the extensive maintenance program that Council has implemented for these assets. The amended useful life is applied to the written-down value of the individual roads to determine a more appropriate depreciation charge. The benefits of Council's maintenance policy can be seen in the continued low level of roads depreciation in 2009.

Total depreciation for the year was \$20.4m. The transition of buildings to Fair Value in 2008 resulted in an increase in the written down value of Council's buildings of \$106m. This increase and the reassessment of the remaining useful lives has seen depreciation on buildings increase by \$2.5m in 2009.

### Other Expenses

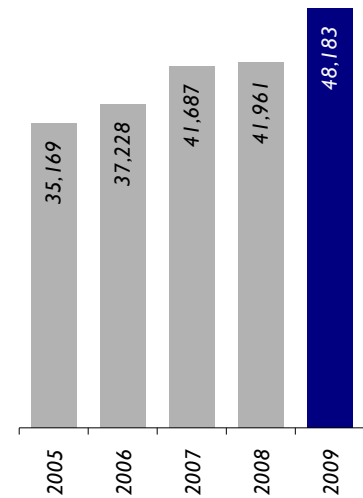
The detailed Notes to the Financial Statements provide information on Other Expenses. General expenses, that due to their size and nature warrant special mention in this report, are detailed below.

### Risk Management and Insurance

Council adopted a revised risk management policy in 2007 as part of its continually improving enterprise risk management framework. The risk management culture and prudent management of the insurance portfolio aims to protect Council from major premium fluctuations and reduced the number and cost of claims. The cost of total insurances has remained stable over 2009.

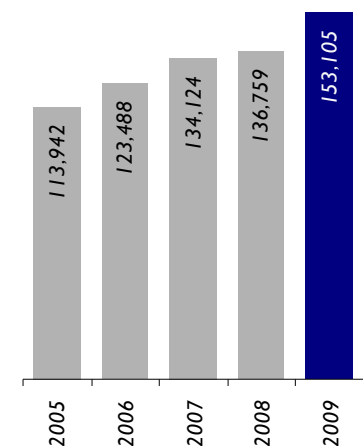
The outstanding liability for undetermined public liability claims recognised in the Financial Statements has reduced in 2009 to \$109,000 from \$152,000 in 2008.

Materials & Contracts (\$'000)



**Despite a rise in the number of claims, the cost of Workers Compensation has again decreased**

Total Expenses (\$'000)

