



PARRAMATTA CITY COUNCIL

2009-10

ANNUAL

FINANCIAL REPORTS

**COUNCIL OF THE
CITY OF
PARRAMATTA**

General Purpose Reports

PARRAMATTA CITY COUNCIL

GENERAL PURPOSE FINANCIAL REPORTS FOR THE YEAR ENDED 30 JUNE 2010

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PARRAMATTA CITY COUNCIL

**GENERAL PURPOSE FINANCIAL REPORTS
FOR THE YEAR ENDED 30TH JUNE 2010**

**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:

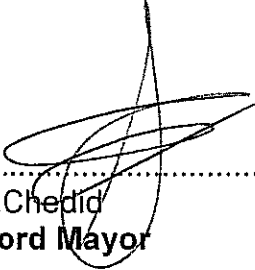
- The Local Government Act 1993 (as amended) and the Regulations made thereunder.
- The Australian Accounting Standards and professional pronouncements.
- The Local Government Code of Accounting Practice and Financial Reporting.

To the best of our knowledge and belief, the Reports

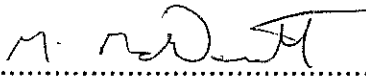
- present fairly the Council's operating result and financial position for the year, and
- accord with Council's accounting and other records.

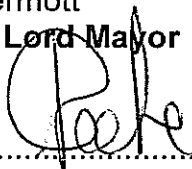
We are not aware of any matter that would render the reports false or misleading in any way.

Signed in Accordance with the resolution of Council made on 18th October 2010.


.....
J. Chedid
Lord Mayor


.....
Dr R. Lang
Chief Executive Officer


.....
M. McDermott
Deputy Lord Mayor


.....
A. Cochrane
Finance Manager and
Principal Accounting Officer

PARRAMATTA CITY COUNCIL

INCOME STATEMENT for the year ended 30 June 2010

Original Budget 2010 \$'000		Notes	Actual 2010 \$'000	Actual 2009 \$'000
Income from continuing operations				
<u>Revenue:</u>				
97,660	Rates and annual charges	3a	98,254	94,004
23,318	User charges and fees	3b	23,024	21,750
2,284	Interest and investment revenue	3c	4,889	2,815
9,475	Other revenues	3d	10,684	10,778
14,774	Grants and contributions provided for operating purposes	3e,f	15,863	16,439
7,911	Grants and contributions provided for capital purposes	3e,f	12,570	8,859
<u>Other Income:</u>				
	Net gain from the disposal of assets	5	0	2,778
	Share of interests in joint ventures & associates using the equity method	19	640	
<u>155,422</u>	Total revenues from continuing operations		<u>165,924</u>	<u>157,422</u>
Expenses from continuing operations				
68,792	Employee benefits and on-costs	4a	66,684	64,753
4,402	Borrowing costs	4b	4,075	5,409
33,021	Materials and contracts	4c	36,214	34,319
24,303	Depreciation and amortisation	4d	24,818	25,812
	Net loss from disposal of assets	5	63	
	Share of interests in joint ventures & associates using the equity method	19		40
24,785	Other expenses	4e	24,762	22,561
<u>155,303</u>	Total expenses from continuing operations		<u>156,616</u>	<u>152,894</u>
<u>119</u>	Operating result from continuing operations		<u>9,308</u>	<u>4,528</u>
<u>-</u>	Operating result from discontinued operations		<u>-</u>	<u>-</u>
<u>119</u>	Net operating result for the year		<u>9,308</u>	<u>4,528</u>
Attributable to:				
119	- Council		9,308	4,528
<u>-</u>	- Minority Interests		<u>-</u>	<u>-</u>
(7,792)	Net operating result for the year before grants and contributions provided for capital purposes		(3,262)	(4,331)

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

PARRAMATTA CITY COUNCIL

STATEMENT OF COMPREHENSIVE INCOME for the year ended 30 June 2010

	Notes	Actual 2010 \$'000	Actual 2009 \$'000
Net operating result for the year - from Income Statement		9,308	4,528
Other comprehensive income			
Gain(loss) on revaluation of infrastructure, property, plant and equipment	20b	192,502	(300,543)
Gain(loss) on revaluation of available for sale assets	20b	0	0
Realised available-for-sale investment gains recognised in revenue	20b	0	0
De-recognition of land under roads	20f	0	0
Adjustment to correct prior period depreciation errors	20d	(18,342)	(9,027)
Invoice overbillings and overpayment of defined benefits super	20d	975	0
Total comprehensive income for the year		184,443	(305,042)
Total comprehensive income for the year			
Attributable to - Council		184,443	(305,042)
- Minority Interests		0	0
		184,443	(305,042)

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

PARRAMATTA CITY COUNCIL

BALANCE SHEET as at 30 June 2010

	Notes	Actual 2010 \$'000	Actual 2009 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	6a	17,992	15,947
Investments	6b	51,511	65,742
Receivables	7	13,238	12,283
Inventories	8	187	190
Other	8	211	482
Non-current assets classified as held for resale	21	-	-
Total current assets		<u>83,139</u>	<u>94,644</u>
Non-current assets			
Investments	6b	11,283	3,190
Receivables	7	80	78
Infrastructure property, plant and equipment	9	3,653,199	3,472,567
Investments accounted for using equity method	19	2,470	1,830
Intangible assets	23	3,794	2,518
Total non-current assets		<u>3,670,826</u>	<u>3,480,183</u>
Total assets		<u><u>3,753,965</u></u>	<u><u>3,574,827</u></u>
LIABILITIES			
Current liabilities			
Payables	10a	16,220	18,897
Borrowings	10a	4,307	3,952
Provisions	10a	21,494	18,628
Total current liabilities		<u>42,021</u>	<u>41,477</u>
Non-current liabilities			
Borrowings	10a	81,102	85,300
Provisions	10a	1,004	2,655
Total non-current liabilities		<u>82,106</u>	<u>87,955</u>
Total liabilities		<u><u>124,127</u></u>	<u><u>129,432</u></u>
Net assets		3,629,838	3,445,395
EQUITY			
Retained earnings	20	855,899	863,958
Revaluation reserves	20	2,773,939	2,581,437
Total equity		<u><u>3,629,838</u></u>	<u><u>3,445,395</u></u>

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

PARRAMATTA CITY COUNCIL

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2010

		2010 \$'000					2009 \$'000						
	Notes Ref.	Retained Earnings	Asset Revaluation Reserve	Other Reserves	Council Equity Interest	Minority Interest	Total Equity	Retained Earnings	Asset Revaluation Reserve	Other Reserves	Council Equity Interest	Outside Equity Interest	Total Equity
Opening balance	20	863,958	2,581,437	0	3,445,395	0	3,445,395	868,457	2,881,980	0	3,750,437	0	3,750,437
Correction of errors				0	0	0	0					0	0
Changes in accounting policies		0	0	0	0	0	0	0	0		0	0	0
Restated opening balance	20	863,958	2,581,437	0	3,445,395	0	3,445,395	868,457	2,881,980	0	3,750,437	0	3,750,437
Total comprehensive income	20	(8,059)	192,502	0	184,443	0	184,443	(4,499)	(300,543)	0	(305,042)	0	(305,042)
Closing balance	20	855,899	2,773,939	0	3,629,838	0	3,629,838	863,958	2,581,437	0	3,445,395	0	3,445,395

PARRAMATTA CITY COUNCIL

CASH FLOW STATEMENT for the year ended 30 June 2010

Budget 2010 \$'000		Notes	Actual 2010 \$'000	Actual 2009 \$'000
	Cash flows from operating activities			
	<u>Receipts:</u>			
100,289	Rates and annual charges		99,226	92,745
20,764	User charges and fees		24,286	22,387
2,323	Investment revenue and interest		2,406	3,419
23,579	Grants and contributions		29,126	25,859
11,728	Other		11,176	10,823
	<u>Payments :</u>			
(65,601)	Employee benefits and on-costs		(66,074)	(59,337)
(37,522)	Materials and contracts		(38,957)	(36,634)
(7,113)	Borrowing costs		(4,085)	(5,579)
(24,716)	Other		(27,279)	(23,665)
<u>23,731</u>	Net cash provided (or used in) operating activities	11(b)	<u>29,825</u>	<u>30,018</u>
	Cash flows from investing activities			
	<u>Receipts:</u>			
13,816	Sale of investments		84,196	77,282
	Sale of real estate assets			4,330
1,400	Sale of infrastructure, property, plant and equipment		1,526	1,044
	<u>Payments :</u>			
	Purchase of investments		(76,479)	(71,468)
	Purchase of real estate			
(46,183)	Purchase of infrastructure, property, plant and equipment		(33,180)	(33,658)
<u>(30,967)</u>	Net cash provided by (or used in) investing activities		<u>(23,937)</u>	<u>(22,470)</u>
	Cash flows from financing activities			
	<u>Receipts:</u>			
3,938	Borrowings and advances		2,724	
	<u>Payments:</u>			
(6,649)	Borrowings and advances		(6,567)	(3,751)
<u>(2,711)</u>	Net cash provided by (or used in) financing activities		<u>(3,843)</u>	<u>(3,751)</u>
(9,947)	Net increase/(decrease) in cash and cash equivalents		2,045	3,797
15,947	Cash and cash equivalents at beginning of reporting period	11(a)	15,947	12,150
<u>6,000</u>	Cash and cash equivalents at end of reporting period	11(a)	<u>17,992</u>	<u>15,947</u>

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

PARRAMATTA CITY COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Parramatta City Council is incorporated under the New South Wales Local Government Act (LGA) 1993 as amended and has its principal place of business at 30 Darcy Street, Parramatta.

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

(a) Basis of preparation

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

Historical cost convention

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

Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the group's accounting policies.

Financial statement presentation

The Council has applied the revised AASB101 Presentation of Financial Statements which became effective on 1 January 2009. The revised statement requires the separate presentation of a statement of comprehensive income and a statement of changes in equity. All non-owner changes in equity must now be presented in the statement of comprehensive income. As a consequence, Council had to change the presentation of its financial statements. Comparative information has been re-presented so that it is also in conformity with the revised standard.

(b) Revenue recognition

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

PARRAMATTA CITY COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Rates, annual charges, grants and contributions

Rates, annual charges, grants and contributions (including developer contributions) are recognised as revenues when Council obtains control over the assets comprising these receipts. Developer contributions may only be expended for the purposes for which the contributions were required but Council may apply contributions according to the priorities established in work schedules.

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

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

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

Income is recognised when Council obtains control of the contribution or the right to receive the contribution, it is probable that the economic benefits comprising the contribution will flow to the Council and the amount of the contribution can be measured reliably.

Where grants, contributions and donations are recognised as revenues during the financial year 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 balance date, the unused grant or contribution is disclosed in Note 3(g). The note also discloses the amount of unused grants or contributions from prior years that was expended on Council's operations for the current year.

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

User charges and fees

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

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

PARRAMATTA CITY COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Sale of plant, property, infrastructure and equipment

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

Interest and rents

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

(c) Principles of consolidation

(i) *The Consolidated Fund*

In accordance with the provisions of Section 409(1) of the *Local Government Act 1993*, all money and property received by Council is held in Council's Consolidated Fund unless it is required to be held in Council's Trust Fund. The consolidated fund and other entities through which 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
- Various park committees

(ii) *The Trust Fund*

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

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

(iii) *Jointly controlled entities*

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

PARRAMATTA CITY COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

(d) Leases

Leases of property, plant and equipment where Council, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that Council will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to Council as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Lease income from operating leases where Council is a lessor is recognised in income on a straight-line basis over the lease term.

(e) Acquisitions of assets

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

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the Council's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(f) Cash and cash-equivalent assets

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.

PARRAMATTA CITY COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(h) Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Receivables are generally due for settlement within 30 days.

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

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

(i) Inventories

(i) Raw materials and stores, work in progress and finished goods

PARRAMATTA CITY COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost includes the transfer from equity of any gains/losses on qualifying cash flow hedges relating to purchases of raw material. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(ii) Land held for resale/capitalisation of borrowing costs

Land held for resale is stated at the lower of cost and net realisable value. Cost is assigned by specific identification and includes the cost of acquisition, and development and borrowing costs during development. When development is completed, borrowing costs and other holding charges are expensed as incurred.

Borrowing costs included in the cost of land held for resale are those costs that would have been avoided if the expenditure on the acquisition and development of the land had not been made. Borrowing costs incurred while active development is interrupted for extended periods are recognised as expenses.

