



Financial Reports



summary report : bringing camden together



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General Purpose and Special Purpose Financial Reports and Special Schedules for the year ended 30 June 2010

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This Financial Report is the General Purpose Financial Report of Camden Council and its controlled entities and is presented in the Australian currency. Camden Council is constituted under the Local Government Act (1993) and has its principal place of business at:

37 John Street
Camden, NSW 2570.

The Financial Statements are authorised for issue by the Council on 25 November 2010. Council has the power to amend and reissue the Financial Statements.

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

General Purpose Financial Report

For the Year Ended 30 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 Report has 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



Cr Chris Patterson
Mayor



Greg Wright
General Manager

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

- 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 a resolution of Council made on 26th October, 2010.



Cr Lara Symkowiak
Deputy Mayor



Paul Rofe
Responsible Accounting Officer

Executive Summary



Introduction

The majority of Council's financial indicators are within industry benchmarks.

Council continues to report an operating deficit before capital income which indicates that Council is not generating enough income to fund operational activities. The amount of rate income a Council can generate is determined by the State Government through rate pegging. Rate pegging historically has not kept up with rising costs or cost shifting from other levels of Government. Rate pegging is in part why most Council's in NSW have large infrastructure renewal backlogs. Camden's infrastructure renewal backlog for existing areas of the Camden Local Government Area (LGA) is now over \$25 million. In 2009/10 Council applied to the Minister for Local Government for a Special Rate Variation (in perpetuity) to address this infrastructure renewal backlog. The application was only approved for 3 years. Council's infrastructure renewal program was for 20 years leaving a large funding gap.

Camden is one of the fastest growing areas in NSW. The growth in population is placing more pressure on Council's finances and resources as we plan for an extra 200,000 people over the next 20-30 years. The cost of planning is an up front cost that is required before additional rate income is realised through growth.

Council has undertaken an expenditure reduction program to ensure the cost of growth has less impact on the current service levels to our community. A continued reduction in expenditure is unsustainable.

Council will continue to work with other levels of Government and our community to ensure there is a balance between providing for existing residents and those we welcome to Camden in the future.

Financial Performance

The following table highlights the 'financial performance' comparison between 2008/09 and 2009/10:

	2009/10 \$000	2008/09 \$000
Total Income from Continuing Operations	\$116,611	\$89,738
Total Expenses from Continuing Operations	\$49,356	\$47,770
Operating Result from Continuing Operations	\$67,255	\$41,968
Grants and Contributions provided for Capital Purposes	\$68,772	\$42,414
Net Operating Result before Grants and Contributions provided for Capital Purposes	(\$1,517)	(\$446)

It is important to note that Council's financial indicators are being distorted by the value of dedications (capital income) being received by Council as a result of growth. The dedication of assets includes roads, open space, stormwater drainage, footpaths and bridges. The value of non-cash dedications in 2009/10 was \$51.9 million.

The operational result after accounting for capital items is a surplus of \$67.2 million. As explained above this result is predominately due to non-cash contributions such as road and open space dedications from developers to Council.

Council received a total of \$51.9 million in dedicated assets (capital income) in 2009/10 compared to \$37.5 million 2008/09 (refer Note 11 to Financial Statements). The accounting standards require the dedication of assets to be brought to account as income which inflate the surplus reported. The remaining balance of capital income primarily relates to Section 94 cash payments and grants which are restricted for the purpose for which they are collected.

Council's operating result before capital items is an operating deficit of \$1,517k.

The net value of assets owned by our community is \$700 million (2009=\$411 million). The majority of this equity relates to the ownership of land and infrastructure assets such as roads, stormwater drainage, footpaths and bridges. Council was required to adopt "fair value" (Depreciated Replacement Cost) for roads, footpaths, bridges and stormwater drainage in 2009/10 this added \$221 million to Council's total equity.

Financial Health Check Indicators

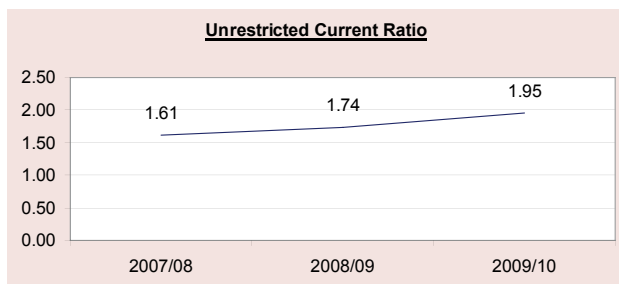
To assist readers interpret the 2009/10 Annual Financial Statements, a number of key financial indicators are graphically presented to provide a 'snapshot' of Council's financial health. It is important for readers to focus on the trend of results rather than the result of an individual year.

1. Unrestricted Current Ratio

The unrestricted current ratio measures Council's ability to meet its short-term financial obligations such as creditors, loan repayments, payroll and leave entitlements.

Local Government Benchmark

- | | |
|------------------------------|--------------|
| 1. Ratio GREATER than 2:1 | GREEN |
| 2. Ratio BETWEEN 1:1 and 2:1 | AMBER |
| 3. Ratio LESS than 1:1 | RED |



Council's unrestricted current ratio has increased from 1.74:1 in 2008/09 to 1.95:1 in 2009/10, this ratio indicates that for every \$1 of current liability, Council has \$1.95 in current assets to fund that liability. The increase in this ratio is the result of a reduction in Section 94 credits (liabilities) owed to developers. This liability has been off-set against contributions owed to Council for development which has occurred during the 2009/10 financial year.

2. Debt Service Ratio (Percentage)

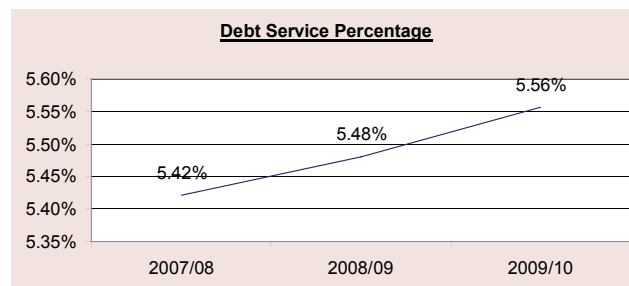
The debt service ratio measures Council's ability to service its outstanding debt. The ratio reflects the annual revenue necessary to service our annual debt obligations. Council borrowed \$13.4 million in 2009/10 and repaid \$1.8 million. The ratio has increased from 5.48% (2009) to 5.56% which means Council has marginally increased its reliance on revenue for the repayment of loan borrowings. The indicator is well within the industry benchmark of less than 10.00%.

Council's outstanding loans liability now totals \$21.5 million, an increase from 2008/9 of \$11.6 million. The large increase is the result of an \$11.8 million interest free loan from the NSW Department of Planning for the renewal of Lodges Road and Hilder Street, Elderslie. This loan will not have a material impact on Council's debt service ratio until 2013/14 as the repayment terms are a balloon payment

over 10 years. The debt servicing required over 10 years has been factored into Council's Long-Term Financial Plan.

Local Government Benchmark

- | | |
|---------------------------------|--------------|
| 1. Ratio is LESS than 10% | GREEN |
| 2. Ratio is BETWEEN 10% and 15% | AMBER |
| 3. Ratio is GREATER than 15% | RED |



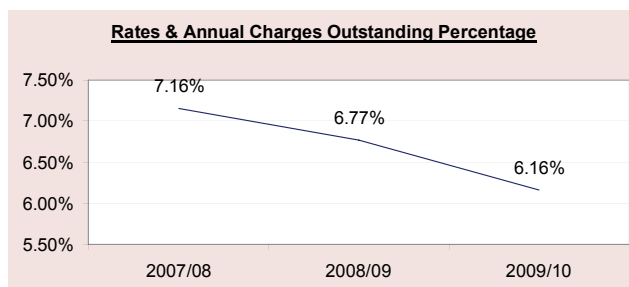
3. Rates and Annual Charges Outstanding Percentage

This indicator identifies the rates outstanding as a percentage of the total rates receivable in any given year. The decrease in this indicator is predominately due the increase in the total rates receivable. The increase in the total rates receivable is a result of a 3.50% rate increase (Ministers allowable limit in 2009/10) and supplementary rate income.

(Note: Council does not legally pursue Pensioners for outstanding rates owed to Council. The indicator excluding Pensioners for 2009/10 is 4.92%).

Local Government Benchmark

- | | |
|-------------------------------|--------------|
| 1. Ratio is LESS than 5% | GREEN |
| 2. Ratio is BETWEEN 5% and 9% | AMBER |
| 3. Ratio is GREATER than 9% | RED |



4. Buildings & Infrastructure Renewals Ratio

consumption. The ratio was introduced for the first time in 2007/08. The ratio has increased from 0.49:1 in 2008/09 to 0.69:1 in 2009/10. This means for every \$1 of asset we consume, Council is spending 0.69 cents to replace it. The level of Council's renewal budget is not a result of poor management Council can simply not afford the renewal budget required to ensure there is a \$1 of funding for every \$1 of asset consumed. As a result of the approved Special Rate Variation Council will spend an additional \$3.7 million on asset renewal over the next three years.

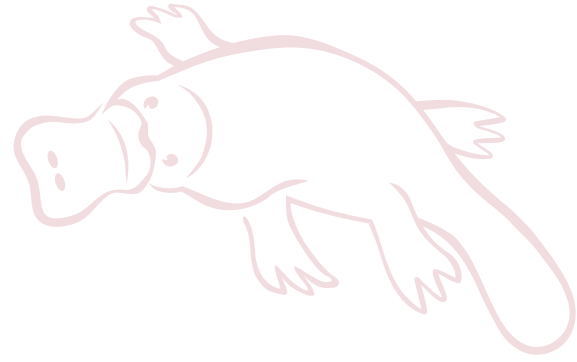


2009/10 & BEYOND

Council will continue to employ good financial management practices to ensure the future needs of our community are met. Through long term financial planning, asset management planning and workforce planning Council will continue to address the infrastructure renewal backlog and provide for the expected growth over the next 20-30 years.

Council will encourage a whole of Government approach to ensure the best possible outcome for the Camden community.

P. ROFE
Manager Corporate Services
Responsible Accounting Officer



Income Statement

For The Year Ended 30 June 2010

Original Budget ⁽¹⁾ 2010 \$000		Notes	Actual 2010 \$000	Actual 2009 \$000
INCOME FROM CONTINUING OPERATIONS REVENUES :				
31,211	Rates and Annual Charges	3(a)	30,771	29,620
6,400	User Charges and Fees	3(b)	8,403	6,265
1,016	Interest and Investment Revenue	3(c)	1,915	2,013
1,051	Other Revenues	3(d)	1,656	3,956
4,454	Grants and Contributions Provided for Operating Purposes	3(e&f)	4,816	5,185
25,262	Grants & Contributions provided for Capital Purposes	3(e&f)	68,772	42,414
OTHER INCOME:				
200	Net Gains from the Disposal of Assets	5	278	285
69,594	TOTAL INCOME FROM CONTINUING OPERATIONS		116,611	89,738
EXPENSES FROM CONTINUING OPERATIONS				
22,028	Employee Benefits and On-Costs	4(a)	22,622	21,236
670	Borrowing Costs	4(b)	686	672
13,486	Materials and Contracts	4(c)	14,183	14,415
9,168	Depreciation and Amortisation	4(d)	8,109	7,861
3,840	Other Expenses	4(e)	3,846	3,586
49,192	Total expenses from Continuing Operations		49,356	47,770
20,402	OPERATIONS RESULT FROM CONTINUING OPERATIONS		67,255	41,968
20,402	NET OPERATING RESULT FOR THE YEAR		67,255	41,968
Attributable to :				
20,402	CAMDEN COUNCIL		67,255	41,968
20,402			67,255	41,968
(4,860)	Net operating result for the year before grants and contributions provided for capital purposes		(1,517)	(446)

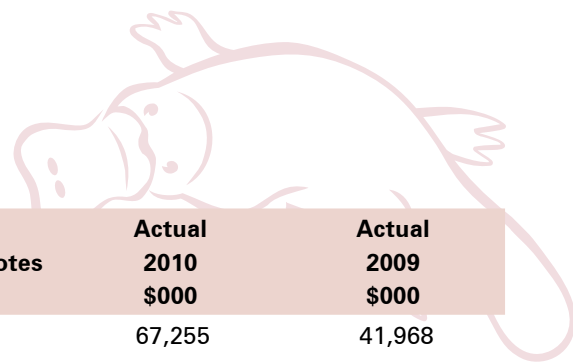
Note: ⁽¹⁾ Original Budget as approved by Council - refer Note 16.