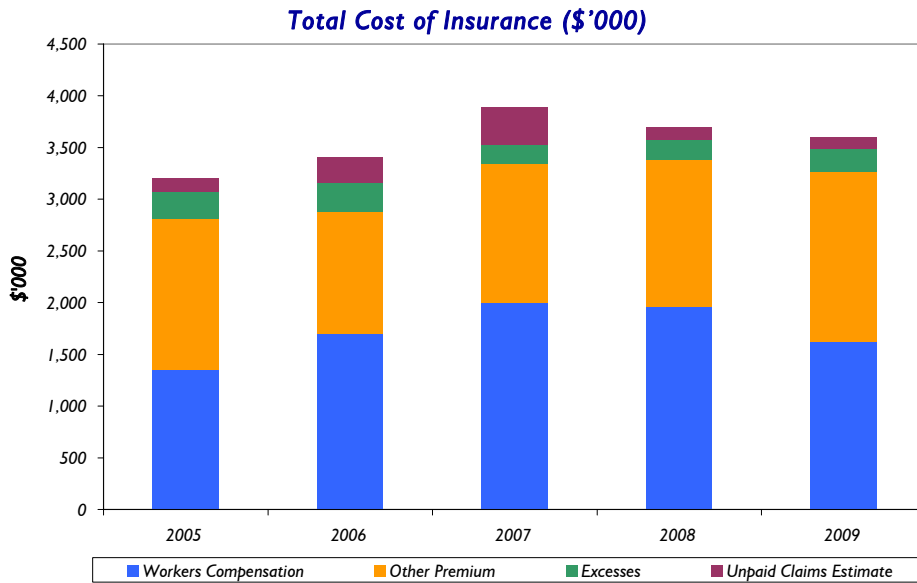


### Cost of Worker's Compensation Claims

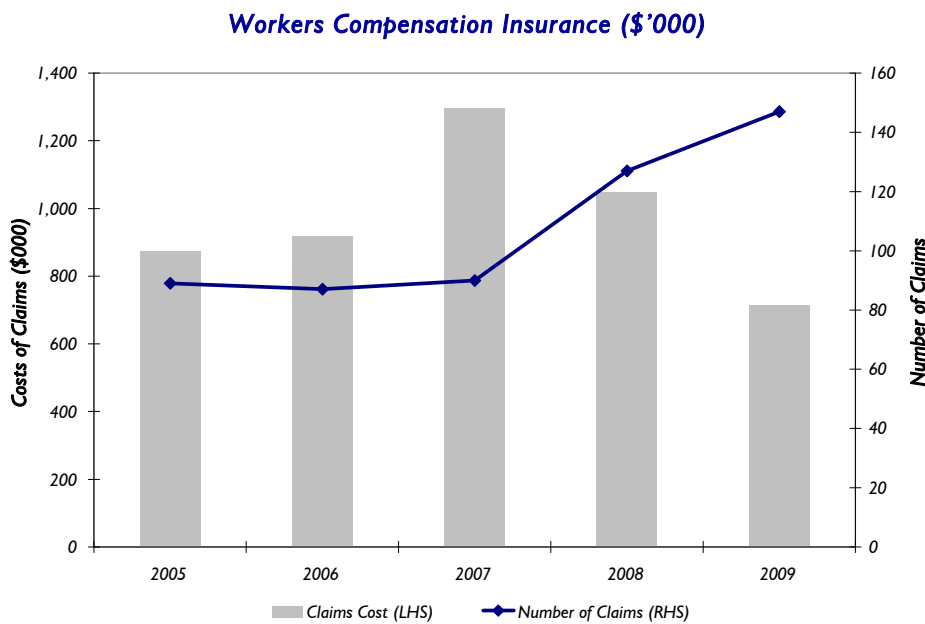
2009	\$715,000
2008	\$1,047,000
2007	\$1,294,000

## Expenses (continued)

The graph below shows the total cost of insurance including paid excesses and contingent liability (unpaid claims estimates). Increases in other premiums and excesses have been offset by lower Worker's Compensation costs and estimates of unpaid claims that has resulted in a slight decrease in insurance costs for 2009.



Details of the cost of Workers Compensation, and the number of claims are shown in the graph below.

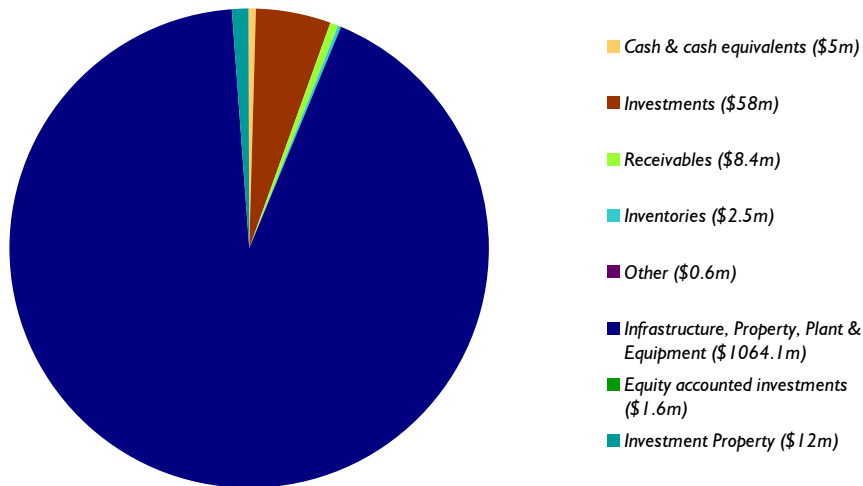




## Assets

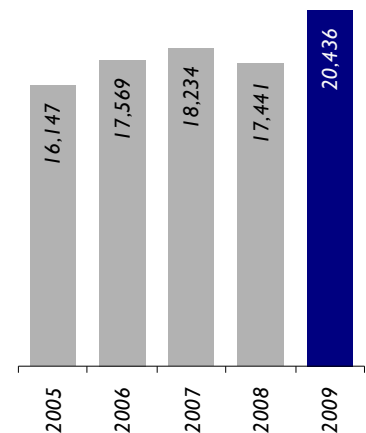
### Summary

- Total Assets ▼ 0.7% to \$1,152m
- Infrastructure, Property Plant & Equipment ▼ 0.5% to \$1,064m
- Net Assets ▼ 1.2% to \$1,050m
- Asset \$ per head of population is \$6,589