(j) Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest

PARRAMATTA CITY COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the income statement.

(k) Investments and other financial assets

Classification

Council classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in other receivables (note 8) and receivables (note 7) in the balance sheet.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that Council's management has

PARRAMATTA CITY COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

the positive intention and ability to hold to maturity. If Council were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

Financial assets – reclassification

Council may choose to reclassify a non-derivative trading financial asset out of the held-for-trading category if the financial asset is no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables are permitted to be reclassified out of the held-for-trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. In addition, Council may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held-for-trading or available-for-sale categories if it has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

Change in accounting policy

Council has adopted the policy of reclassifying financial assets out of the held-for-trading category from 1 July 2008, following amendments made to AASB 139 Financial Instruments: Recognition and Measurement in October 2008. Under Council's previous policy reclassifications of financial assets were not permitted.

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date—the date on which Council commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all

PARRAMATTA CITY COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and Council has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses from investment securities.

Subsequent measurement

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

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

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in equity. Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in equity.

Details on how the fair value of financial instruments is determined are disclosed in note 1(I).

Impairment

Council assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss—measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss—is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments

PARRAMATTA CITY COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

classified as available-for-sale are not reversed through the income statement.

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

Investment Policy

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

Council amended its policy during the year following revisions to the Investment Order arising from the Cole Inquiry recommendations. Certain investments Council holds are no longer prescribed—for example managed funds, Collateralized debt obligations (CDOs) and equity linked notes—however they have been retained under 'grandfathering' provisions of the Order. These will be disposed of when most financially advantageous to Council.

(I) Fair value estimation

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

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

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

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the

PARRAMATTA CITY COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

future contractual cash flows at the current market interest rate that is available to Council for similar financial instruments.

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

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

- Operational land (external valuation)
- Community land (external valuation)
- Buildings—specialised/non specialised(external valuation)
- Other structures (external valuation)
- Plant and equipment (as approximated by depreciated historical cost), with the exception of those items with a value greater than \$60,000, which have been revalued in accordance with Council officers estimates
- Road assets—roads, bridges and footpaths (internal valuation)
- Drainage assets—(internal valuation).

Other asset classes will be revalued to fair value as follows:

2010/11—land improvements, other structures and other assets.

Increases in the carrying amounts arising on revaluation are credited to the asset revaluation reserve. To the extent that the increase reverses as a decrease previously recognised profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset; all other decreases are charged to the income statement.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Council and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

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

PARRAMATTA CITY COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Office equipment	5,8 and 10 years
Office furniture	10 years
Vehicles and road-making equipment	5,6 and 10 years
Other plant and equipment	3 & 10 years
Buildings—masonry	50-100 years
Playground equipment	5 years
Benches, seats, etc	5 years
Drains	100 years
Flood control structures	50-100 years
Sealed roads—surface	100 years
Bridges	80 years
Library books	5 years

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

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

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

(n) Payables

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

(o) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the 'effective interest' method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between

PARRAMATTA CITY COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or finance cost.

Borrowings are classified as current liabilities unless Council has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(p) Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are not capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are also expensed.

(q) Provisions

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

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

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

(r) Employee Benefits

(i) Obligations

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

PARRAMATTA CITY COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(ii) Other long term employee benefit obligations

The liability for long service leave and annual leave which isn't expected to be settled within twelve months after the end of the period in which the employee rendered the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of service provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wages and salary levels, experience of employee departures and period of service. Expected future payments are discontinued using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

The calculation of the long service leave provision was performed using an actuarial approach by David A. Zaman Pty Ltd

(iii) Retirement benefit obligations

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

A liability or asset in respect of defined benefit superannuation plans would ordinarily be recognised in the balance sheet, and measured as the present value of the defined benefit obligation at the reporting date plus unrecognised actuarial gains (less unrecognised actuarial losses) less the fair value of the superannuation fund's assets at that date and any unrecognised past service cost. The present value of the defined benefit obligation is based on expected future payments which arise from membership of the fund to the reporting date, calculated annually by independent actuaries using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. However, when this information is not reliably available, Council accounts for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans (see below).

The Local Government Superannuation Scheme has advised member councils that, as a result of the global financial crisis, it has a significant deficiency of assets over liabilities amounting to around \$290 million at 30 June 2009. As a result, they have asked for significant increases in contributions from 2009/10 onwards to recover that deficiency. Council's share of that deficiency cannot be accurately calculated as the Scheme is a mutual arrangement where assets and liabilities are pooled together for all member councils. For this reason, no liability for the deficiency has been recognised in Council's accounts. Council has, however, disclosed a contingent liability in note 18 to reflect the possible obligation that may arise should the Scheme require immediate payment to correct the deficiency.

PARRAMATTA CITY COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

(s) Rounding of amounts

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

(t) Land under roads

Council has elected not to recognise land under roads acquired before 1 July 2008 in accordance with AASB 1051.

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

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

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

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

(v) 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 operating cycle. In the case of liabilities where Council does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as a current event if not expected to be settled within the next 12 months. Inventories held for trading are classified as current even if not expected to be realised in the next 12 months.

PARRAMATTA CITY COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(w) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2010 reporting periods. Council's assessment of the impact of these new standards and interpretations is set out below.

(i) AASB 2009-8 Amendments to Australian Accounting Standards – Group Cash-Settled Share-based Payment Transactions [AASB 2] (effective from 1 January 2010)

The amendments made by the AASB to AASB 2 confirm that an entity receiving goods or services in a group share-based payment arrangement must recognise an expense for those goods or services regardless of which entity in the group settles the transaction or whether the transaction is settled in shares or cash. They also clarify how the group share-based payment arrangement should be measured, that is, whether it is measured as an equity or a cash-settled transaction. No impact on Council.

(ii) AASB 2009-10 Amendments to Australian Accounting Standards – Classification of Rights Issues [AASB 132] (effective from 1 February 2010)

In October 2009 the AASB issued an amendment to AASB 132 Financial Instruments: Presentation which addresses the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer. Provided certain conditions are met, such rights issues are now classified as equity regardless of the currency in which the exercise price is denominated. Previously, these issues had to be accounted for as derivative liabilities. The amendment must be applied retrospectively in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors. No impact on Council.

(iii) AASB 9 Financial Instruments and AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 (effective from 1 January 2013)

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

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

PARRAMATTA CITY COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

(v) AASB Interpretation 19 Extinguishing financial liabilities with equity instruments and AASB 2009-13 Amendments to Australian Accounting Standards arising from Interpretation 19 (effective from 1 July 2010)

AASB Interpretation 19 clarifies the accounting when an entity renegotiates the terms of its debt with the result that the liability is extinguished by the debtor issuing its own equity instruments to the creditor (debt for equity swap). It requires a gain or loss to be recognised in profit or loss which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued. No impact on Council.

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

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

(x) Intangible Assets

IT development and software

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

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

PARRAMATTA CITY COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(z) Goods and Services Tax (GST)

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

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

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

PARRAMATTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

Note 2(a) - Functions

Functions / Activities	Revenues, Expenses and Assets have been directly attributed to the following Functions/Activities												Total assets held (current and non-current)	
	Income from continuing operations			Expenses from continuing operations			Operating results from continuing operations			Grants included in income				
	Original Budget 2010 \$'000	Actual 2010 \$'000	Actual 2009 \$'000	Original Budget 2010 \$'000	Actual 2010 \$'000	Actual 2009 \$'000	Original Budget 2010 \$'000	Actual 2010 \$'000	Actual 2009 \$'000	Actual 2010 \$'000	Actual 2009 \$'000	Actual 2010 \$'000	Actual 2009 \$'000	
Community and Neighbourhoods	14,333	16,106	11,200	32,135	33,084	30,812	(17,802)	(16,978)	(19,612)	5,476	3,245	2,286,613	2,331,992	
Economy and Development	14,957	16,614	16,221	24,840	25,358	27,268	(9,883)	(8,744)	(11,047)	855	254	209,516	447,059	
Environment and Infrastructure	17,224	20,059	19,087	47,753	48,566	45,000	(30,529)	(28,507)	(25,913)	4,906	5,258	497,066	577,531	
Governance and Corporate	1,155	1,381	4,977	50,575	49,608	49,774	(49,420)	(48,227)	(44,797)	100	706	760,770	218,245	
Total Function / Activities	47,669	54,160	51,485	155,303	156,616	152,854	(107,634)	(102,456)	(101,369)	11,337	9,463	3,753,965	3,574,827	
Shares of gains or losses in Associates and Joint Ventures using the Equity Method		640				40	-	640	(40)	-	-			
General Purpose Revenues	107,753	111,124	105,937	-	-	-	107,753	111,124	105,937	7,980	9,119		-	
Surplus/(deficit) from all activities	155,422	165,924	157,422	155,303	156,616	152,894	119	9,308	4,528	19,317	18,582	3,753,965	3,574,827	

PARRAMATTA CITY COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

Note 2(b) – Components of Functions

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

Community and Neighbourhoods Pillar

Community, family and library services, community development, town planning and urban design, parks and recreation, and community engagement.

Economy and Development Pillar

Tourism and promotion of Parramatta, property asset management, regulatory services, arts and culture and development services.

Environment and Infrastructure Pillar

Roads, footpaths and drainage, transport planning, parking and traffic facilities, waste control management, trades and fleet management and natural areas management.

Governance and Corporate Pillar

Strategic and corporate planning, financial management, human resources management, information systems and corporate management.

PARRAMATTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

Note 3 - Income From Continuing Operations

	Actual 2010 \$'000	Actual 2009 \$'000
(a) Rates and annual charges		
Ordinary rates		
Residential	37,838	35,669
Business	38,408	37,253
Total ordinary rates	76,246	72,922
Special rates		
Open space	1,814	1,735
Economic development	593	596
Suburban infrastructure	1,471	1,404
CBD infrastructure	1,687	1,702
Total special rates	5,565	5,437
Annual charges <i>(pursuant to s.496 and s.501)</i>		
Domestic waste management services	14,266	13,528
Waste management services (not domestic)	919	868
Stormwater levy	1,258	1,249
Total annual charges	16,443	15,645
Total rates and annual charges	98,254	94,004
*Council has used 2007 valuations provided by the NSW Valuer General in calculating its rates		
(b) User charges and fees		
User charges <i>(pursuant to s.502)</i>		
Golf course	670	666
Pools	1,030	1,054
Halls	235	254
Parks and reserves	204	183
Childcare	2,193	2,052
Library including photocopy	36	36
Parramatta Riverside Theatres	1,660	1,978
Parking meters	4,078	4,037
Multi level parking stations	8,254	7,614
Resident parking scheme	18	17
Other	307	262
Total user charges	18,685	18,153
Fees		
Sec 611	105	107
Planning and building	1,818	1,565
Development advertising fee	196	227
Building inspection fee	17	24
Construction zone fee	42	98
Cooling towers licence	48	21
Entertainment inspection fee	(1)	12
Subdivision release fee	142	127
Food premises licence	145	130
Application for outstanding notices	73	76
Road opening permits	671	261
Tree preservation fees	109	91
Construction certificate	162	213
Hoarding fees	252	184
Road occupancy fees	96	79
Other	464	382
Total fees	4,339	3,597
Total user charges and fees	23,024	21,750

PARRAMATTA CITY COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

Note 3 - Income From Continuing Operations (continued)

	Actual 2010 \$'000	Actual 2009 \$'000
(c) Interest and investment revenue(losses)		
Interest and dividends		
- Overdue rates and charges	331	277
- Cash and Investments	2,979	3,135
- Other		
Fair value adjustments		
- Investments	1,579	(597)
Total interest and investment revenue	<u><u>4,889</u></u>	<u><u>2,815</u></u>
(d) Other revenues		
Parking fines	4,946	4,872
Other fines	361	481
Rental income:		
- Investment property		
- Other property	3,182	3,436
Legal fees recovery	410	317
Insurance claims	193	316
Commissions and agency fees	8	10
Sales - general	357	341
Outdoor dining rentals	136	137
Rebates	103	107
Technical services - external	57	77
Childcare assistance and fundraising		1
Building insurance and commission	7	6
Riverside Theatre bar and catering sales	431	402
Other	493	275
Total other revenues	<u><u>10,684</u></u>	<u><u>10,778</u></u>

PARRAMATTA CITY COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

Note 3 - Income From Continuing Operations (continued)