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



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		67,255	41,968
Other Comprehensive Income			
Gain (Loss) on revaluation of Infrastructure, Property, Plant and Equipment	20b	221,039	-
Total Other Comprehensive Income for the Year		<u>221,039</u>	<u>-</u>
Total Comprehensive Income for the Year		<u>288,294</u>	<u>41,968</u>
Attributable to:			
- Camden Council		288,294	41,968
- Minority Interests		-	-

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

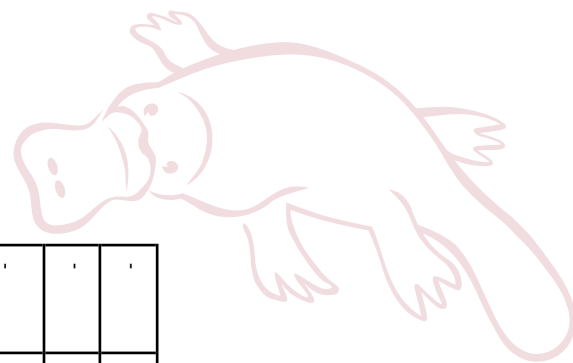
Balance Sheet as at 30 June 2010

	Notes	Actual 2010 \$000	Actual 2009 \$000
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	6(a)	2,176	1,170
Investments	6(b)	44,860	30,050
Receivables	7	13,651	3,211
Inventories	8	1,766	1,746
Other	8	501	517
TOTAL CURRENT ASSETS		62,954	36,694
NON-CURRENT ASSETS			
Receivables	7	900	364
Infrastructure, Property, Plant and Equipment	9	671,166	398,426
TOTAL NON-CURRENT ASSETS		672,066	398,790
TOTAL ASSETS		735,020	435,484
LIABILITIES			
CURRENT LIABILITIES			
Payables	10(a)	6,153	7,399
Borrowings	10(a)	1,882	2,162
Provisions	10(a)	6,493	5,741
TOTAL CURRENT LIABILITIES		14,528	15,302
NON-CURRENT LIABILITIES			
Payables	10(a)	456	-
Borrowings	10(a)	19,616	8,094
Provisions	10(a)	224	186
TOTAL NON-CURRENT LIABILITIES		20,296	8,280
TOTAL LIABILITIES		34,824	23,582
NET ASSETS		700,196	411,902
EQUITY			
Retained Earnings	20	453,787	386,532
Revaluation Reserves	20	246,409	25,370
Council Equity Interest		700,196	411,902
TOTAL EQUITY		700,196	411,902

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

Statement Of Changes In Equity

For The Year Ended 30 June 2010



	Notes	2010 \$000					2009 \$000				
		Retained Earnings	Asset Revaluation Reserve	Council Equity Interest	Minority Interest	Total	Retained Earnings	Asset Revaluation Reserve	Council Equity Interest	Total	
Balance at beginning of the reporting period	20	386,532	25,370	411,902	-	411,902	344,564	24,917	369,481	369,481	
Transfers to/(from) Asset Revaluation Reserve		-	221,039	221,039	-	221,039	-	453	453	453	
Net movements recognised directly in equity		-	221,039	221,039	-	221,039	-	453	453	453	
Net Operating Result for the year		67,255	-	67,255	-	67,255	41,968	-	41,968	41,968	
Total recognised income and expense for the year		67,255	221,039	288,294	-	288,294	41,968	453	42,421	42,421	
Balance at end of the reporting period		453,787	246,409	700,196	-	700,196	386,532	25,370	411,902	411,902	
Effect of correction of errors in previous years on retained earnings		-	-	-	-	-	-	-	-	-	
Effect of accounting policy changes on retained earnings		-	-	-	-	-	-	-	-	-	
Change in associated entities recognised	19	-	-	-	-	-	-	-	-	-	

Note: The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows

For The Year Ended 30 June 2010

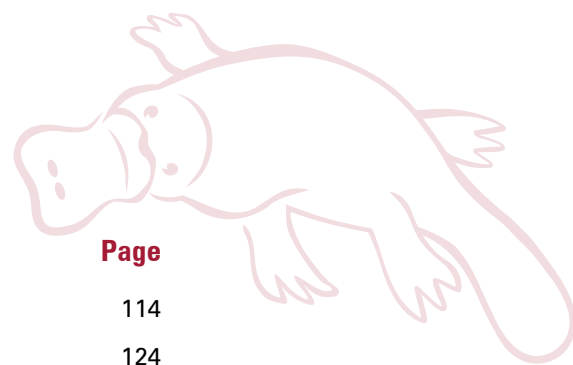
Budget 2010 \$000		Notes	Actual 2010 \$000	Actual 2009 \$000
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts:				
28,387	Rates and Annual Charges		30,890	29,483
5,854	User Charges and Fees		9,381	6,573
2,420	Investment Income		1,717	2,040
9,230	Grants and Contributions		11,594	10,259
1,504	Other operating receipts		2,814	6,053
Payments:				
(20,741)	Employee Costs		(21,832)	(20,932)
(13,948)	Materials and Contracts		(17,062)	(17,474)
(626)	Borrowing Costs		(686)	(535)
(2,788)	Other operating payments		(4,762)	(4,816)
<u>9,292</u>	Net Cash Provided by (or used in) Operating Activities	11	<u>12,054</u>	<u>10,654</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts:				
419	Proceeds from sale of Infrastructure, Property, Plant & Equipment		427	371
9,900	Proceeds from sale of Investment Securities		27,208	15,550
Payments:				
(7,337)	Purchase of Infrastructure, Property, Plant & Equipment		(7,906)	(8,101)
(12,200)	Purchase of Investment Securities		(42,019)	(20,150)
<u>(9,218)</u>	Net Cash provided by (or used in) Investing Activities		<u>(22,290)</u>	<u>(12,330)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts:				
1,600	Proceeds from Borrowings and Advances		13,400	1,600
Payments:				
(1,793)	Repayments from Borrowings and Advances		(1,835)	(1,793)
<u>(193)</u>	Net Cash Provided by (or used in) Financing Activities		<u>11,565</u>	<u>(193)</u>
<u>(119)</u>	Net Increase/(Decrease) in cash held		<u>1,329</u>	<u>(1,869)</u>
<u>1,611</u>	Cash Assets at beginning of Reporting Period	11	<u>847</u>	<u>2,716</u>
	Adjustment to Cash arising from Council restructure	26		
<u>1,492</u>	Cash Assets at end of Reporting Period	11	<u>2,176</u>	<u>847</u>

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



Notes to the Financial Statements

For The Year Ended 30 June 2010



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Note 1 Summary of Significant Accounting Policies

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

(a) Basis of preparation

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

Historical cost convention

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

Critical accounting estimates

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

Financial statement presentation

The Council has applied the revised AASB 101 Presentation of Financial Statements which became effective on 1 January 2009. The revised standard requires the separate presentation of the 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, the 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 the Council's activities as described below. Council bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

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

Rates, annual charges, grants and contributions

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

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

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

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were undischarged at balance date, the unused grant or contribution is disclosed in Note 3(g). The note also discloses the amount of unused grant or contribution from prior years that was expended on Council's operations during the current year.

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

User charges and fees

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

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

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 LGA 1993, all money and property received by Council is held in the Council's Consolidated Fund unless it is required to be held in the Council's Trust Fund. The consolidated fund and other entities through which the Council controls resources to carry on its functions have been included in the financial statements forming part of this report.

The following Section 355 Committees have been included as part of consolidation:

- Camden International Friendship Association Committee
- Pat Kontista Committee
- Bicentennial Equestrian Park Committee
- Camden Seniors Program
- Camden Town Farm

The total revenue and expenditure from continuing operations for the year and the net assets held by these Committees as at 30 June 2010 are as follows:

Total income from continuing operations	\$208,921
Total expenditure from continuing operations	\$112,726
Total operating surplus	\$96,195
Total net assets (Equity) held	\$337,937

(ii) The Trust Fund

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

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

(iii) Joint ventures

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

losses of the partnership is recognised in the income statement, and the share of movements in reserves is recognised in reserves in the balance sheet.

Camden Council did not have any joint venture projects for the year ending 30 June 2010.

(d) Leases

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

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

Council did not have any finance leases as at 30 June 2010.

(e) Acquisition of assets

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

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) 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.

(g) Cash and cash equivalents

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

(h) Receivables

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

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

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

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 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 de-recognition.

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 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 co-ordinated 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, in the case of assets classified as held-to maturity, 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 the Council's management has 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 de-recognition

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

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments 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 costs 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 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(l)

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 in determining whether the security is 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 and loss - is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments 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.

(l) Fair value estimation

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

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

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques.

Council uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

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

(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 Department of Local Government. Valuations are carried out by a qualified valuer. At balance date the following classes of IPPE were stated at their fair value:

- Operational land (External Valuation).
- Buildings – Specialised/Non Specialised (External Valuation).
- Plant and Equipment (as approximated by depreciated historical cost).
- Roads assets – roads, bridges and footpaths (Internal Valuation).
- Drainage assets – (Internal Valuation).



- Bulk earthworks - (Internal Valuation).

Other asset classes will be revalued to fair value as follows:
2010/11 – community land, land improvements, other structures and other assets.

Full revaluations are undertaken for all assets on a 5 year cycle.

Increase in the carrying amounts arising on revaluation are credited to the asset revaluation reserve. To the extent that the increase reserves a decreases previously recognising profit or loss, the increase is first recognised in profit or loss.

Decreases that reverse previous increases of the same asset are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset; all other decreases are charged to the income statement.

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

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

Office equipment	5 years
Bulk earthworks	Infinite
Office furniture	7 years
Drains	100 years
Vehicles and road making equipment	5-7 years
Culverts	70 years
Other plant and equipment	5-7 years
Flood control structures	80-100 years
Building:	
- Structure	40 years
- Sealed roads - Surface	50 years
- Roof membrane & Air Conditioning	20 years
- Sealed roads - Structure	50 years
- Lifts & escalators	25 years
- Footpath	50 years
- Lifts & escalators	25 years
- Bridge – Concrete	100 years
- Fire services	30 years
- Floor coverings	10 years
Playground equipment	10 years
Benches, seats etc	10 years
Library Books	10 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 the carrying amount. These are included in the income statement.

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

(n) Investment property

Investment property, principally comprising freehold office buildings, is held for long-term rental yields and is not occupied by the Council. Investment property is carried at fair value, which is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, Council uses alternative valuation methods such as recent prices in less active markets or discounted cash flow projections. These valuations are reviewed annually by a member of the Australian Property Institute. Changes in fair values are recorded in profit or loss as part of other income.

Investment property now also includes properties that are under construction for future use as investment properties. These are also carried at fair value unless the fair value can not yet be reliably determined. Where that is the case, the property will be accounted for at cost until either the fair value becomes reliably determinable or construction is complete. This is different to previous years where properties under construction were accounted for at cost and presented under property, plant and equipment until construction was complete. The change in policy was necessary following changes made to AASB 140 Investment Property as a result of the IASB's 2008 Improvements standard.