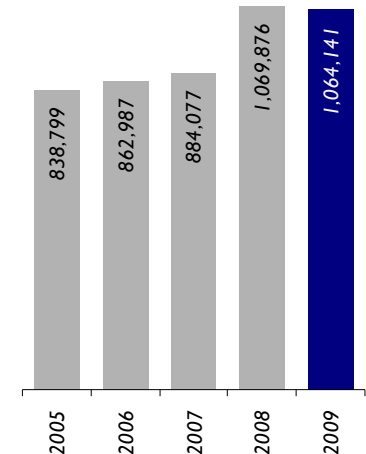


The value of Council's investment properties has increased 4.2% to \$12m in 2009

### Depreciation, Amortisation & Impairment (\$'000)



### Infrastructure, Property, Plant & Equipment (\$'000)



Asset Item	2009 (\$'000)	2008 (\$'000)	% Change
<b>CURRENT ASSETS</b>			
Cash & cash equivalents	5,035	809	522.4%
Investments	41,586	48,691	(14.6%)
Receivables	6,887	7,131	(3.4%)
Inventories	2,527	2,521	0.2%
Other	553	1,150	(51.9%)
<b>TOTAL CURRENT ASSETS</b>	<b>56,588</b>	<b>60,302</b>	<b>(6.2%)</b>
<b>NON-CURRENT ASSETS</b>			
Investments	16,445	15,876	3.6%
Receivables	1,528	1,498	2.0%
Infrastructure, Property, Plant & Equipment	1,064,141	1,069,876	(0.5%)
Equity accounted investments	1,644	1,644	-
Investment Property	12,015	11,532	4.2%
<b>TOTAL NON-CURRENT ASSETS</b>	<b>1,095,773</b>	<b>1,100,426</b>	<b>(0.4%)</b>
<b>TOTAL ASSETS</b>	<b>1,152,361</b>	<b>1,160,728</b>	<b>(0.7%)</b>

### Cash Position

An assessment of Council's cash holdings at the end of the Financial Year provides a different view of the year's financial information. Council's Cash Flow Statement provides information relating to actual payments and receipts of cash. Investments have fallen over the 2009 year, however, Cash and Cash Equivalents have increased. The continuing impact of the global financial crisis has seen a significant change in the composition of Council's investment portfolio, which is now mainly held in term-deposits. Council continues to hold funds on call to ensure funds are immediately available if required. This has resulted in the increase in cash and cash equivalents.

As a result of the Fair Value of Buildings for 2009, the value of Buildings decreased by \$23m after an increase of \$106m in 2008

## Assets (continued)

### Reserves

Council operates a number of internally and externally restricted reserves. External reserves include unspent Section 94 funds received, special purpose grants or unexpended loans, along with domestic waste and sullage reserves. These reserves are maintained to ensure that the funds received are expended on the intended purpose, and this restriction is imposed on Council through either legislation, or the funding body. A decrease in externally restricted funds held at 30 June 2009 of \$4.9m is the major contributing factor to the decrease in Council's investment portfolio.

Council continues to maintain a number of internal reserves as detailed in Note 6. These reserves have been established by Council resolution, and include provisions for Employee Leave Entitlements, Property Development activities, infrastructure construction, and Council's Children's Services operations. The maintenance of these reserves ensures that Council has sufficient capacity to respond to planned calls for funding in these areas and also provides some ability to fund unplanned expenditure for these purposes.

### Unrestricted Current Ratio

The unrestricted current ratio for 2009 was 1.17:1, an increase of 1.7% from 2008. Council's practice of borrowing from internal reserves to meet the demands of essential works required in advance of receipt of Section 94 contributions has again been a major impact on the ratio this year. At 30 June 2009, there were eight Section 94 plans in deficit totaling \$5.4m. Two plans, the Cultural Facilities and the Civic Improvement Plan, accounted for \$4.3m of this deficit. If Council had elected to fund the works in advance from external borrowings, the ratio would be 1.41:1.