	Operating		Capital	
	Actual 2010 \$'000	Actual 2009 \$'000	Actual 2010 \$'000	Actual 2009 \$'000
(e) Grants				
General purpose (untied)				
Financial assistance	7,181	8,332		
Pensioner rates subsidies	800	787		
Specific purpose				
Pensioner rates subsidies				
- DWM	281	276		
Artstart program				
Childcare	1,369	1,340		
Transport			3,619	1,682
Federal Stimulus Capital Grant			1,776	2,119
Home support	810	829		
Library	398	388		
Street lighting subsidy	513	500		
Noxious weeds		27		
Upper Parramatta River Catchment Trust				28
NSW Department of Land and Water Conservation				
Dept Infrastructure Planning and Natural Resources	109	112		
Ministry of the Arts	258	96		
Parks and reserves	1		82	73
Greenspace				100
Community services	86	85		
Rural Fire Service				
Environment Trust Duck River Stage 3				
SES				
NSW government grants	123	84		
Federal Dept of Education and Training		62		
Dept Agriculture Fisheries and Forrestry				20
Natural Disaster Mitigation Program			33	
Wharf Road boat ramp			625	206
Sydney Metropolitan Catchment Authority	12	10		
Dept Industry Tourism Resources				
Environmental	(382)	186	165	222
New generation arts grant				
Waste services performance improvement payment	612	377		
Federal Dept of Communications	447	163		
Other	226	159	173	319
Total grants	12,844	13,813	6,473	4,769
Comprising:				
-Commonwealth funding	8,792	9,694	3,040	3,333
-State funding	4,052	4,119	3,433	1,436
-Other funding				
	12,844	13,813	6,473	4,769
(f) Contributions				
Developer contributions:				
- Section 94			5,354	3,736
RTA contributions (regional/local, block grant)		36		
Kerb and gutter	54	38		
Road restoration contributions	1,350	1,044		
Long service leave contributions	146	81		
Other sponsorship received	456	429		
Parking space levy contribution	44	36		
Vehicle entry construction fees			743	354
Leaseback fees	400	347		
Environmental		72		
Storm damage				
Salary sacrifice motor vehicle contributions	377	426		
Parramatta Road project				
Other	192	117		
Total contributions	3,019	2,626	6,097	4,090
Total grants and contributions	15,863	16,439	12,570	8,859

PARRAMATTA CITY COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

Note 3 - Income From Continuing Operations (continued)

	Actual 2010 \$'000	Actual 2009 \$'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:		
Opening balance grants and contributions recognised in the current period which have not been spent	19,573	23,495
Less:		
Grants and contributions recognised in previous reporting periods which have been spent in the current reporting period	3,165	14,687
Add:		
Amounts recognised as revenues in the current reporting period but have not been expended	2,467	10,765
Closing balance grants and contributions which have not been spent	<u>18,875</u>	<u>19,573</u>
Net increase/(decrease) in restricted grants and contributions	(698)	(3,922)

PARRAMATTA CITY COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

Note 4 - Expenses From Continuing Operations

	Actual 2010 \$'000	Actual 2009 \$'000
(a) Employee benefits and oncosts		
Salaries and wages	50,546	48,140
Employee leave entitlements	9,697	8,876
Superannuation	6,025	5,312
Less: Capitalised costs	<u>(3,707)</u>	<u>(2,668)</u>
	62,561	59,660
Travelling	50	87
Workers' Compensation Insurance	1,915	2,726
FBT	352	606
Training costs (excluding salaries)	1,060	1,095
Recruitment costs	362	352
Other	<u>384</u>	<u>227</u>
Total employee costs expensed	<u><u>66,684</u></u>	<u><u>64,753</u></u>
Number of FTE employees	727	736
(b) Borrowing costs		
Interest on overdrafts		
Interest on loans	4,075	5,409
-Other(specify)		
Total borrowing costs expensed	<u><u>4,075</u></u>	<u><u>5,409</u></u>

PARRAMATTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

Note 4 - Expenses From Continuing Operations (continued)

	Actual 2010 \$'000	Actual 2009 \$'000
(c) Materials and contracts		
<i>Raw materials and consumables</i>	4,722	4,754
<i>Contractor and consultancy costs (specify material contracts):</i>		
-Councils Online project	3,986	4,966
-Garbage external services	3,105	2,890
-Drainage maintenance	359	376
-Shuttle bus	454	369
-Connection Arcade leasing	147	323
-Australia Day	323	247
-Riverbeats festival	233	234
-Recycling external services	3,263	3,139
-Riparian maintenance	367	382
-Bushland protection and noxious weeds	321	322
-Cleaning external services	2,065	1,923
-Consultancies	2,318	1,672
-Building improvements	616	268
-Professional services	505	398
-External plant and equipment hire	207	630
-Parks maintenance external services	237	437
-Plant repairs	421	501
-IT technical support	170	128
-Plumbing external services	160	218
-Security external services	580	545
-Meals on Wheels services	253	258
-Stormwater data capture	350	194
-Federal tourism grant	392	0
-Restorations	522	302
-Economic development	287	175
-Triple Bottom Line Model for Duck River	298	72
-Parramasala festival	256	0
-Air conditioning external services	293	255
-Road waste removal external services	65	105
-Electrical external services	211	340
-Motor vehicle accident repairs	226	242
-Pools external services	307	216
-Graffiti removal/prevention	71	125
-Concrete external services	29	115
-Fire protection equipment external services	199	93
-Office equipment external services	113	138
-Leisure programs external services	126	134
-Multi level car parks	1,702	1,804
-On street paid parking	436	510
-Other	3,278	829
<i>Audit fees:</i>		
-Audit services	65	60
-Other	71	78
<i>Legal fees:</i>		
-Planning and development	547	333
-Other	470	1,958
<i>Operating leases:</i>		
-Buildings		
-Computers and printers	762	845
-Motor vehicles		
-Property	326	416
Total materials and contracts	36,214	34,319

PARRAMATTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

Note 4 - Expenses From Continuing Operations (continued)

	Depn/Amor. Actual 2010 \$'000	Depn/Amor. Actual 2009 \$'000
d) Depreciation, amortisation and impairment		
Plant and equipment	2,749	2,323
Office equipment	544	371
Furniture and fittings	197	103
Land improvements (depreciable)	1,807	2,003
Buildings - Non-specialised	3,264	3,353
- Specialised		
Other structures	2,059	2,039
Infrastructure:		
-Roads, bridges and footpaths	10,765	10,610
- Stormwater drainage	939	949
Intangible Assets	1,740	1,896
Other assets:		
-Library books	670	664
-Heritage collections		
- Other Assets	84	1,501
Total depreciation and total impairment	24,818	25,812
	Actual 2010 \$'000	Actual 2009 \$'000
e) Other expenses		
Other expenses for the year including the following:		
Bad and doubtful debts	155	(137)
Mayoral fee	91	89
Councillors' fees	326	314
Councillors' (including Mayor) expenses	123	127
Insurance	1,607	1,730
Street lighting	2,170	2,131
Electricity and heating	2,145	1,447
Telephone	462	468
Contributions and donations	2,488	2,901
Subscriptions and memberships	348	390
Valuation fees	221	169
Advertising	610	600
Promotions and publicity	549	528
Car registrations	251	178
Water	529	356
Tipping fees	5,458	4,841
Computer expenses	1,025	1,230
Catering	378	305
Bank charges	396	371
Rent collections costs	389	363
Postage	325	180
Microfilming	205	38
Artists in mall and other artists	1,200	1,187
Parking space levy	1,673	1,101
Parking - Seins costs	1,028	993
Scanning	98	89
Other	512	572
Total other expenses from continuing operations	24,762	22,561

PARRAMATTA CITY COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

Note 5 - Net Gain Or Loss On Disposal of Assets

	Actual 2010 \$'000	Actual 2009 \$'000
Gain (or loss) on disposal of Property		
Proceeds from disposal		4,330
Less: Carrying amount of assets sold		1,471
Gain (or loss) on disposal		<u>2,859</u>
 Gain (or loss) on disposal of Infrastructure, Plant and Equipment		
Proceeds from disposal	1,526	1,044
Less: Carrying amount of assets sold	1,589	1,125
Gain (or loss) on disposal	<u>(63)</u>	<u>(81)</u>
 Gain (or loss) on disposal of Investments		
Proceeds from disposal	84,196	77,282
Less: Carrying amount of assets sold	84,196	77,282
Gain (or loss) on disposal		<u>0</u>
 Net gain (or loss) from disposal of assets	<u>(63)</u>	<u>2,778</u>

PARRAMATTA CITY COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

Note 6(a) - Cash And Cash Equivalents

	Actual 2010	Actual 2009
Cash at bank and on hand	3,976	1,014
Deposits at call	<u>14,016</u>	<u>14,933</u>
Total Cash Assets	<u>17,992</u>	<u>15,947</u>

PARRAMATTA CITY COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

Note 6(b) - Investments

	Actual 2010		Actual 2009	
	Current \$'000	Non-Current \$'000	Current \$'000	Non-Current \$'000
The following financial assets are held as investments:				
Financial assets at fair value through held to maturity investments	35,611		32,597	
Profit and Loss - held for trading (1)	15,900	11,283	33,145	3,190
Available for sale financial assets (1)				
Total	51,511	11,283	65,742	3,190
Held to maturity investments				
At beginning of year	32,597		16,510	
Additions	68,500		69,968	
Disposals	(65,486)		(53,881)	
At end of year	35,611		32,597	
Comprising of:				
– Term Deposits	35,611		32,597	
	35,611		32,597	
Financial assets at fair value through Profit and Loss - held for trading				
At beginning of year	33,145	3,190	57,191	1,642
Additions		7,979		1,500
Capital growth/(loss)	1,465	114	(645)	48
Disposals	(18,710)		(23,401)	
At end of year	15,900	11,283	33,145	3,190
Comprising of:				
– Managed funds	15,900		33,145	
– Equity linked notes(CPPI)		1,767		1,690
– Senior debt bond		1,500		1,500
– Floating rate notes		8,016		
	15,900	11,283	33,145	3,190

PARRAMATTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

Note 6(c) - Restricted Cash, Cash Equivalents And Investments

	Actual 2010		Actual 2009	
	Current \$'000	Non-current \$'000	Current \$'000	Non-current \$'000
Total cash, cash equivalents and investments	69,503	11,283	81,689	3,190
External restrictions	34,380	11,283	42,291	3,108
Internal restrictions	18,514	-	23,646	82
Unrestricted	16,609	-	15,752	
	69,503	11,283	81,689	3,190
Unrestricted investments from above	16,609		15,752	
Working funds	12,979		11,382	

	Opening Balance 30th June 2009	Transfers to Restrictions	Transfers from Restrictions	Closing Balance 30th June 2010
	\$'000	\$'000	\$'000	\$'000
External restrictions				
<u>Included in liabilities</u>				
Specific purpose unexpended loans (A)	17,469	2,724	3,846	16,347
Other				
Developer contributions (D)	14,107	6,143	5,413	14,837
Specific purpose unexpended grants (F)	5,185	7,522	9,090	3,617
Domestic waste management (I)	3,475	2,479	2,329	3,625
Open space special rate	994	1,890	1,407	1,477
Stormwater levy	168	1,259	1,356	71
Economic development special rate	233	608	622	219
Suburban infrastructure special rate	982	1,524	1,694	812
CBD infrastructure special rate	2,505	1,879	147	4,237
Other	281	1,211	1,071	421
Total external restrictions	45,399	27,239	26,975	45,663
Internal restrictions(J)				
Plant and vehicles-replacement	478	3,114	2,381	1,211
Employee leave entitlements	3,868			3,868
Computerised management information	3,342	2,174	5,516	-
Property development	3,881	202	2,074	2,009
Repayment of bonds/deposits	284			284
Street furniture	417		38	379
Open space and recreation	221	67		288
Uncompleted works revenue	382	112	383	111
Civic Place redevelopment	3,197		1,235	1,962
Council election	82	125	10	197
Insurance	1,027			1,027
Parking meters	1,098	3,207	2,554	1,751
Granville Reserve	3,036		601	2,435
Epping TMAP	11		7	4
Financial Assistance Grant received in advance	1,680	1,852	1,680	1,852
Internal loans	132			132
Urgent ward works	592	412		1,004
Total internal restrictions	23,728	11,265	16,479	18,514
Total internal restricted cash	23,728	11,265	16,479	18,514

PARRAMATTA CITY COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

Note 6(c) - Restricted Cash, Cash Equivalents And Investments (cont'd)