Council did not have any investment property as at 30 June 2010.



(o) Payables

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

(p) Borrowings

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

(q) Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are 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 expensed.

(r) 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.

(s) Employee benefits**(i) Short-term obligations**

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

(ii) Other long-term employee benefit obligations

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(ii) Retirement benefit obligations

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

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

for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans.

The Local Government Superannuation Scheme has advised member councils that, as a result of the global financial crisis, it has a significant deficiency of assets over liabilities amounting to \$286 million at 30 June 2010. As a result, they have asked for significant increases in contributions to recover that deficiency. The share of this deficit that can be broadly attributed to Council was estimated to be in the order of \$1.75 million as at 30 June 2010. No liability for the deficiency has been recognised in Council's accounts. Council has, however, disclosed a contingent liability in note 18 to reflect the possible obligation that may arise should the Scheme require immediate payment to correct the deficiency.

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

The amount of Camden Council's contribution to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2010 was \$920,375 (2009 was \$495,712).

(t) Rounding of amounts

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

(u) Land under roads

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

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

Although Land Under Roads acquired after 1 July 2008 should be recognised in accordance with AASB 116 – Property, Plant and Equipment the industry is yet to determine a methodology for the valuation of Land Under Roads.

Council continues to collect the necessary physical data to undertake the valuations upon adoption of an industry standard for LUR's.

Council has 406 km of urban and rural roads and 156km of footpaths. Data is currently being collected for road reserves, nature strips and median strips.

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

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

(w) Crown Reserves

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

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

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

(x) Rural Fire Service assets

Under section 119 of the Rural Fire Services Act 1997, "all fire fighting equipment purchased or constructed wholly or from money to the credit of the Fund is to be vested in the council of the area for or on behalf of which the fire fighting equipment has been purchased or constructed". Until such time as discussions on this matter have concluded and the legislation changed, Council will recognise rural fire service assets including land, buildings, plant and vehicles.

(y) 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.

(z) Comparative Figures for the year 2009

Where necessary some comparative figures for the year ending 2009 have been re-categorised.

(aa) Section 94 Projections – Note 17

To achieve the reporting requirements of Note 17 – Statement of Contributions, where Council must identify projected future contributions, projected future costs of works outstanding, and the projected over/under funding of the plan, the following methodology has been applied:

- The contributions plan provides an estimate of the income to be received over the life of the plan. The income received to date has been deducted from the total income expected to derive the projected future contributions.
- The contributions plan provides an estimate of the cost of works to be provided under the plan. The expenditure to date on works provided under the plan has been deducted from the total cost of the works to derive the projected future cost of works still outstanding.
- The cost of projected future works still outstanding has been deducted from the projected future contributions to derive the project over/ (under) funding.

It is acknowledged that this is a fairly simple accounting process that does not take into account other planning issues, such as changes to development projections and changes to the scope and cost of works.

During the 2007/08 financial year, Council recognised the need for, and began a comprehensive review of all Contributions Plans. Camden Contributions Plan 2004 is the main contribution plan for the LGA (excluding the Growth Corridor) and is the first plan to be reviewed. Council has engaged Newplan Pty Ltd to undertake this task. As a result of the review, Council will be able to more accurately provide information about projected future contributions and cost of works to be completed. This plan is anticipated to be presented to Council in 2010/11. Following completion of the review of this plan, Council will review all remaining contributions plans.

Council has also established a Development Contributions Management Committee to provide a whole-of-Council approach to the management of development contributions. This Committee has representation from Finance, Capital Works, Development and Strategic Planning. The Committee

has been instrumental in determining roles and responsibilities for various aspects of the contributions management. A key focus of this committee has been to assess Council's financial position in relation to development contributions and infrastructure delivery.

(ab) 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 sharebased 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)

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.



Notes To and Forming Part of the Financial Statements - Note 2(a) For The Year Ended 30 June 2010

PRINCIPAL ACTIVITIES													
INCOME, EXPENSES AND ASSETS HAVE BEEN DIRECTLY ATTRIBUTED TO THE FOLLOWING PRINCIPAL ACTIVITIES DETAILS OF THOSE PRINCIPAL ACTIVITIES ARE PROVIDED													
	INCOME FROM CONTINUING OPERATIONS			EXPENSES FROM CONTINUING OPERATIONS			OPERATING RESULTS FROM CONTINUING OPERATIONS			GRANTS INCLUDED IN INCOME FROM CONTINUING OPERATIONS		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)	
	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
PRINCIPAL ACTIVITIES													
Sustainable Urban Growth	6,418	3,568	2,266	4,250	4,047	3,956	2,168	(479)	(1,690)	19	64	15,799	2,637
Accessibility	11,136	18,550	22,058	10,583	9,976	9,683	553	8,574	12,375	479	447	299,569	109,558
Environmental Systems	11,050	53,033	12,965	8,351	8,267	7,985	2,699	44,765	4,980	222	28	149,978	69,241
Economic & Community Development	10,885	10,467	21,662	14,467	17,046	15,224	(3,582)	(6,579)	6,438	4,788	2,588	242,272	218,959
Governance	395	1,081	3,575	11,541	10,020	10,922	(11,146)	(8,939)	(7,347)	-	-	27,042	35,089
TOTAL PRINCIPAL ACTIVITIES	39,884	86,699	62,526	49,192	49,356	47,770	(9,308)	37,343	14,756	5,508	3,127	735,020	435,484
GENERAL PURPOSE INCOME	29,710	29,912	27,212				29,710	29,912	27,212	2,344	2,842		
TOTALS	69,574	116,611	89,738	49,192	49,356	47,770	20,402	67,255	41,968	7,852	5,969	735,020	435,484



Notes To and Forming Part of the Financial Statements- Note 2(b)

Components of Principal Activities



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

Sustainable Urban Growth

A Camden that has retained its valued traditional qualities, integrated its new communities and not compromised its environment. Costs relating to the delivery of this strategic outcome include : building approvals, land information system and development contributions.

Accessibility

A Camden that provides convenient and equitable access to services, facilities and places for all members of the community through a range of technological and physical opportunities.

Costs relating to the delivery of this strategic outcome include: design and survey, traffic, infrastructure maintenance including roads, bridges, footpaths, parking areas, bus shelters, RTA works, street lighting and street and gutter cleaning.

Environmental Systems

A Camden in which its unique natural systems have been protected and enhanced and are enjoyed and valued by the community Costs relating to the delivery of this strategic outcome include : animal control, regulatory compliance, storm water drainage, pollution control, health services, sewerage systems, and waste management.

Economic & Community Development

A Camden which has achieved a broad range of opportunities for a prosperous and complete lifestyle.

Costs relating to the delivery of this strategic outcome include: civic centre, family day care, library services, tourism, community development, emergency services, business & economic development, recreation & leisure, and entrepreneurial services.

Governance

A Camden which is a community served by a Council that is viable, responsible and encourages participation in decision making.

Costs relating to the delivery of this strategic outcome include: local democracy, financial services, rating services, debt servicing, legal & statutory, public relations, information systems, risk & management, property management, human resources and training.



Notes To and Forming Part of the Financial Statements - Note 3

Income From Continuing Operations

	2010 \$000	2009 \$000
(a) RATES AND ANNUAL CHARGES		
ORDINARY RATES		
Residential	19,307	18,028
Farmland	775	762
Business	5,549	5,999
	25,631	24,789
ANNUAL CHARGES		
Domestic Waste Management Services	4,822	4,518
Stormwater Management Levy	318	313
	5,140	4,831
TOTAL RATES & ANNUAL CHARGES	30,771	29,620
Council has used 2007 valuations provided by NSW Valuer General in calculating its Rates.		
(b) USER CHARGES & FEES		
USER CHARGES		
Domestic Waste Management	32	25
Commercial Waste Management	501	471
Sullage and Septic	168	145
Public Halls	907	860
Recreational Services	2,703	1,932
	4,311	3,433
FEES		
Private Works	208	348
Sec 611 Charges	21	19
Child Care	179	172
Town Planning	2,242	1,311
Building Services	1,189	815
Library Services	65	72
Cemeteries	170	77
Other	18	18
	4,092	2,832
TOTAL USER CHARGES & FEES	8,403	6,265
(c) INTEREST & INVESTMENT REVENUE		
Interest on Overdue Rates & Charges	269	288
Development Contributions:		
- Section 94 (under plans)	742	855
- Section 94 (not under plans)	4	5
Interest on Investments	900	865
GROSS INVESTMENT REVENUES	1,915	2,013
TOTAL INVESTMENT REVENUES	1,915	2,013

	2010 \$000	2009 \$000
(d) OTHER REVENUES		
Parking Fines	-	-
Other Fines	145	99
Bushfire Services	47	40
State Road Grass Cutting & Rubbish Collection	250	178
Vehicle Use Contribution	634	635
Employee Relations	107	99
Domestic Waste Management	3	35
Tourism Income	11	10
Development Service Income	27	62
Comission and Agency Fees	121	265
Settlement - Roadwroks	-	2,400
Miscellaneous Sales	158	28
Other	153	105
TOTAL OTHER REVENUE	1,656	3,956

	Notes	OPERATING		CAPITAL	
		2010 \$000	2009 \$000	2010 \$000	2009 \$000
(e) GRANTS					
General Purpose (Untied)					
- Financial Assistance		1,370	1,756	-	-
- Financial Assistance- Local Roads		685	809	-	-
- Pensioner Rates Subsidy (General)		290	278	-	-
Specific Purpose					
- Roads & Bridges		1	42	477	392
- Planning & Development		19	64	-	-
- Recreational Services		123	45	3,005	843
- Health Services		30	28	-	-
- Community Care Services		1,660	1,347	-	-
- NSW Rural Fire Services		147	182	45	183
TOTAL GRANTS & SUBSIDIES		4,325	4,551	3,527	1,418
Comprising					
- Commonwealth Funding		1,275	3,514	2,917	1,235
- State Funding		3,050	1,037	610	183
		4,325	4,551	3,527	1,418

(f) CONTRIBUTIONS					
Developers Contributions					
Section 94	17				
- Roadworks		-	-	944	1,661
- Roadworks - In Kind	17	-	-	3,684	-
- Drainage		-	-	770	506
- Drainage-In Kind	17	-	-	34,459	219
- Traffic Facilities		-	-	11	183
- Parking		-	-	22	-
- Open Space		-	-	341	366
- Open Space-In Kind	17	-	-	2,092	572
- Community Facilities		-	-	612	433
- Other		280	277	54	13

	OPERATING		CAPITAL	
	2010 \$000	2009 \$000	2010 \$000	2009 \$000
RTA Contributions	103	65	249	372
Dedicated Drainage	-	-	7,395	6,471
Dedicated Open Space	-	-	869	15,301
Dedicated Subdivision Roads	-	-	13,676	14,899
Community Facilities	108	215	-	-
Other Non-Cash YMCA Contribution Building	-	-	67	-
Other		77		
TOTAL CONTRIBUTIONS & DONATIONS	491	634	65,245	40,996
TOTAL GRANTS & CONTRIBUTIONS	4,816	5,185	68,772	42,414

	ACTUAL 2010 \$000	ACTUAL 2009 \$000
--	-------------------------	-------------------------

(g) RESTRICTIONS RELATING TO GRANTS & CONTRIBUTIONS

Certain Grants and Contributions are obtained by Council on the condition they be spent in a specified manner. Grants and Contributions recognised in current period which have not been spent:

Grants:

- Family Day Care Services	-	32
- Noxious Weeds	-	1
- Library	10	6
- Camden Swimming Pool Redevelopment	1,991	250
- Regional and Local Community Infrastructure Program	265	468
- Other	780	318

Contributions:

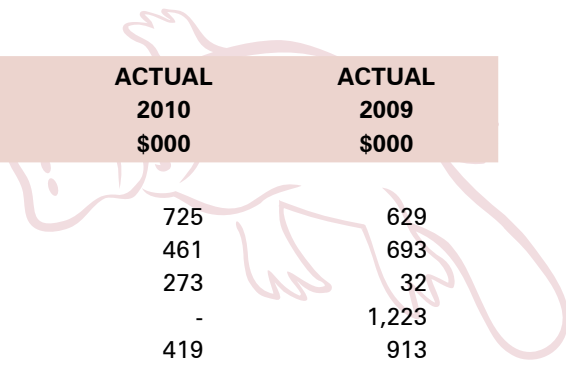
- Drainage	898	902
- Roads	1,228	1,960
- Traffic Facilities	50	231
- Parking	19	(4)
- Open Space	720	1,333
- Community Facilities	582	405
- Other	284	264
	6,827	6,166

LESS

Grants and Contributions recognised in previous reporting period which have been spent in the current reporting period

Grants:

- Roadworks	-	153
- Family Day Care Services	32	32
- Noxious Weeds	1	6
- Library	9	52
- Tourism	-	3
- Water Grants	-	66
- Camden Swimming Pool Redevelopment	250	-
- Regional and Local Community Infrastructure Program	468	-
- Other	283	263



	ACTUAL 2010 \$000	ACTUAL 2009 \$000
Contributions:		
- Drainage	725	629
- Roads	461	693
- Traffic Facilities	273	32
- Open Space	-	1,223
- Community Facilities	419	913
- Other	258	364
	3,179	4,429
	3,179	4,429

Net Increase/(Decrease) in restricted grants and Contributions:

Grants:		
- Roadworks	-	(153)
- Family Day Care Services	(32)	-
- Noxious Weeds	(1)	(5)
- Library	1	(46)
- Tourism	-	(3)
- Water Grants	-	(66)
- Camden Swimming Pool Redevelopment	1,741	250
- Regional and Local Community Infrastructure Program	(203)	468
- Other	497	56
Contributions:		
- Drainage	173	272
- Roads	767	1,267
- Traffic Facilities	(223)	199
- Parking	19	(4)
- Open Space	720	110
- Community Facilities	163	(508)
- Other	26	(100)
	3,648	1,737
	3,648	1,737

Notes To and Forming Part of the Financial Statements- Note 4

Expenses From Continuing Operations

	2010 \$000	2009 \$000
(a) EMPLOYEE BENEFITS & ON COSTS		
Salaries & Wages	15,347	14,807
Travelling	1,482	1,467
Employee Leave Entitlements	2,766	2,405
Superannuation	2,165	1,707
Workers' Compensation Insurance	846	788
Fringe Benefits Tax	128	106
Training Costs (Excluding Salaries)	220	172
Other	177	222
Less: Capitalised and distributed costs	(509)	(438)
TOTAL OPERATING EMPLOYEE COSTS	22,622	21,236
Number of FTE Employees (Full time equivalent at end of reporting period)	276.6	271.4
(b) BORROWING COST		
Interest on Loans	686	672
TOTAL INTEREST CHARGES	686	672
(c) MATERIALS AND CONTRACTS		
Contractor and consultancy costs	462	803
Agency Agreements	373	462
Auditor's Remuneration		
- Audit Services	35	45
Legal Expenses		
- Planning & Development	90	296
- Other Legal Expenses	153	183
Office Administration	383	303
Building Maintenance	496	608
Information Technology	371	390
Function Centre Administration	109	144
Community Support Programs	1,217	1,202
Pollution Control	16	21
Waste Management Disposal Cost	2,067	2,228
Emergency Services	21	95
Infrastructure Maintenance and Repairs	1,883	1,711
Companion Animal Control	50	71
Parks and Gardens Maintenance	1,660	1,861
Tree Maintenance	211	221
Noxious Weeds Control	12	13
Private Works	5	16
Plant Management	1,882	1,723
Health Services	2	8
Recreational Services	2,678	1,956
Other	7	55
TOTAL MATERIAL & CONTRACTS	14,183	14,415

	2010 \$000	2009 \$000
(d) DEPRECIATION, AMORTISATION & IMPAIRMENT		
Intangible Assets (Note 25)		
Plant and Equipment	1,387	1,321
Office Equipment	202	341
Furniture & Fittings	43	52
Land Improvements	960	980
Buildings - non specialised	51	50
Buildings - specialised	1,635	1,626
Other Structures	168	143
Infrastructure		
- Roads, Bridges & Footpaths	3,104	2,806
- Storm Water Drainage	821	751
Other Assets		
- Library Books	95	111
- Other	55	185
Less: Capitalised & distributed costs/Impairment reversals/Impairments offset against asset revaluation reserves	(502)	(505)
TOTAL DEPRECIATION, AMORTISATION & IMPAIRMENT	8,019	7,861

	2010 \$000	2009 \$000
(e) OTHER EXPENSES		
Mayoral Fee	33	33
Councillor's Fees & Allowances	136	137
Councillor's (Incl. Mayor) Expenses	27	57
Council Election Expenses	91	120
Insurances	617	609
Street Lighting	788	615
Electricity & Gas	351	247
Telephone & Communications	160	200
Donations & Contributions to Local & Regional Bodies	177	120
Advertising General	119	153
Water Charges	164	141
Bushfire Services	52	337
Development Operating Expenses	80	91
Information Technology Expenses	226	161
Rates Collection Charges	131	144
Land Assets - Write-Off	-	21
Emergency Services Levy	478	-
Other	216	400
TOTAL OTHER EXPENSES	3,846	3,586

Notes To and Forming Part of the Financial Statements - Note 5

Gain or Loss on Disposal of Assets

	2010 \$000	2009 \$000
DISPOSAL OF PROPERTY		
Proceeds from Disposal	-	-
Less : Carrying Amount of Assets Sold	-	-
GAIN (LOSS) ON DISPOSAL	-	-
DISPOSAL OF INFRASTRUCTURE, PLANT AND EQUIPMENT		
Proceeds from Disposal	427	371
Less : Carrying Amount of Assets Sold	149	86
GAIN (LOSS) ON DISPOSAL	278	285
TOTAL GAIN (LOSS) ON DISPOSAL OF ASSETS	278	285

Notes To and Forming Part of the Financial Statements - Note 6

Cash Assets and Investments

	2010 \$000		2009 \$000	
	Current	Non-Current	Current	Non-Current
(a) CASH AND CASH EQUIVALENTS				
Cash on Hand and at Bank	1,426	-	-	-
Deposits at Call	750	-	1,170	-
TOTAL CASH AND CASH EQUIVALENTS	2,176	-	1,170	-

Cash Assets comprise highly liquid investments with short periods to maturity subject to insignificant risk of changes of value.

(b) INVESTMENTS

The following Financial Assets are held as Investments:

Held to maturity investments	44,860	-	30,050	-
TOTAL	44,860	-	30,050	-

Financial Assets

At beginning of year	30,050	-	25,450	-
Additions	42,019	-	20,150	-
Disposals	(27,209)	-	(15,550)	-
At end of year	44,860	-	30,050	-

Held for trading:

Term Deposits (Short Term)	44,860	-	30,050	-
	44,860	-	30,050	-

Notes To and Forming Part of the Financial Statements - Note 6(c)

Restricted Cash, Cash Equivalents and Investments

	Notes	2010 \$000		2009 \$000	
		Current	Non-Current	Current	Non-Current
Total Cash, Cash Equivalents and Investments		47,036	-	31,220	-
TOTAL CASH, CASH EQUIVALENTS & INVESTMENTS		47,036	-	31,220	-
External Restrictions		33,793	-	20,583	-
Internal Restrictions		12,595	-	10,409	-
Unrestricted		648	-	228	-
		47,036	-	31,220	-

	Notes	Opening Balance 30 June 2009	Movements		Closing Balance 30 June 2010
		\$000	Transfer to Restrictions \$000	Transfer from Restrictions \$000	\$000
EXTERNAL RESTRICTIONS					
Included in liabilities					
Unexpended Loans - Department of Planning		-	11,847	450	11,397
Retention Bonds - S94 Developer Contribution	17	2,255	11,847	1,760	495
		2,255	11,847	2,210	11,892
Other					
Section 94 Developer Contributions	17	12,978	5,540	2,135	16,383
Specific Purpose Unexpended Grants	3	549	930	794	685
Camden Pool Redevelopment Grant	3	250	1,991	249	1,992
Unexpended Grants - Interest		-	20	2	18
Domestic Waste Management		4,146	1,223	2,922	2,447
Stormwater Management		288	497	529	256
Other		117	9	6	120
		18,328	10,210	6,637	21,901
TOTAL EXTERNAL RESTRICTIONS		20,583	22,057	8,847	33,793

External Restrictions arise pursuant to section 409(3) of the Local Government Act, the Local Government (Financial Management) Regulation 1999 and other applicable legislation. Further information relating to Developer Contributions is provided in Note 17 and Unexpended Grants in Note 3. Amounts raised for Domestic Waste Management may only be used for those purposes.

	Opening Balance 30 June 2009 \$000	Movements		Closing Balance 30 June 2010 \$000
		Transfer to Restrictions \$000	Transfer from Restrictions \$000	
INTERNAL RESTRICTIONS				
Employee Leave Entitlements	618	1,357	448	1,527
Refundable Bonds/Deposits	2,829	984	994	2,819
Other:				
Plant Replacement Reserve	448	993	639	802
Working Funds Reserve	1,708	1,154	1,223	1,369
Expenditure Revote Reserve	595	610	471	734
Loan Repayment Reserve	96	9	-	105
Capital Works Reserve	2,747	1,584	1,480	2,851
Cemetery Improvements	167	139	6	300
Risk Management Reserve	224	57	8	273
Elections Reserve	-	75	-	75
Camden Parking Reserve	120	-	-	120
Commercial Waste Services	-	807	193	614
Community Facility Reserve	9	-	-	9
Engineering Services Deposits	345	13	7	351
Road Improvement Reserve	187	477	664	-
Public Appeals Reserve	35	-	-	35
Mayoral Relief Reserve	1	-	-	1
Family Day Care Trust	113	10	-	123
Community Bus Restricted Income	14	-	-	14
Garden Competition Restricted Fees	-	1	-	1
On Site Sewage Management	-	15	-	15
Sec 355 Committee Reserve	153	34	-	187
TOTAL INTERNAL RESTRICTIONS	10,409	8,319	6,133	12,595

Internal Restrictions arise pursuant to resolutions of Council to set aside reserves of cash resources either relating to liabilities recognised in these reports or to fund future expenditure for the stated purpose. Such reserves are not permitted to exceed the amounts of cash assets and cash investments not otherwise restricted.

Notes To and Forming Part of the Financial Statements- Note 7

Receivables

	2010 \$000		2009 \$000	
	Current	Non-Current	Current	Non-Current
Rates and Annual Charges	1,308	323	1,499	303
Domestic Waste Charges	340	75	323	61
Government Grants and Subsidies	374	-	109	-
RTA Contributions	55	-	174	-
Bushfire Grants	88	-	88	-
Health & Environment Inspections	8	-	12	-
Government Subsidy - Dept of Planning	-	-	15	-
Water/Electricity	7	-	8	-
Employee Accounts	16	-	11	-
Stormwater Management Levy	23	-	21	-
Lease Rentals	5	-	-	-
Private Works/Road Restorations	23	-	14	-
Community Facilities Income	103	-	256	-
Goods and Services Tax	322	-	252	-
Sec 94 Works in Kind Agreements	10,325	-	-	-
Accrued Interest on Investment	370	-	172	-
Deferred Debtor - Australand	-	502	-	-
Other	299	-	293	-
TOTAL	13,666	900	3,226	364
Less : Provision for Doubtful Debts:				
- Other	15	-	15	-
	13,651	900	3,211	364

Rates, Annual Charges, Interest & Extra Charges

Overdue rates and annual charges (being amounts not paid on or before the due date determined in accordance with the Local Government Act) are secured over the relevant land and are subject to simple interest at a rate of 10.00% (2009:10.00%). Although Council is not materially exposed to any individual ratepayer, credit risk exposure is concentrated within the Council boundaries in the State of New South Wales.