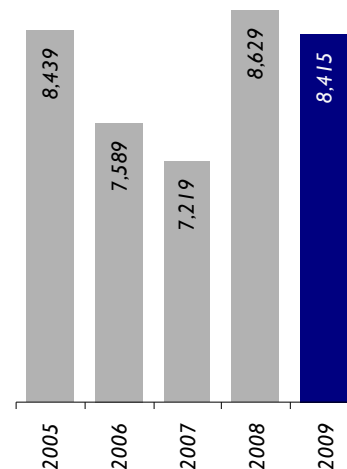
### Receivables

Receivables for 2009 totaled \$8.4m, a decrease of \$214,000 (2.5%) over the 2008 year. This was mainly attributable to an increase in User Charges and Fees. The Rates Outstanding percentage decreased from 5.04% in 2008 to 4.94% in 2009, which is now below the industry benchmark of 5%. Council has a long established policy of not pursuing pensioners for outstanding Rates and Annual Charges. Excluding pensioners from this calculation decreases this indicator to 3.76%, below Council's target of 4.5%.

### Infrastructure, Property, Plant & Equipment

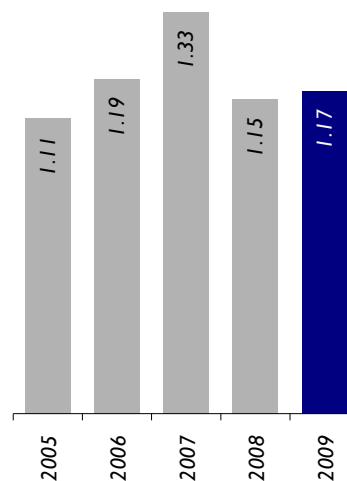
Infrastructure, Property, Plant & Equipment (IPPE) decreased 0.5% over the 2009 year to \$1,064m. This slight decrease was due mainly to the requirement of Council to revalue and componentise its Buildings in 2009. The net effect of this valuation on IPPE was a decrease of \$23m in the carrying value of Buildings. Total asset purchases of \$40.6m included \$9.3m for asset renewals, and \$31.3m for new asset purchases or construction. A summary of IPPE transactions for 2009 are shown on the following page. Further financial details of IPPE are shown in Note 9.

Receivables (\$'000)



**Council's Unrestricted Current Ratio is 1.17:1 in 2009, an increase over 2008 (1.15:1)**

Unrestricted Current Ratio



**Receivables from User Fees and Charges fell 44% (\$731,000) to \$945,000 in 2009**

## Assets—Infrastructure, Property, Plant & Equipment

### Plant and Equipment

Vehicles Purchased.....	80
Vehicles Sold .....	87
Plant items purchased .....	43
Total value \$2.7m, and includes:	
- Street Sweeper .....	\$252,000
- Llandilo RFS Tanker .....	\$241,000
- Isuzu Garbage Compactor.....	\$150,000
- Volvo L35B Front End Loader .....	\$126,000

### Office Equipment

New Computer Purchases .....	\$344,000
Other Hardware and Systems .....	\$703,000

### Buildings & Other Structures

Penrith Valley Cultural Precinct .....	\$2.8m
Commercial Building, St Marys .....	\$5.0m
Civic Centre Extensions .....	\$2.6m
North Ward Skate Park .....	\$375,000
Londonderry Neighbourhood Centre .....	\$782,000

### Infrastructure

Road Dedications .....	\$1.6m
Drainage Dedications .....	\$832,000

### Roadworks and Drainage

Drainage Works	
(excluding dedications) .....	\$603,000
Roadworks	
(excluding dedications) .....	\$9.4m

### Includes:

Bus Shelters.....	\$82,000
Pathpaving.....	\$2.2m

### Other Assets

Library Book Purchases .....	\$953,000
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Saddington Street, St Marys  
Footpath Construction