- A. Loan moneys which must be applied for the purposes for which the loans are raised.
- B. Advances by the Roads and Traffic Authority (RTA) for works on State's classified roads.
- C. Self-insurance liability resulting from reported claims and claims incurred but not reported.
- D. Developers' contributions not yet expended for the provision of services and amenities in accordance with the contributions plans (see Note 17).
- E. RTA contributions not yet expended for the provision of services and amenities in accordance with those contributions.
- F. Grants which are not yet expended for the purpose for which the grants were obtained. (see Note 1).
- G - I. Water, Sewerage and Domestic Waste Management (DWM) are externally restricted assets which must be applied to the purpose for which they were raised
- J. Reserve created by resolution of Council to provide cash resources relating to the liability shown at Note 10

PARRAMATTA CITY COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

Note 7 - Receivables

Purpose	Actual 2010		Actual 2009	
	Current \$'000	Non-Current \$'000	Current \$'000	Non-Current \$'000
Rates and annual charges	4,452	80	5,423	78
User charges and fees	1,062		956	
Accrued interest on investments	1,003		99	
Government grants and subsidies	1,805		489	
Restorations/reinstatements	291		672	
GIO Workers Compensation	23		27	
Car park leases	41		40	
RTA - various	724		837	
Parking space levy	12		9	
Riverside Theatres Parramatta	84		104	
Australian Taxation Office - GST	846		595	
Accrued fines	662		430	
Accrued asset sales			74	
Employee receivables	526		546	
Licencing receivables	404		224	
Property leases	489		351	
Work zones			24	
Parking stations and metres	492		377	
Due from Trust Fund	726		1,226	
Other			29	
Total	13,642	80	12,532	78
Less: Provision for doubtful debts				
- Rates and annual charges	(76)		(73)	
- User charges and fees and Other Income	(328)		(176)	
	13,238	80	12,283	78

Restricted receivables

Externally restricted receivables

Domestic waste management	887		931	
Stormwater levy	108		115	
Open space special rate	64		70	
Economic development special rate	39		36	
Suburban infrastructure special rate	52		58	
CBD infrastructure special rate	82		85	
Total externally restricted receivables	1,232	-	1,295	-
Unrestricted receivables	12,006	80	10,988	78
Total receivables	13,238	80	12,283	78

PARRAMATTA CITY COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

Note 7 - Receivables (continued)

Rates and annual charges

Rates are secured by underlying properties. Interest is charged on overdue rates at the rate of 9% (2009:9%). Rates are due for payment on the last day of August, November, February and May. Overdue rates are those not paid within one day of the due date. The amount of the overdue debts upon which interest is charged is \$4.430m. Where collection of the debt is doubtful and the assessed value of the property is less than the amount outstanding, a provision for doubtful debt is recognised for the shortfall.

User charges and fees

User charges and fees are unsecured. The credit risk for this class of debtor is 100% of the carrying value. A provision for doubtful debts in respect of this class of debtor has already been provided in an amount of \$328,000 as shown in the previous page.

Government grants

Government grants and subsidies (subject to the terms and conditions of the relevant agreement) have been guaranteed.

PARRAMATTA CITY COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

Note 8 - Inventories And Other Assets

	Actual 2010		Actual 2009	
	Current	Non-Current	Current	Non-Current
	\$'000	\$'000	\$'000	\$'000
Inventories				
Stores and materials	172	-	178	-
Trading stock	15	-	12	-
Total	<u>187</u>		<u>190</u>	
Other assets				
Prepayments	211	-	482	-
Other				
Total	<u>211</u>	-	<u>482</u>	-

PARRAMATTA CITY COUNCIL

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2010**

**Note 9(a) - Infrastructure, Property, Plant And Equipment
\$'000**

<u>ASSET TYPE</u>	At 30 June 2009				Movements during year					At 30 June 2010			
	Cost/ Deemed Cost	Fair Value	Acc. Depr'n and impairment	WDV	Additions	WDV of disposals	Depr'n and Impairment	Transfers /Adjustments	Revaluation Impacts	Cost/ Deemed Cost	Fair Value	Acc. Depr'n and Impairment	WDV
Plant and equipment	2,987	15,801	8,704	10,083	2,824	1,235	2,749			5,810	13,160	10,046	8,924
Office equipment	1,332	6,307	5,076	2,564	1,436	340	544			2,429	6,307	5,619	3,116
Furniture and fittings	498	2,938	2,506	930	688		197			1,187	2,938	2,704	1,421
Leased plant and equipment				-									-
Land													
- Operational land	-	447,059	-	447,059	1,238			48,769		606	496,460	-	497,066
- Community land	-	2,259,686	-	2,259,686	1,370			(49,529)		1,241	2,210,286	-	2,211,527
- Non deprec land improv'ts				-									-
- Land under roads				-									-
Land improvements - depr.	37,117	-	18,376	18,741	2,109		1,807			39,225	-	20,185	19,040
Buildings	2,744	185,778	91,535	96,987	1,565		3,264			4,309	185,778	94,799	95,288
Other structures	3,501	76,822	40,561	39,762	2,508		2,059			6,010	76,822	42,618	40,213
Infrastructure													
- Roads, bridges, footpaths	932,354	-	407,531	524,823	17,336	14	10,765	(185,453)	18,082		671,990	307,981	364,010
- Bulk earthworks (non-depr.)				-				175,046	89,727		264,773		264,773
- Stormwater drainage	96,091	-	43,383	52,708	2,699		939	(7,175)	84,693		275,704	143,717	131,988
- Water supply network				-									-
- Sewerage network				-									-
Other assets													
- Heritage collections	2,256	-	0	2,256	48					2,304	-	0	2,304
- Library books	8,702	-	6,459	2,243	802		670			9,504	-	7,129	2,375
- Other	9,399	-	94	9,305	1,932		84			11,331	-	177	11,154
WIP	5,419			5,419	(5,419)					-			-
Totals	1,102,402	2,994,390	624,225	3,472,567	31,136	1,589	23,078	(18,342)	192,502	83,956	4,204,217	634,975	3,653,199

*Additions to Buildings and Infrastructure are made up of Asset Renewals(\$15.2m) and New Assets(\$6.4m). Renewals are defined as replacements of existing assets as opposed to the acquisition of new assets.

PARRAMATTA CITY COUNCIL

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30th June 2010**

Note 9(b) - Restricted Infrastructure, Property, Plant And Equipment

	2010 \$'000				2009 \$'000			
	Cost	Fair Value	Acc. Depr'n and Impairment	WDV	Cost	Fair Value	Acc. Depr'n and Impairment	WDV
Domestic waste management								
Plant and equipment	31	63	17	77	28	61	16	73
Total domestic waste	31	63	17	77	28	61	16	73
Total restrictions	31	63	17	77	28	61	16	73

PARRAMATTA CITY COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

Note 10(a) - Payables, Borrowings and Provisions

	2010		2009	
	Current \$'000	Non-Current \$'000	Current \$'000	Non-Current \$'000
Payables				
Goods and services	4,010		3,606	
Payments received in advance	174		854	
Accrued wages and salaries	1,335		1,940	
Accrued expenses - other	6,779		8,440	
Deposits and retentions	3,922		4,057	
Total payables	16,220	-	18,897	-
Current Payables not expected to be settled within the next 12 months				
	2,815		2,867	
Interest bearing liabilities				
Bank overdraft				
Loans				
– Secured(1)	4,307	81,102	3,952	85,300
Total interest bearing liabilities	4,307	81,102	3,952	85,300
Provisions				
Annual leave(2)	5,708		5,727	
Sick leave(2)	1,566		1,597	
Long service leave(2)	9,918	1,004	8,833	572
Other employee provisions	725		693	
Insurance excesses	948		948	
Contract and other provisions	2,629		830	2,083
Total provisions	21,494	1,004	18,628	2,655
Current Provisions not expected to be settled within the next 12 months				
	13,081		10,923	
Liabilities relating to restricted assets				
Restricted domestic waste management	305		163	
Restricted loans		16,347		16,033
Total	305	16,347	163	16,033

Notes:

(1) Loans are secured over the rating income of Council.

(2) Vested ELE is all carried as a current provision.

PARRAMATTA CITY COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

Note 10(b) - Description Of And Movements In Provisions

Class of Provision	Opening Balance 30 June 2009 \$'000	Increases in provision \$'000	Reduction of Provisions		Closing Balance 30 June 2010 \$'000
			Payments \$'000	Re-Measurement \$'000	
Annual leave	5,727	3,996	4,015		5,708
Sick leave	1,597	1,930	1,961		1,566
Long service leave	9,405	2,706	1,189		10,922
Other employee provisions	693	32			725
Insurance excesses	948				948
Contract and other provisions	2,913	2,757	3,041		2,629
Total	21,283	11,421	10,206	-	22,498

PARRAMATTA CITY COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30th June 2010

Note 11 - Reconciliation Of Cash Flow Movements

	Note	Actual 2010 \$'000	Actual 2009 \$'000
(a) Reconciliation of cash			
Total cash and cash equivalents	6	17,992	15,947
Less: Bank overdraft	10	-	-
Balances per cash flow statement		17,992	15,947
(b) Reconciliation of net operating result to cash provided from operating activities			
Net operating result from income statement		9,308	4,528
Add:			
Depreciation and impairment		24,818	25,812
Increase in provision for doubtful debts		155	
Increase in provision for leave entitlements		1,499	1,743
Increase in other provisions		-	2,913
Decrease in receivables		-	-
Decrease in inventories		3	-
Decrease in other current assets		271	4
Decrease in equity shares in associates/JV		-	40
Increase in payables		-	754
Increase in accrued interest payable		-	-
Increase in other current liabilities		-	-
Decrements from revaluations		-	-
Loss on sale of assets		63	-
Amortisation of discounts and premiums recognised		-	-
Other			
		36,117	35,794
Less:			
Decrease in provision for doubtful debts		-	136
Decrease in employee leave entitlements		-	
Decrease in other provisions		284	
Increase in receivables		1,112	3,276
Increase in inventories		-	13
Increase in other current assets		-	
Increase in equity shares in associates/JV		640	
Decrease in payables		2,667	-
Decrease in accrued interest payable		10	170
Fair value adjustments to financial assets at fair value through profit and loss		1,579	(597)
Gain on sale of assets		-	2,778
Net cash provided from (or used in) operating activities from cash flow statement		29,825	30,018

PARRAMATTA CITY COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

Note 11 - Reconciliation Of Cash Flow Movements (continued)

	Actual 2010 \$'000	Actual 2009 \$'000
(c) Non-cash financing and investing activities		
- Acquisition of plant and equipment by means of finance leases	-	-
- PWD construction	-	-
- Bushfire grants	-	-
- s. 94 contributions in kind	-	-
- Other	-	-
	-	-
(d) Financing arrangements		
Unrestricted access was available at balance date to the following:		
Bank overdraft facility*	1,000	1,000

* The bank overdraft facility may be drawn at any time and may be terminated by the bank without notice. Interest rates on overdrafts are variable while the rates of loans are set for the period of the loan.

PARRAMATTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

Note 12 - Commitments For Expenditure

	Actual 2010 \$'000	Actual 2009 \$'000
(a) Capital commitments (exclusive of GST)		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
- Buildings	528	1,316
- Other structures	2,034	2,530
- Plant and equipment	-	1,187
Total	2,562	5,033
These expenditures are payable as follows:		
- Not later than one year	2,562	5,033
- Later than one year and not later than five years	-	
- Later than five years	-	
Total	2,562	5,033
(b) Service commitments (exclusive of GST)		
Other non-capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities include:		
- Audit services		
- Waste management services	65,895	22,512
- Cleaning services		
- Legal services		
- IT system	4,524	7,181
- Courier services		
- Fleet management		
- Other		
Total	70,419	29,693
These expenditures are payable as follows:		
- Not later than one year	17,271	9,366
- Later than one year and not later than five years	32,237	20,327
- Later than five years	20,911	
Total	70,419	29,693

PARRAMATTA CITY COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

Note 12 - Commitments For Expenditure (continued)

	Actual 2010 \$'000	Actual 2009 \$'000
(c) Finance lease commitments		
Commitments under finance leases at the reporting date are payable as		
- Not later than one year		
- Later than one year and not later than five years		
- Later than five years		
Total	-	
Minimum lease payments		
Less: Future finance charges		
Lease liability	-	
Representing lease liabilities:		
- Current		
- Non-Current		
Total	-	
(d) 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	709	531
- Later than one year and not later than two years	893	301
- Later than five years	10	20
Total	1,612	852
(e) Repairs and maintenance: investment property		
Contractual obligations for future repairs and maintenance		
Total	-	
(f) Remuneration commitments		
Commitments for the payment of salaries and other remuneration under long-term employment contracts in existence at the reporting date but not recognised as liabilities, payable:		
Within one year	1,465	986
Later than one year and not later than five years	3,485	2,311
Later than five years		
Total	4,950	3,297

Council has entered into non-cancellable operating leases for various items on plant and equipment.