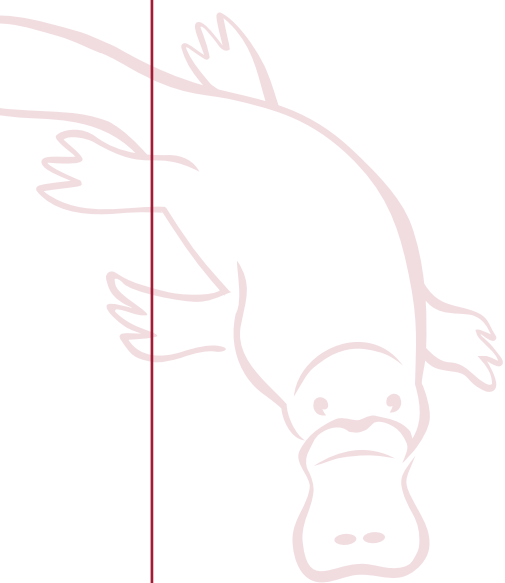
Other levels of Government

Amounts due have been calculated in accordance with the terms and conditions of the respective programs following advice of approvals, and do not bear interest. All amounts are due by Departments and Agencies of the Government of New South Wales and the Government of Australia.

Other Receivables

Amounts due (other than User Charges which are secured over the relevant land) are unsecured and do not bear interest. Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State of New South Wales.

RESTRICTED RECEIVABLES	2010		2009	
	\$000	\$000	\$000	\$000
Externally Restricted Receivables:				
Specific Purpose Grants	443	-	199	-
RTA Contributions	55	-	174	-
Sec 94 Works in Kind Agreements	10,325	-	-	-
Domestic Waste Management	310	75	301	61
Stormwater Management Levy	23	-	21	-
TOTAL EXTERNALLY RESTRICTED RECEIVABLES	11,156	75	695	61
Internally Restricted Receivables:				
Commercial Waste Reserve	10	-	-	-
Capital Works Reserve	692	-	424	-
TOTAL INTERNALLY RESTRICTED RECEIVABLES	702	-	424	-
Unrestricted Receivables	1,793	825	2,092	303
TOTAL RECEIVABLES	13,651	900	3,211	364



Notes To and Forming Part of the Financial Statements - Note 8

Inventories & Other Assets

	2010		2009	
	\$000		\$000	
	Current	Non-Current	Current	Non-Current
INVENTORIES				
Stores and Materials	346	-	325	-
Trading Stock	17	-	18	-
Real Estate (refer below)	1,403	-	1,403	-
TOTAL INVENTORIES	1,766	-	1,746	-
OTHER ASSETS				
Prepayments	501	-	517	-
TOTAL OTHER ASSETS	501	-	517	-
Real Estate Developments				
(Valued at the lower of cost and net realisable value)				
Industrial & Commercial	1,403	-	1,403	-
TOTAL REAL ESTATE FOR RESALE	1,403	-	1,403	-
Represented by:	1,403	-	1,403	-
Acquisition Costs	1,403	-	1,403	-
Less: Allowance for Under-Recovery	-	-	-	-
TOTAL REAL ESTATE FOR RESALE	1,403	-	1,403	-
Externally restricted Inventories and Other Assets Inventories				
Domestic Waste Management (Stores & Materials)	12	-	14	-
TOTAL EXTERNALLY RESTRICTED INVENTORIES AND OTHER ASSETS INVENTORIES	12	-	14	-
UNRESTRICTED INVENTORIES AND OTHER ASSETS	2,255	-	2,249	-
TOTAL INVENTORIES & OTHER ASSETS	2,267	-	2,263	-

Notes To and Forming Part of the Financial Statements- Note 9(a) Infrastructure, Property, Plant and Equipment

	2009 \$000						2010 \$000					
	At Cost	At Fair Value	Accum Depn	Carrying Amount	Asset Purchases	Asset Disposals	Depreciation	Net Revaluation	At Cost	At Fair Value	Accum Depn	Carrying Amount
Plant & Equipment	-	12,147	(7,822)	4,325	3,007	(149)	(1,290)	-	-	12,909	(7,015)	5,894
Office Equipment	2,500	-	(2,017)	483	217	-	(202)	-	2,881	-	(2,384)	497
Furniture & Fittings	1,252	-	(1,054)	198	21	-	(43)	-	1,273	-	(1,098)	175
Land												
- Operational Land	-	40,449	-	40,449	18,934	-	-	-	-	59,383	-	59,383
- Community Land	111,247	-	-	111,247	5,321	-	-	-	111,247	5,321	-	116,568
Land Improvements - depreciable	42,265	-	(14,641)	27,624	1,207	-	(967)	-	42,070	-	(14,206)	27,864
Buildings - non specialised	-	1,160	(515)	645	-	-	(33)	-	-	1,413	(801)	612
Buildings - specialised	-	53,636	(19,683)	33,953	327	-	(1,653)	-	-	53,710	(21,083)	32,627
Other Structures	5,051	-	(2,678)	2,373	992	-	(146)	-	6,043	-	(2,824)	3,219
Infrastructure												
- Roads, Bridges, Footpaths	173,195	-	(66,375)	106,820	19,506	-	(3,104)	139,915	-	323,891	(60,754)	263,137
- Bulk earthworks (non-deprec)	-	-	-	-	-	-	-	14,852	-	14,852	-	14,852
- Stormwater Drainage	83,458	-	(14,450)	69,008	10,539	-	(821)	66,272	-	170,190	(25,192)	144,998
Other Assets												
- Library Books	2,414	-	(1,704)	710	160	-	(95)	-	2,574	-	(1,799)	775
- Other	3,404	-	(2,813)	591	141	-	(167)	-	3,639	-	(3,074)	565
TOTALS	424,786	107,392	(133,752)	398,426	60,372	(149)	(8,521)	221,039	169,727	641,669	(140,230)	671,166

Notes To and Forming Part of the Financial Statements - Note 9(b)

Restricted Infrastructure, Property, Plant and Equipment

	2010				2009			
	\$000				\$000			
	At Cost	At Valuation	Accum Depn	Carrying Amount	At Cost	At Valuation	Accum Depn	Carrying Amount
Domestic Waste Management								
Plant & Equipment	2,027	5,047	3,114	3,960	-	5,047	3,493	1,554
Office Equipment	-	-	-	-	-	-	-	-
Furniture & Fittings	-	-	-	-	-	-	-	-
Land	-	-	-	-	-	-	-	-
- Operational	-	644	-	644	-	644	-	644
- non depreciable land improv'ts	-	-	-	-	-	-	-	-
Land Improvements - depreciable	100	-	88	12	100	-	78	22
Buildings	-	398	214	184	-	398	207	191
Other Structures	-	-	-	-	-	-	-	-
- Other	-	-	-	-	-	-	-	-
Total Domestic Waste	2,127	6,089	3,416	4,800	100	6,089	3,778	2,411
TOTAL RESTRICTIONS	2,127	6,089	3,416	4,800	100	6,089	3,778	2,411

Notes To and Forming Part of the Financial Statements - Note 10(a)

Payables, Borrowings and Provisions

	2010 \$000		2009 \$000	
	Current	Non-Current	Current	Non-Current
PAYABLES				
Goods & Services	2,607	-	2,164	-
Payments received in advance	227	456	113	-
Accrued Expenses - Other	232	-	151	-
Deposits, Retentions & Bonds	3,087	-	2,543	-
TOTAL PAYABLES	6,153	456	7,399	-
BORROWINGS				
Bank Overdraft	-	-	323	-
Loans				
- Secured	1,882	19,616	1,839	8,094
TOTAL BORROWINGS	1,882	19,616	2,162	8,094
All interest bearing liabilities are secured over the future revenues of the Council.				
PROVISIONS				
Annual Leave	1,908	-	1,724	-
Long Service Leave	4,585	224	4,017	186
TOTAL PROVISIONS	6,493	224	5,741	186
Current provisions not expected to be settled within the next 12 months.	4,698	-	4,107	-
LIABILITIES RELATING TO RESTRICTED ASSETS				
Domestic Waste Management				
- Payables	104	-	75	-
Subtotal	104	-	75	-
Section 94				
- Retention Bonds	495	-	2,256	-
Subtotal	495	-	2,256	-
TOTAL	599	-	2,331	-

Notes To and Forming Part of the Financial Statements - Note 10(b)

Description of and Movements in Provisions

CLASS OF PROVISION	Reduction in Provision				Closing Balance \$000
	Opening Balance \$000	Increase in Provision \$000	Payments \$000	Re-Measurement \$000	
Annual Leave	1,724	1,434	1,250	-	1,908
Long Service Leave	4,203	1,053	447	-	4,809
TOTAL	5,927	2,487	1,697	-	6,717

Notes To and Forming Part of the Financial Statements - Note 11

Reconciliation of Operating Result to Net Cash Movement From Operating Activities

	Notes	2010 \$000	2009 \$000
(a) RECONCILIATION OF CASH ASSETS			
Cash Assets comprise of highly liquid investments with short periods to maturity subject to insignificant risk of changes of value. Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related items in the Balance Sheet as follows:			
Total Cash and Cash Equivalents	6(a)	2,176	1,170
Less: Bank Overdraft	10	-	(323)
BALANCE AS PER CASH FLOWS STATEMENT		2,176	847
(b) RECONCILIATION OF NET OPERATING RESULT TO CASH PROVIDED FROM OPERATING ACTIVITIES			
Net Operating result from Income Statement		67,255	41,968
ADD:			
Depreciation, Amortisation & Impairment		8,019	7,861
Increase in employee benefits provisions		790	303
Decrease in receivables		-	127
Decrease in inventories		-	16
Decrease in other assets		16	-
Increase in trade creditors		1,013	-
Increase in accrued expenses payable		81	65
Increase in other payables		-	740
		77,174	51,080
LESS:			
Decrease in provision for doubtful debts		-	1
Increase in receivables		10,976	-
Increase in inventories		20	-
Increase in other assets		-	148
Decrease in trade creditors		-	2,347
Decrease in other payables		1,884	-
Gain on Sale of Assets		278	285
Non-cash Capital Grants and Contributions		51,962	37,645
NET CASH PROVIDED FROM (OR USED IN) OPERATING ACTIVITIES FROM CASH FLOW STATEMENT		12,054	10,654
(c) NON-CASH FINANCING AND INVESTING ACTIVITIES			
Bushfire Grants		45	183
Developer Contributions in kind & Dedicated Assets		51,917	37,462
		51,962	37,645
(d) FINANCING ARRANGEMENTS			
Unrestricted access was available at balance date to the:			
Bank Overdrafts ⁽¹⁾		430	430
Corporate Credit Cards		650	650
		1,080	1,080

Notes:

(1) The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Interest rates on overdrafts are variable while the rates for loans are fixed for the period of the loan.