### Major Capital Projects worth of note, either completed or underway during the year include:

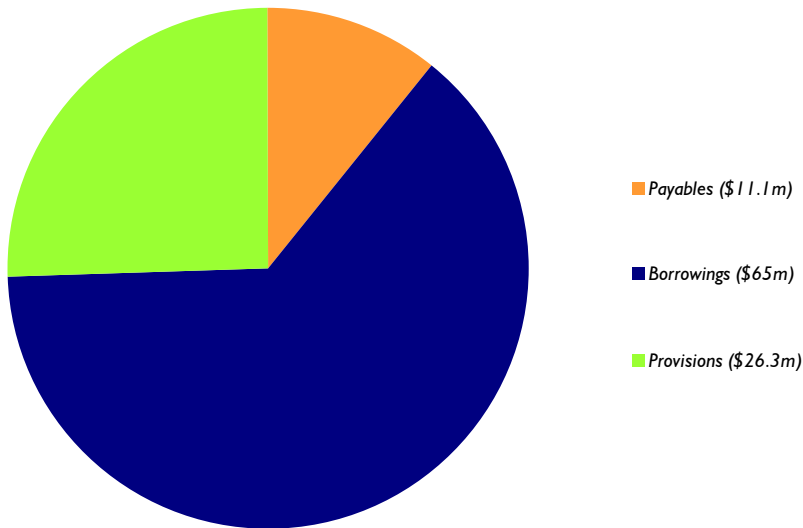
Building Asset Renewal Program	\$1.3m
Cranebrook Cycleway	\$278,000
Great River Walk	\$176,000
Gumbirra Playground Upgrade	\$54,000
Jamison Park Netball Courts Improvements	\$103,000
Library Community Computer Facilities	\$18,000
Londonderry Neighbourhood Centre	\$782,000
Londonderry Park Amenities	\$233,000
Luddenham Road Widening	\$1.3m
Memory Park Landscaping	\$77,000
Parks Additional Play Equipment	\$98,000
Penrith Pool Amenities Improvements	\$172,000
Penrith Valley Cultural Precinct	\$2.8m
St Clair Netball Courts Improvements	\$75,000
St Marys Tennis Courts Floodlights	\$72,000
Stepping Stones Upgrade Works	\$101,000
Yoorami Child Care Centre Upgrade	\$451,000



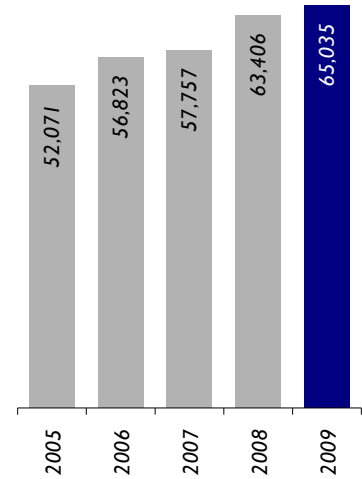
## Liabilities

### Summary

- Liabilities ▲ 4.3% to \$102.4m
- Borrowings ▲ 2.6% to \$65.0m
- Payables ▲ 13.7% to \$11.1m
- Provisions ▲ 5.0% to 26.3m



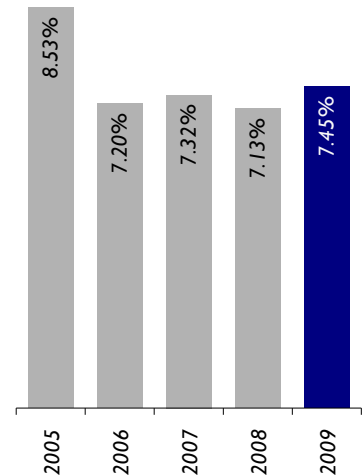
### Total Borrowings (\$'000)



**An additional \$2.1m was borrowed in June 2008 to fund a property purchase**

Liability Item	2009 (\$'000)	2008 (\$'000)	% Change
<b>CURRENT LIABILITIES</b>			
Payables	11,098	9,759	13.7%
Borrowings	7,109	5,909	20.3%
Provisions	25,145	24,095	4.4%
<b>TOTAL CURRENT LIABILITIES</b>	<b>43,352</b>	<b>39,763</b>	<b>9.0%</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	57,926	57,497	0.7%
Provisions	1,151	958	20.1%
<b>TOTAL NON CURRENT LIABILITIES</b>	<b>59,077</b>	<b>58,455</b>	<b>1.1%</b>
<b>TOTAL LIABILITIES</b>	<b>102,429</b>	<b>98,218</b>	<b>4.3%</b>

### Debt Service Ratio



The 2009 Debt Service Ratio was 7.45% (7.13% in 2008). This means that 7.45% of Council's revenue (excluding capital grants and contributions and specific purpose operating grants and contributions) is used to meet Council's annual loan repayments. The Debt Service Ratio indicator can be misleading if comparisons are made without understanding the underlying situation. Much of Council's recent additions to the loan portfolio have income streams to fund the loan repayments. Knowledge of the principal and interest components of loan payments, along with any revenue streams used to fund these repayments is therefore required if any comparison to other Councils is to be meaningful.