- Contingent rental payments have been determined in accordance with Council's Annual Delivery Plans which are publicly notified in May/June each year.
- No lease imposes any additional restrictions on Council in relation to additional debt or further leasing.

PARRAMATTA CITY COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30th June 2010

Note 13 - Statement Of Performance Measures

	<u>Amounts</u> \$'000	2010	2009	2008	2007
			<u>Indicators</u>		
1. Unrestricted current ratio					
<u>Current assets less all external restrictions**</u>	<u>47,527</u>	1.84:1	1.86:1	1.82:1	0.78:1
Current liabilities less specific purpose liabilities*	<u>25,820</u>				
2. Debt service ratio					
<u>Debt service cost</u>	<u>10,642</u>	7.32%	6.49%	6.86%	6.80%
Revenue from continuing operations excluding capital items and specific purpose grants/contributions	<u>145,472</u>				
3. Rate coverage ratio					
<u>Rates and annual charges</u>	<u>98,254</u>	59.22%	59.71%	61.00%	60.72%
Revenue for continuing operations	<u>165,924</u>				
4. Rates and annual charges outstanding percentage					
<u>Rates and annual charges outstanding</u>	<u>4,456</u>	4.27%	5.50%	4.40%	4.11%
Rates and annual charges collectible	<u>104,423</u>				
5. Building and infrastructure renewals ratio					
<u>Asset renewals</u>	<u>15,185</u>	101.45%	90.65%	120.24%	98.23%
Depreciation, amortisation and impairment	<u>14,968</u>				

* Refer to Note 10(a)

** Refer to Notes 6-8 inclusive

*** Building and Infrastructure renewals ratio was calculated across all fixed asset classes for 2008 and prior

PARRAMATTA CITY COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30th June 2010

Note 14 - Investment Properties

	Actual 2010 \$'000	Actual 2009 \$'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		
The basis of the valuation of investment properties is fair value being the amounts for which the properties could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases. The 2006 revaluations were based on independent assessments made by a member of the Australian Property Institute.	-	-
	<u>-</u>	<u>-</u>
(c) Contractual obligations		
Refer to Note 12 for disclosure of any contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.	-	-
	<u>-</u>	<u>-</u>
(d) Leasing arrangements		
The investment properties are leased to tenants under long term operating leases with rentals payable monthly. Minimum lease payments receivable on leases of investment properties are as follows.		
Minimum lease payments under non-cancellable operating leases of investment properties not recognised in the financial statements are receivable as follows:		
Within one year	-	-
Later than one year but not later than five years	-	-
Later than five years	-	-
	<u>-</u>	<u>-</u>

PARRAMATTA CITY COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

Note 15 - Financial Risk Management

Risk Management

Council's activities expose it to a variety of financial risks including price risk, credit risk, liquidity risk and interest rate risk. The Council's overall risk program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Council.

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

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

Council held the following financial instruments at balance date:

	Carrying value		Fair value	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
Financial assets				
Cash and cash equivalents	17,992	15,947	17,992	15,947
Receivables	13,318	12,361	13,318	12,361
Financial assets at fair value through profit or loss	27,183	36,335	27,183	36,335
Available for sale financial assets				
Held-to-maturity investments	35,611	32,597	35,611	32,597
	<u>94,104</u>	<u>97,240</u>	<u>94,104</u>	<u>97,240</u>
Financial liabilities				
Payables	16,220	18,897	16,220	18,897
Borrowings	85,409	89,252	83,398	86,663
	<u>101,629</u>	<u>108,149</u>	<u>99,618</u>	<u>105,560</u>

Fair value is determined as follows:

* Cash and cash equivalents, receivables, payables - estimated to be the carrying value which approximates net market value.

* Borrowings, held-to-maturity investments - estimated future cash flows discounted by the current market rates applicable to assets and liabilities with similar risk profiles.

* Financial assets at fair value through profit and loss, available for sale financial assets - based on quoted market prices at the reporting date or independent valuation.

(a) Cash and cash equivalents

Financial assets at fair value through profit or loss

Available for sale financial assets

Held-to-maturity investments

Council's objective is to maximise its return on cash and investments while maintaining an adequate level of liquidity and preserving capital. Council's Finance section manages the cash and investments portfolio with the Local Government Act and Minister's Order. The policy is regularly reviewed by Council and an Investments Report provided to Council monthly setting out the make-up and performance of the portfolio.

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

PARRAMATTA CITY COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

Note 15 - Financial Risk Management (continued)

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

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

Council manages these risks by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees. Council also seeks advice from its independent advisers before placing any cash and investments.

	30.6.2010	30.6.2009
Impact of a 10%(1) movement in price of investments:	\$'000	\$'000
-Equity	2,718	3,634
-Income statement	2,718	3,634
Impact of a 1%(1) movement in interest rates on cash and investments:		
-Equity	536	485
-Income statement	536	485

Notes:

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

(2) Maximum impact.

(b) Receivables

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

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

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

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

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

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

	30.6.2010	30.6.2009
Percentage of rates and annual charges:		
-Current	2%	7%
-Overdue	98%	93%
Percentage of other receivables:		
-Current	64%	67%
-Overdue	36%	33%

PARRAMATTA CITY COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

Note 15 - Financial Risk Management (continued)

(c) Payables Borrowings

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

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

2010
\$'000

	Due within 1 year	Due between 1 and 5 years	Due after 5 years	Total Contractual Cash Flows	Carrying Values
Payables	16,220			16,220	16,220
Borrowings	8,886	80,633	12,000	101,519	85,409
	<u>25,106</u>	<u>80,633</u>	<u>12,000</u>	<u>117,739</u>	<u>101,629</u>

2009
\$'000

	Due within 1 year	Due between 1 and 5 years	Due after 5 years	Total Contractual Cash Flows	Carrying Values
Payables	18,897			18,897	18,897
Borrowings	7,712	80,575	14,065	102,352	89,252
	<u>26,609</u>	<u>80,575</u>	<u>14,065</u>	<u>121,249</u>	<u>108,149</u>

Borrowings are also subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. Council manages the risk by borrowing long term and fixing the interest on a 15 year renewal basis. Council's Finance unit regularly reviews interest rate movements to determine if it would be advantageous to refinance or renegotiate part or all of the loan portfolio.

The following interest rate were applicable to Council borrowings at balance date:

	30 June 2010		30 June 2009	
	Weighted average interest rate %	Balance \$'000	Weighted average interest rate %	Balance \$'000
Overdraft				
Bank loans - fixed	5.02	85,409	4.27	89,252
Bank loans - variable(1)				
		<u>85,409</u>		<u>89,252</u>

Note:

(1) The interest rate risk applicable to variable rate bank loans is not considered significant

Notes to and Forming part of the Financial Statements Year Ended 30 June 2010

Note 16 Material budget variations

Council's original budget was incorporated as part of the Management Plan adopted by the Council on 22 June 2009. The original projections on which the budget was based have been affected by a number of factors. This note sets out the details of material variations between the original budget and actual for the Statement of Financial Performance and Note 2.

Operating Statement**Revenues**

Interest Income over budget by \$2,605,000 (114%) (F)

Council's total investment portfolio was affected by increasing interest rates and better than expected returns on managed funds throughout the year resulting in above budget returns. Council also locked into higher fixed return deposits.

Other Revenues over budget by \$1,209,000 (12.7%) (F)

Council's legal cost recoveries were \$95,000 higher than budget. Insurance recoveries were \$182,000 higher than budget mainly due to the Granville Pool claims. Lease rentals were \$1.149 million above budget due to increased rental income for Macquarie House, Connection Arcade and Civic Place properties.

Grants and contributions provided for capital purposes over budget by \$4,659,000 (58.9%) (F)

The favourable variance is due to Federal Stimulus Capital Grants from the Department of Infrastructure, Transport, Regulatory Development and Local Government \$1,775,000.

Other significant grants contributing to the favourable variation are as follows:

- Capital grant for Federal Roads to recovery \$775,000
- Capital grant for RTA \$210,000
- Capital grant from Environmental Trust - State Government \$156,000
- Sponsorships \$50,000
- Section 94 collections were up by \$578,000 reflective of increased construction activity
- Capital Contributions were \$774,000 higher than budget due to contributions by Coca Cola Amatil for capital projects relating to walking tracks in Northmead

Share of interests in joint venture and associates using the equity method \$640,000 Profit (F)

This is Council's share in the net equity of Westpool Insurance which has registered a profit during the year.

Expenditure

Materials and Contracts over budget by \$3,190,000 (9.7%) (U)

Unfavourable Expenditure variance was due to:

- Materials over budget by \$584,000 in the areas of parks, open space, pavement maintenance and restorations
- Fuel costs under budget by \$250,000 due to lower than expected fuel prices
- Horticultural materials under budget by \$190,000 in parks maintenance due to prioritisation of work scheduling
- Contracts minor is underspent by \$1.312 million due to Parramatta Swimming Centre, parking meters and multi level carparks which had an original budget of \$2.318 million but had no expenditure and was subsequently phased amongst other accounts during the year. Catchment management and service contracts were underspent by \$471,000 due to underspent operating projects. This was offset by a \$1.78 million payment for the Councils Online exit.
- Consultancies(excl legal and audit) were over budget by \$1.584M due to an increase in consultancy work in a number of areas across council due to projects such as HR business improvement and COMBI.
- Garbage external services were \$190,000 above budget
- Pools external services were \$234,000 above budget
- Security external services were \$276,000 above budget
- Land and Environment Court Costs were \$307,000 above budget
- Print Consumables were \$134,000 above budget

Net loss from the disposal of assets \$63K (U)

- On street paid parking and multi level carparks were \$2.138 million above budget due to rephasing from contracts minor account. Relates to the sale of computer assets to leasing company.

Note 2(a)

Community and Neighborhoods Pillar Revenue over budget by \$1,773K (12.3%) (F)

This favourable variance relates to increased S94 revenue \$578,000 in town planning and urban design due to increased developer contributions. State and operating grants received in the community, family and library services also contributed \$200,000 additional revenue. Part of this grant was extra non-current revenue from the Department of Ageing, Disability and Home Care of \$102,000 to fund existing home and community care services such as Neighbourhood Aid and Meals on Wheels and a \$70,000 additional grant for children's services from the Federal Fee relief subsidy scheme. In contrast, the parks and recreation areas fell short of revenue targets by \$362,000 due to reductions in both fees and grants. In the recreation facilities and programs, both aquatic operations (\$45,000) and hall rental income (\$86,000) failed to achieve ambitious targets although they did improve on the previous year's revenue. The remaining revenue in the parks and recreation area relates capital contributions and grant funding for open space projects, in particular Coca Cola Amatil Northmead which had a contribution of \$660,000 no budget. Favourable revenue variance was due to:

Economy & Development Revenue over budget by \$1,657K (11.1%) (F)

Development services revenue exceed their budget by \$170,000 due to increased development application fees, Building certificates and hoarding fees plus an unbudgeted grant of \$50,000 for personal safety project. These over budget results were offset by less than forecast revenue from Section 149 zoning certificates fees.