Notes To and Forming Part of the Financial Statements - Note 12

Commitments for Expenditure

	Actual 2009 \$000	Actual 2008 \$000
(a) CAPITAL COMMITMENTS (exclusive of GST)		
Capital Expenditure committed for at the reporting date but not recognised in the Financial Statements as Liabilities :		
- Infrastructure Asset	5,127	1,192
	<u>5,127</u>	<u>1,192</u>
These Expenditures are Payable as Follows :		
- Not Later Than One Year	5,127	1,192
TOTAL	<u><u>5,127</u></u>	<u><u>1,192</u></u>
(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	105	140
- Cleaning and Mowing Services	9	30
- Other	265	445
	<u>379</u>	<u>621</u>
TOTAL	<u><u>379</u></u>	<u><u>621</u></u>
These Expenditures are Payable as follows :		
- Not Later Than One Year	189	253
- Later than one year and not later than 5 years	190	368
TOTAL	<u><u>379</u></u>	<u><u>621</u></u>
(c) OPERATING LEASE COMMITMENTS		
Commitments under Non-Cancellable Operating Leases at the reporting date but not recognised in the Financial Statements		
- Motor Vehicle	1,141	701
- Photocopiers	71	133
- Other	99	128
	<u>1,311</u>	<u>942</u>
TOTAL	<u><u>1,311</u></u>	<u><u>942</u></u>
These Expenditures are Payable as Follows :		
- Not Later Than One Year	901	668
- Later Than One Year and Not Later than 5 Years	410	274
TOTAL	<u><u>1,311</u></u>	<u><u>942</u></u>
(d) REMUNERATION COMMITMENTS		
Commitment 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	543	591
- Later Than One Year and Not Later Than 5 Years	244	1,182
TOTAL	<u><u>787</u></u>	<u><u>1,773</u></u>

Notes To and Forming Part of the Financial Statements - Note 13

Statement of Performance Measures - Consolidated Results

	Amounts	2010 Indicators	2009	2008
1. UNRESTRICTED CURRENT RATIO				
Current Assets less All External Restrictions ⁽¹⁾	\$17,993	1.95:1	1.74:1	1.61:1
Current Liabilities less Specific Purpose Liabilities ⁽²⁾⁽³⁾	\$9,231			
2. DEBT SERVICE RATIO				
Net Debt Service Cost	\$2,521	0.06:1	0.05:1	0.05:1
Revenue from Continuing Operations excluding Capital Items and Specific Purpose Grants/Contributions	\$45,368			
3. RATE COVERAGE RATIO				
Rate & Annual Charges	\$30,771	0.26:1	0.33:1	0.48:1
Revenue from Continuing Operations	\$116,611			
4. RATES & ANNUAL CHARGES OUTSTANDING PERCENTAGE				
Rates & Annual Charges Outstanding	\$2,046	6.16%	6.77%	7.16%
Rates & Annual Charges Collectable	\$33,205			
5. BUILDING & INFRASTRUCTURE RENEWALS & RATIO ⁽⁴⁾				
Asset renewals - Building & Infrastructure	\$3,894	0.69:1	0.49:1	0.73:1
Depreciation, Amortisation, Impairment - Building & Infrastructure	\$5,611			

Notes:

(1) Refer to Notes 6-8 inclusive.

(2) Refer to Note 10(a)

(3) \$4.02m ELE transferred out

(4) Refer to Note 9(a)

Notes To and Forming Part of the Financial Statements - Note 14

Investment Properties

Council did not have any investment property for the year 2010.

	2010 \$000	2009 \$000
AT FAIR VALUE		
Opening Balance at 1 July	-	-
Acquisitions	-	-
Capitalised subsequent expenditure	-	-
Classified as held for sale	-	-
Net gain (loss) from fair value adjustment	-	-
Transfer (to) from inventories or infrastructure, property, plant & equipment	-	-
Carrying value of disposals	-	-
Closing Balance at 30 June	-	-
AMOUNTS RECOGNISED IN PROFIT AND LOSS		
Rental Income	-	-
Outgoings recouped	-	-
Net gain (loss) from fair value adjustment	-	-
Repairs, maintenance & other operating expenses		
- property generating rental income	-	-
- property not generating rental income	-	-

Notes To and Forming Part of the Financial Statements - Note 15

Financial Risk Management

Council's activities expose it to a variety of financial risks including price risk, credit risk, liquidity risk and interest rate risk. The council's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Council. Council does not engage in transactions expressed in foreign currencies and is therefore not subject to foreign currency risk.

Financial risk management is carried out by the Finance Section in accordance with the policies approved by Council and in accordance with statutory requirements, and seeks to maximise revenue while protecting the corpus of the funds invested (refer to Council's *Policy 5.33 Investment of Surplus Liquid Funds*).

Council held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2010 \$000	2009 \$000	2010 \$000	2009 \$000
FINANCIAL ASSETS				
Cash and Cash Equivalents	2,176	1,170	2,176	1,170
Receivables	14,551	3,575	14,551	3,575
Held-to-maturity investments	44,860	30,050	44,860	30,050
	<u>61,587</u>	<u>34,795</u>	<u>61,587</u>	<u>34,795</u>
FINANCIAL LIABILITIES				
Payables	6,609	7,399	6,609	7,399
Borrowings and Bank Overdraft	21,498	10,256	21,498	10,256
	<u>28,107</u>	<u>17,655</u>	<u>28,107</u>	<u>17,655</u>

Fair value is estimated as follows:

- Cash & cash equivalents, receivables & payables - due to the short-term nature, face value (carrying value) approximates fair value.
- Held-to-maturity investments and borrowings - anticipated future cash flows discounted by current market interest rates applicable to assets and liabilities with similar risk profiles.
- Financial assets at fair value through profit & loss are based on quoted market prices in active markets for identical investments.

a) Cash and Cash Equivalents

Financial assets at fair value through profit & loss

Council's Investment Policy aims to *invest surplus funds in accordance with the requirements of the Local Government Act*. It also aims to *manage prudently and with optimum return, the funds at Council's disposal during periods prior to their requirement for expenditure*, i.e.. Council's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital.

The investment portfolio is managed in accordance with Council's policy (which complies with the *Local Government Act & Regulations*, and the Minister's Order. The investment policy is reviewed regularly, and a report in accordance with section 625 of the Act) is provided to Council on a monthly basis.

The investment portfolio is managed so as to provide adequate liquidity at all times, particularly during the periods between the quarterly receipt of rate instalments and grants. In addition, Council has access to overdraft facilities set out in Note 11.

Council's investment portfolio consists predominantly of Term Deposits at fixed interest rates (generally for 60 or 90 days duration). Whilst these are subject to interest rate risk, this is minimised by the short term of the financial assets held.

A relatively small portion of Council's investment portfolio is held in an "At Call" account, which is required in order to meet our short term financial obligations. This type of investment is also subject to interest rate risk, however, due to the small balance maintained in this type of investment, the risk is minimised.

Credit risk is also another risk facing Council's investment portfolio, however, Council manages this risk by diversifying its portfolio and only purchasing investments from banks with high credit ratings or capital guarantees.

Council's Investment Policy dictates that *the amount invested with any one financial institution (including a fund manager) should not exceed the following percentage of total average funds invested during a year.*

Long Term Rating (S&P)	Short Term Rating (S&P)	Percentage of Total Average Funds
AAA to AA-	A1+	45%
A+ to A	A1	30%
A- to BBB-	A2	25%
BB to D	-	NIL

Interest Sensitivity Analysis

	2010 \$000	2009 \$000
Impact of a 1% change in interest rates on cash & investments		
- Equity	449	301
- Income Statement	449	301

(b) Receivables

Council's major receivable comprises rates and annual charges and user charges and fees. Credit risk on receivables for rates, annual charges and service charges made under section 502 is minimised as these are secured over the subject land. The security extends to interest levied for late payment.

Other receivables are subject to a range of credit risk minimisation procedures as appropriate, varying from credit checks to specific security pledges. Council is not materially exposed to any individual debtor, and credit risk exposure is concentrated within the Council

boundaries in the State of New South Wales. There are no material receivables that have been subject to renegotiation of repayment terms. Council receives regular summary reports of receivables due, and detailed reports where appropriate.

It is Council policy to review receivables annually. As such, at reporting date, all amounts receivable were reviewed, and only one significant property-associated debt was considered doubtful. The property in question may be sold for unpaid rates in the coming financial year and the debt has been assessed to be recouped during this process. There were no other significant doubtful debts at balance date, however, adequate allowance has been made for smaller amounts considered doubtful.

	2010 \$000	2009 \$000
Percentage of Rates & Annual Charges (excludes previous years arrears of rates)		
- Current	4.25%	5.06%
- Overdue	95.75%	94.94%

(c) Payables and Borrowings

Payables and borrowings are both subject to liquidity risk -that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The investment portfolio is managed so as to provide adequate liquidity at all times, particularly during the periods between the quarterly receipt of rates instalments and grants. In addition, Council has access to overdraft facilities set out in Note 11.

Liquidity Sensitivity Table

The contractual undiscounted cash flows of Council's payables and borrowings are shown below:

	2010 \$000	≤1 year	Due 2 - 5 years	> 5 years	Total Contractual	Carrying Value
Payables		6,153	456	-	6,609	6,609
Borrowings		1,882	7,047	12,569	21,498	21,498
		8,035	7,503	12,569	28,107	28,107

	2009 \$000	≤1 year	Due 2 - 5 years	> 5 years	Total Contractual Cash Flows	Carrying Value
Payables		7,399	-	-	7,399	7,399
Borrowings		2,162	6,188	1,906	10,256	10,256
		9,561	6,188	1,906	17,655	17,655

Borrowings are also subject to interest rate risk - the risk that changes in interest rates could adversely affect funding costs. Council manages this risk by generally borrowing long term, commonly at rates fixed for the duration of the loan. The Finance Section regularly reviews the interest rate movements to determine if it would be advantageous to refinance or renegotiate part or all of the loan portfolio.

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

	2010		2009	
	Wtd ave interest rate	Balance	Wtd ave interest rate	Balance
Overdraft	-	-	-	323
Loans - fixed interest rate	7.75%	21,498	7.73%	9,933
		21,498		10,256

Notes To and Forming Part of the Financial Statements - Note 16

Material Budget Variations

Council's original budget was incorporated as part of the Management Plan adopted by the Council on 23rd June 2009. The original projections on which the budget was based have been affected by a number of factors. These include State and Federal Government decisions including new grants programs, changing economic activity, the weather and by decisions made by the Council. Material variations of more than 10% are explained below:

Material favourable (F) and unfavourable (U) variances represent amounts of 10% or more of the budgeted amounts.

Revenues

1) User Charges and Fees

The actual amount of user charges and fees received exceeded the budget by \$2,003K (F) (31.3%) predominately due to an increase in development activity in the Camden LGA and an increase in leisure centre operating revenues

- Development Services Fees and Charges \$1,383K
- Leisure Centre Operating Revenues \$620K

2) Interest and Investment Revenue

The actual amount of interest received exceeded the budget by \$899K (F) (88.4%) mainly due to higher than anticipated interest rates and increase in investment funds throughout the financial year.

3) Other Revenue

The actual amounts of other revenues received exceeded the budget by \$605K (F) (57.6%). The increases were as follows:

- Legal fees \$53K
- Insurance claims \$113K
- Reserve easement compensation \$87K
- Grass Cutting Regional Roads \$25K
- LSL payment from other councils \$114K
- Commissions and rebates \$67K
- Bushfire Services Reimbursements \$53K
- Other operating revenues \$94K

4) Grants and Contributions Received for Capital Purposes

Actual amounts for Grants & Contributions received exceeded budget by \$43,510K (F) (172.2%). This was predominately due to an increase in non cash capital contributions, a result of increased development activity in the LGA.

5) Net Gains from Disposal of Assets

The profit on sale of Assets exceeded the budget by \$78K (F) (39.0%) due to better profit margins from sales and an increase in the plant and equipment sold.

Expenses

1) Depreciation

The Depreciation Expense was less than the original budget by \$1,149K (F) (12.5%). This was mainly due to less than budgeted Plant & Equipment being purchased.

In addition to the above mentioned items, minor favourable and unfavourable variations occurred throughout the year in a number of revenue and expense items. All variations have been monitored and reported to the council on a regular basis.