Total borrowings now stand at \$65.0m, an increase of \$1.6m (2.6%) over 2008.

**Provisions increased 5.0% in 2009 due to increases in Long-Service and Annual Leave**



## Controlled Entities

Council operates a number of controlled entities – Ripples Leisure Centre, Penrith Whitewater Stadium (PWS), and Penrith Performing & Visual Arts (PPVA). The financial results for these entities are consolidated with Council's operations to give the overall result for the year.

Each entity reports their results to Council on an annual basis. At this time, it is resolved that the operations of each entity are underwritten by Council until the next year's results are reported.

	\$'000		
	PPVA	Ripples	PWS
Operating Expenses	3,310	3,661	2,398
Operating Revenues (Excluding Council's Subsidy)	1,983	3,026	2,499
<b>Surplus / (Deficit) before Subsidy</b>	<b>(1,327)</b>	<b>(635)</b>	<b>102</b>
Subsidy	1,462	660	-
<b>Surplus / (Deficit) from Ordinary Operations</b>	<b>135</b>	<b>25</b>	<b>102</b>
Capital Grants	-	-	-
<b>Surplus/(Deficit)</b>	<b>135</b>	<b>25</b>	<b>102</b>
<b>Current Assets</b>	<b>787</b>	<b>32</b>	<b>420</b>
<b>Non-Current Assets</b>	<b>308</b>	<b>152</b>	<b>1,558</b>
<b>Total Assets</b>	<b>1,095</b>	<b>184</b>	<b>1,977</b>
<b>Current Liabilities</b>	<b>926</b>	<b>386</b>	<b>327</b>
<b>Non-Current Liabilities</b>	<b>85</b>	<b>-</b>	<b>1,532</b>
<b>Total Liabilities</b>	<b>1,012</b>	<b>386</b>	<b>1,859</b>
<b>Net Assets</b>	<b>83</b>	<b>(202)</b>	<b>119</b>





## Business Activity Reporting

Business activity reporting shows certain activities of Council in accordance with the National Competition Policy (NCP) guidelines. It attempts to portray the Financial Statements of these activities as if all taxes and commercial principles that applied to private enterprise were also applied to these activities.

It must be emphasised that the business activity report is based on a number of factors:

- prescribed assumptions as to rates of return, taxes and other costs,
- the inclusion of assumed costs as if they were paid,
- a particular view of where the boundary between the activity and other Council operations should be drawn,
- the allocation of costs which are charged to other functions in first instance, and
- determination of the purpose for which each asset is owned, even though the purpose may be one of many joint purposes.

The reports also assume that each year can be separately taken and analysed. Where an activity has irregular revenue, great variations will be reported. Property Development may well show deficits in some years and large surpluses in others. This is because the property strategy results in varying sales from year-to-year.

In these statements all the businesses have generally been assumed to be operators and not owners of the applicable lands. This means for example, that

Ripples is a business activity but the ownership of the land and building is outside the business activity. The business activity is then nominally charged a rental for use of the premises. The business activity reports show that if rentals, taxes and similar costs were charged some of the activities would then need a subsidy in order to pay these costs. As these costs are not charged, only assumed, the "Subsidy from Council" does not represent an amount actually paid or ever likely to be paid. It represents the difference between actual surplus and the assumed profit of a commercial operation.

An activity that is worthy of an individual comment is Property Development. The state of the real estate property market and the level of activity by Property Development will lead to significant variations in the reported profit from year to year.

<b>Category 1 (turnover greater than \$2m)</b>	<b>2009 Surplus / (Deficit)</b>	<b>2008 Surplus / (Deficit)</b>
Childrens' Services	(1,486)	(2,034)
Council Pools	(2,940)	(2,481)
Penrith Whitewater Stadium	(7)	145
Property Development	1,662	710
Penrith Performing & Visual Arts	(3,106)	(3,857)

<b>Category 2 (turnover less than \$2m)</b>	<b>2009 Surplus / (Deficit)</b>	<b>2008 Surplus / (Deficit)</b>
Cemeteries	(133)	(207)
Tennis Courts	(115)	7
St Clair Recreation Centre	(358)	(313)
Lemongrove Retirement Village	(255)	(411)
Halls	(427)	(255)
Contestable Services	59	159