Environment & Infrastructure Revenue over budget by \$2,835K (16.46%) (F)

Interest on Investments was \$150,000 greater than budget relating to the Civic Place investment portfolio, due to better than expected returns on managed funds throughout the year resulting in above budget returns. Council also locked into higher fixed return deposits. Lease rentals were \$1,151,000 greater than budget due to Macquarie House, Connection Arcade and Civic Place Properties. Favourable revenue variance was due to:

- Higher than expected domestic waste annual charges \$228,000
- Federal stimulus grant from Department of Infrastructure, Transport, Reg Devt and Local Government \$1,649,000
- State capital and operating grants \$266,000
- Waste services improvement performance grant \$500,000

Governance & Corporate Revenue over budget by \$226K (19.57%) (F)

Favourable revenue variance was due to:

- Legal cost revenue \$57,000
- Insurance cost recoveries \$149,000
- Operating contributions \$290,000
- Capital grant - Environmental Trust - State Government \$183,000

PARRAMATTA CITY COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

Note 17 - Statement Of Developer Contributions

Summary of Developer Contributions

Purpose	Opening Balance	Contributions Received During the Year		Interest Earned During the Year	Expended During the Year	Internal Borrowings	Held as Restricted Asset	Projected Future Contributions	Projected Cost of Works Still Outstanding	Projected Over/(Under) Funding
		Cash	Non-cash							
		\$'000	\$'000							
Traffic and parking	2,562			136	267		2,431		2,431	-
Traffic and transport	1,838			96	203		1,731		1,731	-
Open space	654			34	56		632		632	-
Community and culture	466			24	193		297		297	-
Other strategies										-
Plan management	137	438		16	151		440	72	512	-
North Wentworthville drainage	-	10	-	-	-		10	10	20	-
Community care	6	130	-	4	-		140	259	399	-
Culture and leisure	1,821	2,814	-	103	2,801		1,937	5,167	7,104	-
City development	368	419	-	28	162		653	2,537	3,190	-
Environment	28	190	-	7	510		(299)	1,682	1,383	-
Roads, paths, access	109	495	-	16	134		486	5,313	5,799	-
Councils Online	11	28	-	1	-		40	711	751	-
Public domain projects	1,958	238	-	112	142		2,166	38,760	40,926	-
River foreshore park	1	59	-	2	-		62	14,940	15,002	-
Arts and cultural facility	1,111	120	-	65	-		1,296	29,878	31,174	-
Community facilities	826	108	-	49	-		983	19,891	20,874	-
Acquatic leisure centre	2	90	-	3	187		(98)	24,909	24,811	-
Historic buildings conservation	73	25	-	6	415		(323)	4,975	4,652	-
Carpark enhancements	-	19	-	-	-		19	4,981	5,000	-
Access and transport	2,137	171	-	119	193		2,234	29,827	32,061	-
Subtotal S94 under plans	14,108	5,354	-	789	5,414		14,837	183,912	198,749	
Sec 94 not under plans	-	-	-	-	-		-	-	-	-
Sec 64 contributions	-	-	-	-	-		-	-	-	-
Total contributions	14,108	5,354	0	789	5,414		14,837	183,912	198,749	

PARRAMATTA CITY COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

Note 17 - Statement Of Developer Contributions (continued)

Summary of Developer Contributions
Parramatta S94 Contributions Plan No.1

Purpose	Opening balance	Contributions Received During the Year		Interest Earned During the Year	Expended During the 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							
		\$'000	\$'000							
Traffic & Parking	2,562			136	267	0	2,431	0	2,431	0
Total contributions	2,562	0	0	136	267	0	2,431	0	2,431	0

Parramatta Comprehensive Section 94 Contribution Plan

Purpose	Opening Balance	Contributions Received During the Year		Interest Earned During the Year	Expended During the Year	Internal Borrowings/Transfers (to)/from	Held as Restricted Asset	Projected Future Contributions	Projected Cost of Works Still Outstanding	Projected Over/(Under) Funding
		Cash	Non-cash							
		\$'000	\$'000							
Traffic and transport	1,838			96	203		1,731		1,731	0
Open Space	654			34	56		632		632	0
Community and culture	466			24	193		297		297	0
Other strategies	0						0			0
Plan management	137	438		16	151		440	72	512	0
North Wentworthville drainage	0	10					10	10	20	0
Total contributions	3,095	448	0	170	603	0	3,110	82	3,192	0

PARRAMATTA CITY COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

Note 17 - Statement Of Developer Contributions (continued)

Summary of Developer Contributions

Parramatta Comprehensive Section 94A Contribution Plan (Non City Centre)

Purpose	Opening Balance	Contributions Received During the Year		Interest Earned During the Year	Expended During the 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							
		\$'000	\$'000							
Community care	6	130		4			140	259	399	0
Culture and leisure	1,821	2,814		103	2,801	(299)	1,638	5,167	6,805	0
City development	368	419		28	162		653	2,537	3,190	0
Environment	28	190		(7)	510	299	0	1,682	1,682	0
Roads, paths, access	109	495		16	134		486	5,313	5,799	0
Councils Online	11	28		1			40	711	751	0
Total contributions	2,343	4,076	0	145	3,607	0	2,957	15,669	18,626	0

Parramatta Comprehensive Section 94A Contribution Plan (Civic Improvement)

Purpose	Opening Balance	Contributions Received During the Year		Interest Earned During the Year	Expended During the 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							
		\$'000	\$'000							
Public domain projects	1,958	238		112	142	(421)	1,745	38,760	40,505	0
River foreshore park	1	59		2			62	14,940	15,002	0
Arts and cultural facility	1,111	120		65			1,296	29,878	31,174	0
Community facilities	826	108		49			983	19,891	20,874	0
Acquatic leisure centre	2	90		(3)	187	98	0	24,909	24,909	0
Historic buildings conservation	73	25		(6)	415	323	0	4,975	4,975	0
Carpark enhancements	0	19		0			19	4,981	5,000	0
Access and transport	2,137	171		119	193		2,234	29,827	32,061	0
Total contributions	6,108	830	0	338	937	0	6,339	168,161	174,500	0

PARRAMATTA CITY COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

Note 18 - Contingencies

Contingent liabilities

As at year end, Council's solicitors were handling a number of matters, with an estimate of potential future legal costs being:

Various appeals before the Land and Environment Court \$9000

Other legal contingencies total \$42,000

Council contributes to the Local Government Superannuation Scheme which has a closed section where a portion of member entitlements are defined as a multiple of salary. Member councils bear the responsibility of ensuring there are sufficient monies available to pay out benefits as these members cease employment. The Scheme has a deficit of assets over liabilities totalling \$286 million as at 30 June 2010. The Scheme administrators have advised Council that it will need to make significantly higher contributions from 2009/10 to help reverse this deficit. However, they may call upon Council to make an immediate payment sufficient to offset this deficit at any time. As the Scheme is a mutual arrangement where assets and liabilities are pooled together for all member councils, the amount of such a payment is not able to be reliably quantified.

Civic Place

Council's 2006 Public Private Partnership for the redevelopment of Civic Place is proceeding, although there is still some risk until all conditions precedent are met. Council's condition precedent requires the acquisition of some private properties and we recently acquired three of these. Council is in active negotiations to acquire the remaining properties and has unspent loan borrowings to fund these purchases. Design for stage 1 of the project has commenced. Stage 1 will include Council related works.

Council's compulsory acquisition powers were successfully challenged in a High Court Judgement in April 2009. Subsequent legislative amendments were introduced in June 2009 to restore certainty in the form of the Land Acquisition (Just Terms Compensation) Amendment Act 2009.

With the exception of Council borrowings and some expenditure, there are no current accounting implications for the financial statements.

The interest on Civic Place borrowings and other expenses are partly offset by lease rental income from properties already acquired for the project.

PARRAMATTA CITY COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

Note 19 - Interests in joint ventures and associates

Jointly controlled entity

Parramatta City Council is one of seven councils that have entered into a mutual agreement with Westpool for the management of public liability and property insurance.

The interest in Westpool is accounted for in the financial statements using the equity method of accounting and is carried at cost. Information relating to the joint venture partnership is set out below.

	Actual 2010 \$'000	Actual 2009 \$'000
Carrying amount of investment in partnership	<u><u>1,830</u></u>	<u><u>1,870</u></u>
Share of partnership's assets and liabilities		
Current assets	4,533	3,629
Non-current assets	<u>4</u>	<u>3</u>
Total assets	<u><u>4,537</u></u>	<u><u>3,632</u></u>
Current liabilities	471	163
Non-current liabilities	<u>1,596</u>	<u>1,639</u>
Total liabilities	<u><u>2,067</u></u>	<u><u>1,802</u></u>
Net assets	<u><u>2,470</u></u>	<u><u>1,830</u></u>
Share of partnership's revenue, expenses and results		
Revenues	1,187	733
Expenses	<u>547</u>	<u>773</u>
Operating result	<u><u>640</u></u>	<u><u>(40)</u></u>
Share of partnership's commitments		
Lease commitments	-	
Other commitments (other than for the supply of inventories)	-	
Total expenditure commitments	-	
Capital commitments	<u>-</u>	
	<u><u>-</u></u>	
Contingent liabilities relating to joint ventures		
Each of the partners in Westpool are jointly and severally liable for the debts of the partnership. The assets of the partnership exceed its debts.		

PARRAMATTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

Note 20 - Revaluation Reserves And Retained Earnings

	Actual 2010 \$'000	Actual 2009 \$'000
(a) Revaluation reserves		
Infrastructure, property, plant and equipment revaluation reserve	2,773,939	2,581,437
Available-for-sale investments revaluation reserve	-	-
	2,773,939	2,581,437
Movements:		
Property, plant and equipment revaluation reserve		-
At beginning of year	2,581,437	2,881,980
Revaluations (Note 9)	192,502	(300,543)
Transfers		
At end of year	2,773,939	2,581,437
Available-for-sale investments revaluation reserve		
At beginning of year	-	-
Transfer to net profit – gross	-	-
At end of year	-	-
(b) Retained earnings		
Movements in retained earnings were as follows:		
At beginning of year	863,958	868,457
Adjustment on adoption of AASB 132 and AASB 139	-	-
Correction of previous year error (d)	(17,367)	(9,027)
Net operating result for the year	9,308	4,528
At end of year	855,899	863,958
Nature and purpose of reserves		
(i) Infrastructure, property, plant and equipment revaluation reserve		
The infrastructure, property, plant and equipment revaluation reserve is used to record increments and decrements on the revaluation of non-current assets.	192,502	(300,543)
(ii) Available-for-sale investments revaluation reserve		
Changes in fair value are taken to the available-for-sale investments revaluation reserve, as described in Note 1(k). Amounts are recognised in profit and loss when the associated assets are sold or impaired.	-	-
(d) Correction of error in previous years		
(i) Reinstatement of depreciation on infrastructure assets	(18,342)	(9,027)
ii) Invoice overbillings and overpayment of defined benefits super	975	
	(17,367)	(9,027)

PARRAMATTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

Note 21 - Non-Current Assets Classified As Held For Resale

	Actual	Actual
	2010	2009
	\$'000	\$'000
Land		

PARRAMATTA CITY COUNCIL

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2010**

Note 22 - Events Occuring After Balance Sheet Date

PARRAMATTA CITY COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

Note 23- Intangible Assets

	Councils Online Development \$'000
Year ended 30 June 2009	
Opening net book amount	\$4,414
Additions - acquisitions	\$0
Amortisation charge	(1,896)
Closing net book amount	\$2,518
At 30 June 2009	
Cost	\$9,419
Accumulated amortisation and impairment	(6,901)
Net book amount	\$2,518
Year ended 30 June 2010	
Opening net book amount	\$2,518
Additions - acquisitions	\$3,016
Amortisation charge	(1,740)
Closing net book amount	\$3,794
At 30 June 2010	
Cost	\$12,436
Accumulated amortisation and impairment	(8,642)
Net book amount	\$3,794

Parramatta City Council is contracted to acquire, under a managed service arrangement, a licence to access information technology services. The system solution was designed, developed and built by the contractor with assistance and input of Council employees. A number of costs including system build cost, software and hardware licences, incurred under the contract as well as Council's own costs will give rise to future economic benefits. These costs have been capitalised as an intangible asset to be amortised over the period of the contract.

The re-assessment of the outsourcing of core computerised business systems provided in the Councils Online Contract (COL) with Capgemini was completed and a decision made to disengage from this arrangement over a transitional period. The break costs for disengagement from this contract have been fully provided for in the 2008/09 and 2009/10 financial years. The Core IT Systems Replacement (CITSR) Project was initiated to complete the disengagement tasks and as at year end, Council had successfully moved the first of its core applications (Payroll) back in-house. Since such time the Library systems have also been moved back. The completion of the full transition will provide a platform with greater flexibility and faster reaction time in delivering the ongoing changes to our computerised systems which support the evolving more efficient business processes being developed by Council's Services Review initiative.