Notes To and Forming Part of the Financial Statements - Note 17

Statement of Contribution Plans

SUMMARY OF DEVELOPER CONTRIBUTIONS

Purpose	Opening Balance	Contributions Received During Year		Interest Earned During Year	Expended During Year	Internal Borrowings (To)/from	Held As Restricted Asset	Projected Future Contribs	Projected Works Outstanding	Projected Over/(Under) Funding	Balance Internal Borrowings
		Cash	Non-Cash								
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Drainage	2,894	770	34,459	127	35,183	-	3,066	152,531	155,580	17	17
Roads	5,606	944	3,684	285	4,146	-	6,373	143,557	149,947	(17)	(17)
Traffic Facilities	909	11	-	39	272	-	687	3,180	3,867	-	-
Parking	(77)	22	-	(3)	-	-	(58)	2,871	2,813	-	-
Open Space	7,016	365	2,092	353	2,092	-	7,734	237,669	245,402	-	-
Community Facilities	(608)	612	-	(32)	419	-	(447)	175,355	174,908	-	-
Other	(595)	310	-	(27)	258	-	(569)	2,905	2,336	-	-
Subtotal S94 under plans	15,145	3,034	40,235	742	42,370	-	16,786	718,068	734,854	-	-
Sec 94 not under plans	88	-	-	4	-	-	92	-	92	-	-
Sec 94A levies	-	-	-	-	-	-	-	-	-	-	-
Planning Agreements	-	-	-	-	-	-	-	-	-	-	-
Sec 64 Contributions	-	-	-	-	-	-	-	-	-	-	-
TOTAL CONTRIBUTIONS	15,233	3,034	40,235	746	42,370	-	16,878	718,068	734,946	-	-

Note:

The above summary of contribution plans represents the total of Council's individual contribution plans. Individual plan details are shown below and also refer Note 1(aa) for further explanation on future contributions and works.

CONTRIBUTION PLAN - MANAGEMENT & PROVISION OF INFRASTRUCTURE IN LGA

Purpose	Opening Balance	Contributions Received During Year		Interest Earned During Year	Expended During Year	Internal Borrowings (To)/from	Held As Restricted Asset	Est. Future Contribs	Est. Works Outstanding	Est. Over/ (Under) Funding	Balance Internal Borrowings
		Cash	Non-Cash								
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Drainage	1,448	644	34,459	58	34,956	-	1,653	73,138	74,774	17	17
Roads	2,027	810	2,866	109	2,952	-	2,860	71,957	74,699	118	118
Traffic Facilities	4	-	-	-	-	-	4	2,480	2,484	-	-
Parking	(77)	22	-	(3)	-	-	(58)	2,871	2,813	-	-
Open Space	602	365	2,092	40	2,092	-	1,007	147,066	148,723	(651)	(651)
Community Facilities	(643)	612	-	(34)	419	-	(484)	80,923	80,439	-	-
Other	(748)	242	-	(34)	220	-	(760)	2,185	1,425	-	-
TOTAL	2,613	2,695	39,417	136	40,639	-	4,222	380,620	685,357	(516)	(516)

CONTRIBUTIONS PLAN NO: 3 - UPPER NARELLAN CREEK (TRUNK DRAINAGE & WATER QUALITY FACILITIES)

Purpose	Opening Balance	Contributions Received During Year		Interest Earned During Year	Expended During Year	Internal Borrowings (To)/from	Held As Restricted Asset	Est. Future Contribs	Est. Works Outstanding	Est. Over/ (Under) Funding	Balance Internal Borrowings
		Cash	Non-Cash								
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Drainage	1,342	126	-	63	227	-	1,303	8,888	10,191	-	-
Roads	-	-	-	-	-	-	-	-	-	-	-
Traffic Facilities	-	-	-	-	-	-	-	-	-	-	-
Parking	-	-	-	-	-	-	-	-	-	-	-
Open Space	-	-	-	-	-	-	-	-	-	-	-
Community Facilities	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
TOTAL	1,342	126	-	63	227	-	1,303	8,888	10,191	-	-

CONTRIBUTIONS PLAN NO: 5 - TRUNK DRAINAGE CATHERINE FIELD - PRECINCT 3

Purpose	Opening Balance	Contributions Received During Year		Interest Earned During Year	Expended During Year	Internal Borrowings (To)/from	Held As Restricted Asset	Est. Future Contribs	Est. Works Outstanding	Est. Over/ (Under) Funding	Balance Internal Borrowings
		Cash	Non-Cash								
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Drainage	79	-	-	4	-	-	83	260	343	-	-
Roads	-	-	-	-	-	-	-	-	-	-	-
Traffic Facilities	-	-	-	-	-	-	-	-	-	-	-
Parking	-	-	-	-	-	-	-	-	-	-	-
Open Space	-	-	-	-	-	-	-	-	-	-	-
Community Facilities	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
TOTAL	79	-	-	4	-	-	83	260	343	-	-

CONTRIBUTIONS PLAN NO: 6 - REHABILITATION & MANAGEMENT - ELDESLIE SAND & SOIL DEPOSITS

Purpose	Opening Balance	Contributions Received During Year		Interest Earned During Year	Expended During Year	Internal Borrowings (To)/from	Held As Restricted Asset	Est. Future Contribs	Est. Works Outstanding	Est. Over/ (Under) Funding	Balance Internal Borrowings
		Cash	Non-Cash								
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Drainage	-	-	-	-	-	-	-	-	-	-	-
Roads	2,501	-	-	117	530	-	2,088	-	2,621	(533)	(533)
Traffic Facilities	-	-	-	-	-	-	-	-	-	-	-
Parking	-	-	-	-	-	-	-	-	-	-	-
Open Space	5,639	-	-	275	-	-	5,914	-	5,914	-	-
Community Facilities	-	-	-	-	-	-	-	-	-	-	-
Other	(311)	-	-	(16)	-	-	(326)	326	-	-	-
TOTAL	7,829	-	-	377	530	-	7,676	326	8,535	(533)	(533)

CONTRIBUTIONS PLAN NO: 7 - ROAD MAINTENANCE - EXTRACTIVE INDUSTRIES

Purpose	Opening Balance	Contributions Received During Year		Interest Earned During Year	Expended During Year	Internal Borrowings (To)/from	Held As Restricted Asset	Est. Future Contribs	Est. Works Outstanding	Est. Over/ (Under) Funding	Balance Internal Borrowings
		Cash	Non-Cash								
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Drainage	-	-	-	-	-	-	-	-	-	-	-
Roads	650	-	-	32	33	-	649	-	649	-	-
Traffic Facilities	-	-	-	-	-	-	-	-	-	-	-
Parking	-	-	-	-	-	-	-	-	-	-	-
Open Space	-	-	-	-	-	-	-	-	-	-	-
Community Facilities	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
TOTAL	650	-	-	32	33	-	649	-	649	-	-

CONTRIBUTIONS PLAN NO: 8 - NARELLAN RELEASE AREA: PRIMARY 7 SECONDARY ROUNDABOUTS

Purpose	Opening Balance	Contributions Received During Year		Interest Earned During Year	Expended During Year	Internal Borrowings (To)/from	Held As Restricted Asset	Est. Future Contribs	Est. Works Outstanding	Est. Over/ (Under) Funding	Balance Internal Borrowings
		Cash	Non-Cash								
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Drainage	-	-	-	-	-	-	-	-	-	-	-
Roads	-	-	-	-	-	-	-	-	-	-	-
Traffic Facilities	696	11	-	35	-	-	742	-	742	-	-
Parking	-	-	-	-	-	-	-	-	-	-	-
Open Space	-	-	-	-	-	-	-	-	-	-	-
Community Facilities	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
TOTAL	696	11	-	35	-	-	742	-	742	-	-

CONTRIBUTIONS PLAN NO: 11 - SMEATON GRANGE ROADWORKS

Purpose	Opening Balance	Contributions Received During Year		Interest Earned During Year	Expended During Year	Internal Borrowings (To)/from	Held As Restricted Asset	Est. Future Contribs	Est. Works Outstanding	Est. Over/ (Under) Funding	Balance Internal Borrowings
		Cash	Non-Cash								
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Drainage	-	-	-	-	-	-	-	-	-	-	-
Roads	56	101	-	8	(187)	-	352	7,648	7,467	533	533
Traffic Facilities	-	-	-	-	-	-	-	-	-	-	-
Parking	-	-	-	-	-	-	-	-	-	-	-
Open Space	-	-	-	-	-	-	-	-	-	-	-
Community Facilities	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
TOTAL	56	101	-	8	(187)	-	352	7,648	7,467	533	533

CONTRIBUTIONS PLAN NO: 16 - ELLIS LANE/GRASMERE DEVELOPMENT

Purpose	Opening Balance	Contributions Received During Year		Interest Earned During Year	Expended During Year	Internal Borrowings (To)/from	Held As Restricted Asset	Est. Future Contribs	Est. Works Outstanding	Est. Over/ (Under) Funding	Balance Internal Borrowings
		Cash	Non-Cash								
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Drainage	-	-	-	-	-	-	-	-	-	-	-
Roads	341	33	-	18	-	-	392	-	527	(135)	(135)
Traffic Facilities	109	-	-	5	-	-	114	-	114	-	-
Parking	-	-	-	-	-	-	-	-	-	-	-
Open Space	-	-	-	-	-	-	-	-	-	-	-
Community Facilities	72	-	-	4	-	-	76	-	76	-	-
Other	(58)	7	-	(3)	-	-	(53)	67	14	-	-
TOTAL	464	40	-	24	-	-	529	67	731	(135)	(135)

CONTRIBUTIONS PLAN NO: 17 - NARELLAN TOWN CENTRE

Purpose	Opening Balance	Contributions Received During Year		Interest Earned During Year	Expended During Year	Internal Borrowings (To)/from	Held As Restricted Asset	Est. Future Contribs	Est. Works Outstanding	Est. Over/ (Under) Funding	Balance Internal Borrowings
		Cash	Non-Cash								
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Drainage	-	-	-	-	-	-	-	-	-	-	-
Roads	-	-	-	-	-	-	-	-	-	-	-
Traffic Facilities	100	-	-	(1)	272	-	173	700	527	-	-
Parking	-	-	-	-	-	-	-	-	-	-	-
Open Space	733	-	-	36	-	-	769	1,549	2,318	-	-
Community Facilities	-	-	-	-	-	-	-	-	-	-	-
Other	370	42	-	17	38	-	391	-	391	-	-
TOTAL	1,203	42	-	52	310	-	987	2,249	3,236	-	-

CONTRIBUTIONS PLAN NO: 18 - HARRINGTON PARK RELEASE AREA (COMMUNITY & RECREATION FACILITIES)

Purpose	Opening Balance	Contributions Received During Year		Interest Earned During Year	Expended During Year	Internal Borrowings (To)/from	Held As Restricted Asset	Est. Future Contribs	Est. Works Outstanding	Est. Over/(Under) Funding	Balance Internal Borrowings
		Cash	Non-Cash								
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Drainage	-	-	-	-	-	-	-	-	-	-	-
Roads	-	-	-	-	-	-	-	-	-	-	-
Traffic Facilities	-	-	-	-	-	-	-	-	-	-	-
Parking	-	-	-	-	-	-	-	-	-	-	-
Open Space	51	-	-	2	-	-	53	-	53	-	-
Community Facilities	(37)	-	-	(2)	-	-	(39)	39	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
TOTAL	14	-	-	-	-	-	14	39	53	-	-