PARRAMATTA CITY COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

Note 24- Results by Fund

	Actual 2010 \$'000 General	Actual 2010 \$'000 Other
Income Statement by Fund		
Income from continuing operations		
<u>Revenue:</u>		
Rates and annual charges	98,254	
User charges and fees	23,024	
Interest and investment revenue	4,889	
Other revenues	10,684	
Grants and contributions provided for operating purposes	15,863	
Grants and contributions provided for capital purposes	12,570	
<u>Other Income:</u>		
Net gain from the disposal of assets	0	
Share of interests in joint ventures and associates using the equity method	640	
Total revenues from continuing operations	165,924	0
Expenses from continuing operations		
Employee benefits and on-costs	66,684	
Borrowing costs	4,075	
Materials and contracts	36,214	
Depreciation and amortisation	24,818	
Net loss from disposal of assets	63	
Share of interests in joint ventures and associates using the equity method	0	
Other expenses	24,762	
	156,616	0
Operating result from continuing operations	9,308	0
Operating result from discontinued operations	0	0
Net operating result for the year	9,308	0
Attributable to:		
- Council	9,308	0
- Minority Interests	0	0
Net operating result for the year before grants and contributions provided for capital purposes	(3,262)	0

PARRAMATTA CITY COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30
June 2010

Note 24- Results by Fund (continued)

	Actual 2010 \$'000 General	Actual 2010 \$'000 Other
Balance Sheet by Fund		
ASSETS		
Current assets		
Cash and cash equivalents	17,992	
Investments	51,511	
Receivables	13,238	
Inventories	187	
Other	211	
Non-current assets classified as held for resale	0	
Total current assets	83,139	0
Non-current assets		
Investments	11,283	
Receivables	80	
Inventories	0	
Infrastructure property, plant and equipment	3,653,199	
Investments accounted for using equity method	2,470	
Intangible assets	3,794	
Total non-current assets	3,670,826	0
Total assets	3,753,965	0
LIABILITIES		
Current liabilities		
Payables	16,220	
Borrowings	4,307	
Provisions	21,494	
Total current liabilities	42,021	0
Non-current liabilities		
Payables	0	
Borrowings	81,102	
Provisions	1,004	
Total non-current liabilities	82,106	0
Total liabilities	124,127	0
Net assets	3,629,838	0
EQUITY		
Retained earnings	855,899	0
Revaluation reserves	2,773,939	
Total equity	3,629,838	0

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

Scope

We have audited the financial report of **Parramatta City Council** for the financial year ended 30 June 2010 as set out on pages 1 to 66. The financial report consists of the general purpose financial report and Council's statement in the approved form as required by Section 413(2)(a) of the Local Government Act, 1993. Our audit responsibility does not extend to the Original Budget figures disclosed in the Income Statement, Statement of Cash Flows, Notes 2(a) and 16 to the financial statements nor 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.

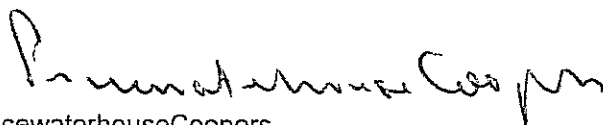
Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial statements are free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the 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.

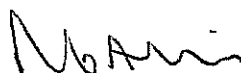
Audit opinion

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 report
 - i. has been properly prepared in accordance with the requirements of this Division;
 - ii. is consistent with the Council's accounting records;
 - iii. present fairly the Council's financial position and the results of its operations; and
 - iv. is in accordance with applicable Accounting Standards.
- c) All information relevant to the conduct of the audit has been obtained.
- d) There are no material deficiencies in the accounting records or financial reports that have come to light during the course of the audit.



PricewaterhouseCoopers



RL Gavin
Partner

18 Oct 2010

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The Lord Mayor
Councillor John Chedid
Parramatta City Council
DX 8279
PARRAMATTA

Dear Councillor Chedid

Report on the conduct of the audit for year ended 30 June 2010 – Section 417 (3)

We have completed our audit of the financial reports of Parramatta Council for the year ended 30 June 2010, in accordance with Section 415 of the Local Government Act, 1993.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial reports are free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial reports, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial reports are presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements as well as statutory requirements so as to present a view which is consistent with our understanding of the Council's financial position, the results 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 result for the period was a surplus of \$9.3m compared to \$4.5m for the previous year. The result before capital amounts was a deficit of \$3.3m compared with a deficit of \$4.3m in the previous year.

The Lord Mayor

Cash position

Council's overall cash position fell from \$85m to \$81m during the period under review.

The following table highlights the composition of cash.

	June 2010	June 2009
	\$m	\$m
Externally Restricted	45.7	45.4
Internally Restricted	18.5	23.7
Unrestricted	16.6	15.8
	<u>80.8</u>	<u>84.9</u>

Working capital

Council's net current assets declined from \$53m to \$41m during the period under review.

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

	June 2010	June 2009
	\$'000	\$'000
Net Current Assets	41,118	53,167
Less: External Restrictions	35,612	43,586
Internal Restrictions	18,514	23,646
	<u>(13,008)</u>	<u>(14,065)</u>
Add: Current Liabilities to be funded from other sources	25,987	25,447
Available Working Capital	<u>12,979</u>	<u>11,382</u>

The effective unrestricted or available working capital upon which Council could build its 2010/11 budget was \$13m.

Performance indicators

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

	June 2010	June 2009
	%	%
Unrestricted Current Ratio	184	186
Debt Service Ratio	7.3	6.5
Rate Coverage Ratio	59	60
Rates Outstanding Ratio	4.3	5.5
Asset Renewal Ratio	101	91

The Unrestricted Current Ratio was relatively stable and remains above the industry benchmark of 100%.

The Debt Service Ratio increased from 6.5% to 7.3% but remained below the industry benchmark of 10%.

The Rate Coverage Ratio remained steady at around 59% of total revenue.

The Rates Outstanding Ratio improved from 5.5% to 4.3% and is now below the industry benchmark of 5%.

The Asset Renewal Ratio indicates that infrastructure assets are being renewed at 101% of the rate at which they are depreciating.

Council's financial position is considered to be sound and stable. All indicators were better than accepted industry benchmarks.

Revaluations

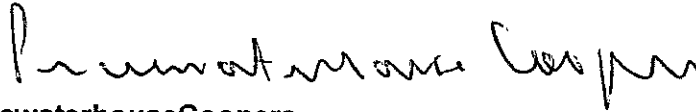
Council revalued its road and drainage infrastructure in accordance with the Division of Local Government's revaluation schedule. Following error adjustments of \$18m, a revaluation of \$193m was credited to the Asset Revaluation Reserve.

General

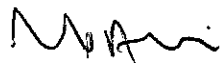
The books of accounts and records inspected by us have been kept in an accurate and conscientious manner. We thank the General Manager and his staff for the co-operation and courtesy extended to us during the course of our audit.

The Lord Mayor

Yours faithfully



PricewaterhouseCoopers



RL Gavin
Partner
Sydney

18 OCT 2010

PARRAMATTA CITY COUNCIL

**SPECIAL PURPOSE FINANCIAL REPORTS
FOR THE YEAR ENDED 30TH JUNE 2010**

**STATEMENT BY COUNCILLORS AND MANAGEMENT MADE PURSUANT TO
THE LOCAL GOVERNMENT CODE OF ACCOUNTING PRACTICE AND
FINANCIAL REPORTING**

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

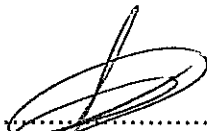
- NSW Government Policy Statement "*Application of National Competition Policy to Local Government*".
- Division of Local Government Guidelines "*Pricing & Costing for Council Businesses: A Guide to Competitive Neutrality*".
- The Local Government Code of Accounting Practice and Financial Reporting.
- The NSW Office of Water, Department of Environment, Climate Change and Water Guidelines.

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


- present fairly the operating result and financial position for each of Council's declared Business Activities for the year, and
- accord with Council's accounting and other records.


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

Signed in Accordance with the resolution of Council made on 18th October 2010.


.....
J. Chedid
Lord Mayor


.....
Dr R. Lang
Chief Executive Officer


.....
M. McDermott
Deputy Lord Mayor


.....
A. Cochrane
Finance Manager and
Principal Accounting Officer

**COUNCIL OF THE
CITY OF
PARRAMATTA**

*Special Purpose
Financial Reports and
Special Schedules*

PARRAMATTA CITY COUNCIL
SPECIAL PURPOSE FINANCIAL REPORTS
FOR THE YEAR ENDED 30 JUNE 2010

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PARRAMATTA CITY COUNCIL

INCOME STATEMENT BY BUSINESS ACTIVITY

as at 30 June 2010

	Actual 2010	Actual 2009
Car Park Operations and Leasing of Council Property \$'000		
Expenses from continuing operations		
Employee costs	552	514
Borrowing costs	2,166	3,149
Materials and contracts	2,147	2,353
Depreciation	1,526	1,394
Other operating expenses	2,833	2,279
Taxation equivalent payments	1,079	928
Total expenses from continuing operations	10,303	10,617
Revenue from continuing operations		
User charges and fees	8,254	7,614
Interest	1,718	1,121
Other revenues from ordinary activities	2,469	2,666
Grants and contributions provided for non-capital purposes		
Total revenues from continuing operations	12,441	11,401
Surplus (deficit) from ordinary activities before revenue for capital purposes	2,138	784
Grants and contributions for capital purposes	-	-
Surplus (deficit) from ordinary activities after capital amounts	2,138	784
Surplus (deficit) from all activities before tax	2,138	784
Corporate taxation equivalent (30%) (based on surplus result before capital)	641	235
Surplus (deficit) after tax	1,497	549
Dividend payments	1,497	549
Surplus after dividend payment	-	-
Opening retained profits	61,084	59,921
<u>Adjustments for amounts unpaid:</u>		
- Taxation equivalent payments	1,079	928
- Corporate taxation equivalent	641	235
Closing retained profits	62,804	61,084
Return on capital		
Required rate of return	3.81%	5.48%
Actual rate of return	3.44%	3.12%
Subsidy by Council	462	2,966

This Statement is to be read in conjunction with the attached Notes.

PARRAMATTA CITY COUNCIL

BALANCE SHEET BY BUSINESS ACTIVITY

as at 30 June 2010

	Actual 2010	Actual 2009
Carpark Operations and Leasing of Council Property \$'000		
Current assets		
Cash assets		
Receivables - due from General Fund	33,462	30,797
Receivables	892	654
Total current assets	34,354	31,451
Non-current assets		
Investment securities		
Receivables		
Inventories		
Other		
Property, plant and equipment	125,088	125,876
Total non-current assets	125,088	125,876
Total assets	159,442	157,327
Current liabilities		
Payables	702	408
Interest bearing liabilities		
Provisions	67	48
Total current liabilities	769	456
Non-current liabilities		
Payables		
Interest bearing liabilities	55,000	55,000
Provisions	5	7
Total non-current liabilities	55,005	55,007
Net assets	103,668	101,864
Equity		
Accumulated surplus	62,804	61,084
Revaluation reserve	40,864	40,780
Total equity	103,668	101,864

This Statement is to be read in conjunction with the attached Notes.

PARRAMATTA CITY COUNCIL
NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE FINANCIAL REPORTS
for the year ended 30 June 2010

Note 1 - SIGNIFICANT ACCOUNTING POLICIES

A statement summarising the supplemental accounting policies adopted in the preparation of the Special Purpose Financial Report for National Competition Policy reporting purposes follows.

These financial statements are a Special Purpose Financial Report prepared for use by the Council and Division of Local Government. For the purposes of these statements, the Council is not a reporting entity.

This special purpose financial report, unless otherwise stated, has been prepared in accordance with applicable Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views, the Local Government Act and Regulations, the Local Government Code of Accounting Practice and Financial Reporting and the Local Government Asset Accounting Manual.

The statements are also prepared on an accrual basis. They are based on historic costs and do not take into account changing money values or, except where specifically stated, current values of non-current assets. Certain taxes and other costs, appropriately described, have been imputed for the purposes of the National Competition Policy.

National Competition Policy

Council has adopted the principle of 'competitive neutrality' to its business activities as part of the national competition policy which is being applied throughout Australia at all levels of government. The framework for its application is set out in the June 1996 Government Policy statement on the 'Application of National Competition Policy to Local Government'. The Pricing & Costing for Council Businesses A Guide to Competitive Neutrality issued by the Division of Local Government in July 1997 has also been adopted.

The pricing and costing guidelines outline the process for identifying and allocating costs to activities and provide a standard of disclosure requirements. These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents; Council subsidies; return on investments (rate of return); and dividends paid.

Declared business activities

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

Category 1

Name	Brief Description of Activity
-------------	--------------------------------------

PARRAMATTA CITY COUNCIL
NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE FINANCIAL REPORTS
for the year ended 30 June 2010

Car park operations and leasing of Council property

To generate income for Council through the leasing of Council-owned shops housing and the operations of car parking facilities.

Monetary amounts

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

(i) Taxation Equivalent Charges

Council is liable to pay various taxes and financial duties. Where this is the case, they are disclosed as a cost of operations (General Purpose Financial Report) just like all other costs. However, where Council does not pay some taxes which are generally paid by private sector businesses, such as income tax, these equivalent tax payments have been applied to all Council nominated business activities and are reflected in the SPFR. For the purposes of disclosing comparative information relevant to the private sector equivalent, the following taxation equivalents have been applied to all Council nominated business activities (this does not include Council's non-business activities):

	Notional Rate Applied
Corporate tax rate	30%
Land tax	1.6% to 2%
Stamp duty	N/A
Payroll tax	5.65% to 5.75%
Other taxes and charges	N/A

(i) Taxation Equivalent Charges (continued)

Income Tax

An income tax equivalent has been applied on the profits of the business. While income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account in terms of assessing the rate of return required on capital invested. Accordingly, the return on capital invested is set at a pre-tax level gain/(loss) from ordinary activities before capital amounts as would be applied by a private sector competitor—that is, it should include a provision equivalent to the corporate income tax rate, currently 30%.

Income Tax is only applied where a positive gain/(loss) from ordinary activities before capital amounts has been achieved. Since the taxation equivalent is notional, that is, it is payable to the Council as the owner of the business operations, it represents an internal payment and has no effect on the operations of Council.

PARRAMATTA CITY COUNCIL
NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE FINANCIAL REPORTS
for the year ended 30 June 2010

Accordingly, there is no need for disclosure of internal charges in the GPFR. The rate of 30% is the equivalent company tax rate prevalent at balance date. No adjustments have been made for variations that have occurred during the year.

Local Government Rates and Charges

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

Loan and Debt Guarantee Fees

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

(ii) Subsidies

Government policy requires that subsidies provided to customers and the funding of those subsidies must be explicitly disclosed. Subsidies occur where Council provides services on a less than cost recovery basis. This option is exercised on a range of services in order for Council to meet its community services obligations. The overall effect of subsidies is contained within the Income Statement of Business Activities.

(iii) Return on Investments (rate of return)

The Policy statement states that councils with Category 1 businesses 'would be expected to generate a rate of return on capital funds employed that is comparable to rates of return for private businesses operating in a similar field'. Funds are subsequently available for meeting commitments or financing future investment strategies. The rate of return is disclosed for each of Council's business activities on the Income Statement.

(iv) Dividends

Council is not required to pay dividends to either itself as owner of a range of businesses or to any external entities. In accordance with National Competition Policy guidelines, it is expected that Business Units will pay dividends to its owner, Council, equivalent to those paid by private sector competitors.

PARRAMATTA CITY COUNCIL

**SPECIAL SCHEDULE No. 1
NET COST OF SERVICES
for the year ended 30 June 2010**

\$'000

<u>Function or Activity</u>	Expenses From Ordinary Activities		Revenues From Ordinary Activities			Net Cost Of Services	
	Expenses	Group Totals	Non-Capital Revenues	Capital Revenues	Group Totals	Net Cost	Group Totals
GOVERNANCE	2,848		-	-		(2,848)	
		2,848			-		(2,848)
ADMINISTRATION							
Corporate support	52,656		2,032	901		(49,723)	
Engineering and works	18,929		796	6,915		(11,218)	
Other support services							
		71,585			10,644		(60,941)
PUBLIC ORDER AND SAFETY							
Statutory contribution - Fire Service Levy	1,499					(1,499)	
Fire Protection - Other							
Animal control							
Beach control							
Enforcement of Local Govt Regulations	4,295		9,395			5,100	
Emergency services							
Other	135					(135)	
		5,928			9,395		3,467
HEALTH							
Administration and inspection							
Immunisations							
Food control							
Insect/vermin control							
Noxious plants							
Health centres							
Other	347		234			(112)	
		347			234		(112)
COMMUNITY SERVICES AND EDUCATION							
Administration	1,434		158	238		(1,038)	
Family day care							
Childcare	4,011		3,581			(430)	
Youth services	300		68			(232)	
Other families and children							
Aged and disabled	1,896		1,149			(747)	
Migrant services							
Aboriginal services	5					(5)	
Other community services	1,196		16	5		(1,174)	
Education							
		8,842			5,216		(3,627)
HOUSING AND COMMUNITY AMENITIES							
Housing							
Town planning	1,544		38			(1,507)	
Domestic waste management	12,789		791			(11,999)	
Other waste management	459					(459)	
Street cleaning	3,894		26			(3,868)	
Other sanitation and garbage							
Urban stormwater drainage	1,739		4	44		(1,692)	
Environmental protection	2,512		359	183		(1,970)	
Public cemeteries							
Public conveniences	350					(350)	
Other community amenities							
		23,288			1,444		(21,844)

PARRAMATTA CITY COUNCIL

**SPECIAL SCHEDULE No. 1
NET COST OF SERVICES
for the year ended 30 June 2010**

\$'000

<u>Function or Activity</u>	Expenses From Ordinary Activities		Revenues From Ordinary Activities			Net Cost Of Services	
	Expenses	Group Totals	Non-Capital Revenues	Capital Revenues	Group Totals	Net Cost	Group Totals
RECREATION AND CULTURE							
Public libraries	5,702		505			(5,197)	
Museums							
Art galleries							
Community centres	197		9			(188)	
Public halls	314					(314)	
Other cultural services	6,016		2,448	120		(3,448)	
Swimming pools	3,936		1,299	612		(2,026)	
Sporting grounds	1,194		732			(462)	
Parks, gardens, lakes	7,229		275	3,284		(3,669)	
Other sport and recreation	633		419			(214)	
		25,222			9,704		(15,517)
MINING, MANUFACTURING AND CONSTR.							
Building control	5,045		2,577			(2,468)	
Abattoirs							
Quarries and pits							
Other							
		5,045			2,577		(2,468)
TRANSPORT AND COMMUNICATION							
Urban roads: Local	4,049		2,055	222		(1,772)	
Urban roads: Regional							
Sealed rural roads: Local							
Sealed rural roads: Regional							
Unsealed rural roads: Local							
Unsealed rural roads: Regional							
Bridges - urban roads: Local							
Bridges - urban roads: Regional							
Bridges - Sealed rural roads: Local							
Bridges - Sealed rural roads: Regional							
Bridges - Unsealed rural roads: Local							
Bridges - Unsealed rural roads: Regional							
Footpaths							
Aerodromes							
Parking areas	3,282		8,254	18		4,990	
Bus shelters and services							
Water transport							
RTA Works - State roads							
Street lighting	2,414		522			(1,892)	
Other	634		146			(488)	
		10,380			11,218		838

PARRAMATTA CITY COUNCIL

**SPECIAL SCHEDULE No. 1
NET COST OF SERVICES
for the year ended 30 June 2010**

\$'000

<u>Function or Activity</u>	Expenses From Ordinary Activities		Revenues From Ordinary Activities			Net Cost Of Services	
	Expenses	Group Totals	Non-Capital Revenues	Capital Revenues	Group Totals	Net Cost	Group Totals
ECONOMIC AFFAIRS							
Camping areas							
Caravan parks							
Tourism and area promotion	1,251		109			(1,142)	
Industrial development promotion							
Saleyards and markets							
Real estate development							
Commercial nurseries							
Other business undertakings	1,881		3,590	28		1,737	
		3,132			3,727		596
Totals - Functions		156,616			54,159		(102,456)
General Purpose Revenues			111,124		111,124		111,124
Share of gain(deficit) from associates and joint ventures using equity method			640		640		640
Correction of fundamental error	-		-		-		-
Surplus(deficit) from ordinary activities before Extraordinary Items							9,308
Extraordinary Items							
		156,616			165,923		9,308
Surplus from all activities							

PARRAMATTA CITY COUNCIL

**SPECIAL SCHEDULE No. 2(a)
STATEMENT OF LONG TERM DEBT (ALL PURPOSES)
for the year ended 30 June 2010**

Classification of Debt	Principal Outstanding at Beginning of Year			New Loans Raised During the Year		Debt Redemption During the Year		Transfers to Sinking Funds	Interest Applicable to Year	Principal Outstanding at End of Year		
	Current	Non-Current	Total			From Revenue	Sinking Funds			Current	Non-Current	Total
LOANS (by source)												
Commonwealth Government	-	-	-	-	-	-	-	-	-	-	-	-
Treasury Corporation	-	-	-	-	-	-	-	-	-	-	-	-
Other State Government	-	-	-	-	-	-	-	-	-	-	-	-
Public subscription	-	-	-	-	-	-	-	-	-	-	-	-
Financial institutions	3,952	85,300	89,252	2,724	-	6,567	-	-	4,075	4,307	81,102	85,409
Other	-	-	-	-	-	-	-	-	-	-	-	-
Total Loans	3,952	85,300	89,252	2,724		6,567	-	-	4,075	4,307	81,102	85,409
OTHER LONG TERM DEBT												
Ratepayers' advances	-	-	-	-	-	-	-	-	-	-	-	-
Government advances	-	-	-	-	-	-	-	-	-	-	-	-
Finance leases	-	-	-	-	-	-	-	-	-	-	-	-
Deferred payment	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-
Total Other Long Term Debt	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL LONG TERM DEBT	3,952	85,300	89,252	2,724		6,567	-	-	4,075	4,307	81,102	85,409

PARRAMATTA CITY COUNCIL

**SPECIAL SCHEDULE No. 7
CONDITION OF PUBLIC WORKS
for the year ended 30 June 2010**

Asset Class	Asset Category	Depr'n. Rate	Depr'n. Expense	Cost	Valuation	Accum. Depr'n.	WDV	Asset Condition	Estimated Cost to bring to a Satisfactory Standard	Required Annual Maintenance	Current Annual Maintenance	
		Per Note 1	\$'000	\$'000	\$'000	\$'000	\$'000		\$'000	\$'000	\$'000	\$'000
			Per Note 4	Per Note 9					Per Section 428(2d)			
Public Buildings	Buildings	1,2%	3,264	4,309	185,778	94,799	95,288	5	4,160	4,284	6,280	
Public Roads	Sealed roads	1%	10,468	-	582,753	272,300	310,454	4	2,700	5,828	5,783	
	Bridges	1%	297	-	89,237	35,681	53,556	5	2,102	1,339		
Drainage Works	Underground drainage pit	1%	939		275,704	143,717	131,988	5	2,600	450	373	
Total - Classes	Total - All Assets		14,968	4,309	1,133,473	546,496	591,286		11,562	11,900	12,436	

*Denotes there are certain items where the required information is not available or estimates not able to be reasonably quantified

PARRAMATTA CITY COUNCIL

SPECIAL SCHEDULE No. 7

for the year ended 30 June 2010

SATISFACTORY CONDITION OF PUBLIC ASSETS'

In assessing the condition of public assets, Council has had regard to the condition, function and location of each asset, based on the original design standard. Assets within each asset category have been assessed on overall basis, recognising that an average standard of 'satisfactory' may be achieved even though certain assets may be above or below that standard on an individual basis.

Council recognises that the standard that it considers to be 'satisfactory' may be different from that adopted by other councils.

The information contained in this Schedule comprises accounting estimates formulated in accordance with the NSW Code of Accounting Practice and Financial Reporting. Nothing contained within this Schedule may be taken to be an admission of any liability to any person.

ASSET CONDITION

The following condition codes have been used in this Schedule.

1. Newly constructed
2. Over five years but fully maintained in 'as new' condition.
3. Good condition
4. Average condition
5. Partly worn - beyond 50% of economic life
6. Worn but serviceable
7. Poor - replacement required

PARRAMATTA CITY COUNCIL

SPECIAL SCHEDULE No. 8 FINANCIAL PROJECTIONS

	2010*	2011	2012	2013	2014
	\$m	\$m	\$m	\$m	\$m
Recurrent budget					
Income from continuing operations	166	163	168	172	176
Expenses from continuing operations	157	164	168	172	181
Operating result from continuing operations	9	(1)			(5)
Capital budget					
New capital works**	34	38	39	31	61
Funded by:					
-Loans	1	11	15	8	36
-Asset sales					
-Reserves					
-Grants/contributions	13	12	10	9	10
-Recurrent revenue	20	15	14	14	15
-Other					
	34	38	39	31	61

* From Income Statement

** New capital works are major non-recurrent projects, eg. new leisure centre, new library, new swimming pool, etc.