CONTRIBUTIONS PLAN NO 20 - CAMDEN LGA FIRE & OTHER EMERGENCY SERVICES

Purpose	Opening Balance	Contributions Received During Year		Interest Earned During Year	Expended During Year	Internal Borrowings (To)/from	Held As Restricted Asset	Est. Future Contribs	Est. Works Outstanding	Est. Over/(Under) Funding	Balance Internal Borrowings
		Cash	Non-Cash								
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Drainage	-	-	-	-	-	-	-	-	-	-	-
Roads	-	-	-	-	-	-	-	-	-	-	-
Traffic Facilities	-	-	-	-	-	-	-	-	-	-	-
Parking	-	-	-	-	-	-	-	-	-	-	-
Open Space	-	-	-	-	-	-	-	-	-	-	-
Community Facilities	-	-	-	-	-	-	-	-	-	-	-
Other	152	11	-	8	-	-	171	327	498	-	-
TOTAL	152	11	-	8	-	-	171	327	498	-	-

CONTRIBUTION PLAN - ORAN PARK AND TURNER ROAD PRECINCTS

Purpose	Opening Balance	Contributions Received During Year		Interest Earned During Year	Expended During Year	Internal Borrowings (To)/from	Held As Restricted Asset	Est. Future Contribs	Est. Works Outstanding	Est. Over/(Under) Funding	Balance Internal Borrowings
		Cash	Non-Cash								
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Drainage	25	-	-	2	-	-	27	70,245	70,272	-	-
Roads	31	-	818	1	818	-	32	63,952	63,984	-	-
Traffic Facilities	-	-	-	-	-	-	-	-	-	-	-
Parking	-	-	-	-	-	-	-	-	-	-	-
Open Space	(9)	-	-	-	-	-	(9)	89,054	88,394	651	651
Community Facilities	-	-	-	-	-	-	-	94,393	94,393	-	-
Other	-	8	-	-	-	-	8	-	8	-	-
TOTAL	47	8	818	3	818	-	58	317,644	317,051	651	651

CONTRIBUTIONS NOT UNDER PLANS

Purpose	Opening Balance	Contributions Received During Year		Interest Earned During Year	Expended During Year	Internal Borrowings (To)/from	Held As Restricted Asset	Est. Future Contribs	Est. Works Outstanding	Est. Over/ (Under) Funding	Balance Internal Borrowings
		Cash	Non-Cash								
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Drainage	15	-	-	1	-	-	16	-	16	-	-
Roads	-	-	-	-	-	-	-	-	-	-	-
Traffic Facilities	-	-	-	-	-	-	-	-	-	-	-
Parking	-	-	-	-	-	-	-	-	-	-	-
Open Space	42	-	-	2	-	-	44	-	44	-	-
Community Facilities	31	-	-	1	-	-	32	-	32	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
TOTAL	88	-	-	4	-	-	92	-	92	-	-

Notes To and Forming Part of the Financial Statements - Note 18

Contingencies

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

Defined Benefit Superannuation Contribution Plans

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 amounting to \$286 million as at 30 June 2010. Council has been advised that it will need to make significantly higher contributions to help reverse this deficit. However, they may call upon Council to make an immediate payment sufficient to offset this deficit at any time. The share of this deficit that can be broadly attributed to the Council was estimated to be in the order of \$1.75 million as at 30 June 2010.

Effective from 1 July 2009, Councils are required to contribute at twice the "notional" or long term cost for a period of up to ten years in order to rectify this deficit.

Notes To and Forming Part of the Financial Statements - Note 19

Interests in Joint Ventures and Associates

Council did not have any involvement in joint venture projects for the year ending 30 June 2010.

Notes To and Forming Part of the Financial Statements - Note 20

Revaluation Reserves and Retained Earnings

	Notes	2010 \$000	2009 \$000
(a) RETAINED EARNINGS			
Movements in Retained Earnings were as follows:			
At Beginning of Year		386,532	344,564
Net operating result for the year		67,255	41,968
BALANCE END OF YEAR		453,787	386,532
(b) REVALUATION RESERVES			
Infrastructure, Property, Plant & Equipment revaluation reserve		246,409	25,370
		246,409	25,370
Movements:			
Property, Plant & Equipment revaluation			
At the beginning of the year		25,370	24,917
Revaluations	9		
Land		-	453
Roads, Bridges, Footpaths and Drainage		221,039	-
Balance at end of year		246,409	25,370
BALANCE AT END OF YEAR		246,409	25,370

Notes To and Forming Part of the Financial Statements - Note 22

Non-Curent Assets Classified As Held For Sale

	2010 \$000	2009 \$000
Land	1,403	1,403

Council made a resolution to sell two parcels of land, a contract was signed after the 30 June 2010. Settlement is expected during 2010/11.

Auditors Report - General Purpose



PITCHER PARTNERS

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CAMDEN COUNCIL

Independent Audit Report to the Council General Purpose Financial Statements for the Year ended 30 June 2010

Report on the Financial statements

We have audited the general purpose financial statements of Camden Council, which comprises the Balance Sheet as at 30 June 2010, Statement by Councillors and Management, and the Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows for the year then ended, a summary of significant accounting policies and other explanatory notes.

Council's Responsibilities for the Financial Statements

Council is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the statutory requirements under Local Government Act, 1993. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibilities

Our responsibility is to express an opinion on the financial statements based on our audit. Our audit responsibility does not extend to the Original Budget figures disclosed in the Income Statement and Cash Flow Statement, Notes 2(a), and 16 to the financial statements, estimated expenditure in note 17, additional Council disclosure notes, nor the attached Special Schedules.

We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Camden Council as of 30 June 2010, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations).

Report on Other Legal and Regulatory Requirements

Council's Responsibilities for compliance with other legal and regulatory requirements

Council is responsible for ensuring compliance with the accounting and reporting requirements of Division 2 of Part 3, Chapter 12 of the Local Government Act, 1993. This responsibility includes maintaining such accounting records as are necessary to correctly record and explain its financial transactions and its financial position, and to facilitate convenient and proper auditing of its financial statements.

Auditor's Responsibilities under Section 417(2) of the Local Government Act, 1993

Our responsibility is to report on Council's compliance with the accounting and reporting requirements of the Local Government Act, 1993 and Local Government (General) Regulation 2005.

Auditors' Opinion on other legal and regulatory requirements

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 and the Local Government (General) Regulation 2005; and
- (b) the Council's general purpose financial statements
 - i) have been prepared in accordance with the requirements of this Division and Regulation;
 - ii) are consistent with the Council's accounting records;
 - iii) present fairly the Council's financial position and the results of its operations;
- (c) all information relevant to the conduct of the audit has been obtained; and
- (d) there are no material deficiencies in the accounting records or financial statements that we have become aware of in the course of the audit.


PITCHER PARTNERS


CARLMILLINGTON
Partner

Sydney, 25 November 2010

Auditors Report - General Purpose


PITCHER PARTNERS

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25 November 2010

The Mayor
Councillor Chris Patterson
Camden Council
Camden NSW 2570

Dear Councillor Patterson

**REPORT ON THE CONDUCT OF THE AUDIT – Section 417(3)
YEAR ENDED 30 JUNE 2010**

In accordance with the requirements of the Department of Local Government, and the provisions of Section 417(3) of the Local Government Act, 1993, we provide the following comments arising from our conduct of the audit of Council's books, records, and financial statements for the 2010 year.

Audit Conclusion

Our audit of the financial reports for the year ended 30 June 2010 resulted in unqualified independent audit reports for Council's General Purpose and Special Purpose Financial Statements.

Additional Audit Considerations and Comment

The following comments are provided in accordance with Section 415(3) of the Local Government Act, 1993 and Clause 227 of the Local Government (General) Regulation 2005.

Income Statement

Operating Result. Council's operating surplus increased from \$41.968M in 2009 to \$67.255M in 2010. This compared with a budgeted surplus of \$20.402M for the year.

Operating Result before Capital. The operating result before Capital grants and contributions was a deficit of \$1.517M compared with a deficit of \$446K in 2009. This compared with the original budget deficit of \$4.860M.

Depreciation. Total depreciation for the year was \$8.521M of which \$502K was capitalised and \$8.019M included in the operating result. The operating expense increased from \$7.861M in the prior year and compared with the original budget of \$9.168M.

Grants and Contributions. Operating grants and contributions for the year totalled \$4.816M and represented 4.13% of total income from continuing operations. This compares with \$5.185M and 5.78% in 2009.

Capital grants and contributions amounted to \$68.772M for the 2010 year and represented 58.98% of total income from continuing operations. This compares with \$42.414M and 47.26% for the prior year. The majority of capital grants and contributions relate to developer contributions and dedicated assets of which \$51.917M was received as non-cash contributions.

Rates and Annual Charges. Revenue from rates and annual charges increased to \$30.771M from \$29.620M in the prior year. This represented a 3.9% increase and was \$440K less than the original budget for 2010.

Balance sheet - Financial Position

Council's equity at 30 June 2010 amounted to \$700.196M and was increased by the net operating result for the year (\$67.255M surplus) and the net revaluation of road and drainage infrastructure \$221M.

The movement in non-current assets is primarily due to the substantial increase arising from the revaluation process, together with acquisition of infrastructure property, plant and equipment, and depreciation of assets during the year.

At balance date Council had not utilised any of the bank overdraft facility of \$430K.

Movements in Cash and Cash Equivalentents

Council's cash and cash equivalent balances increased by \$1.329M during the year, with \$12.504M being provided from operations, \$22.290M utilised in investing activities for the acquisition and sale of non-current assets and \$11.565M provided from the net movement in loans.

Total Investments and Cash Balances

Council's total cash balance at 30 June 2010 was comprised of the following:

	2010	2009	2008
	\$'000	\$'000	\$'000
Externally restricted cash	33,793	20,583	18,092
Internally restricted cash	12,595	10,409	9,971
Unrestricted cash	648	228	103
<i>Total Cash & Cash Equivalentents</i>	<u>47,036</u>	<u>31,220</u>	<u>28,166</u>

Auditors Report - General Purpose

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Externally restricted cash balances increased overall mainly as a result of:-

- the receipt of developer contributions,
- the Camden Pool Redevelopment Grant, and
- the net reduction in Domestic Waste Management balance for the year.

Internally restricted balances increased mainly due to net movements in various reserves for specific Council projects as outlined on Note 6(c) such as employee leave entitlements, plant replacement, working funds reserve, capital works reserve and engineering services and the creation of the Commercial Waste Services reserve.

All of Council's reserves are backed by cash and investments.

Working Capital (Net Current Assets)

	2010	2009	2008
	\$'000	\$'000	\$'000
Current assets	62,954	36,694	32,175
Current liabilities	<u>14,528</u>	<u>15,302</u>	<u>13,918</u>
Net current assets	48,426	21,392	18,257
Add: liabilities not expected to be settled within the coming 12 months	<u>4,698</u>	<u>4,107</u>	<u>3,780</u>
Adjusted net Current Assets	53,124	25,499	22,037
<i>Less: Commitments against working capital</i>			
Net external restrictions	<u>44,362</u>	<u>18,961</u>	<u>16,952</u>
<i>Unrestricted Working Capital</i>	<u>8,762</u>	<u>6,538</u>	<u>5,085</u>

Council's balance of unrestricted working capital has increased from \$6.538M in 2009 to \$8.762M at the end of the 2010 financial year.

After taking into consideration Council's internal reserves, other liabilities that are anticipated to be funded from the 2010/11 operating budget and anticipated timing of rate revenues, the uncommitted working capital balance appears to provide a reasonable basis for funding the coming year's operations.

Performance Indicators and Trends

Prescribed performance indicators are included in Note 13 to the financial report and provide a comparison of the 2009 year results with prior years.

	2010	2009	2008	2007	2006
Unrestricted current ratio	1.95:1	1.74:1	1.61:1	1.03:1	2.15:1
Debt service ratio	6%	5%	5%	6%	5%
Rate coverage ratio	26%	33%	48%	45%	53%
Rates & annual charges outstanding ratio	6.16%	6.77%	7.16%	7.11%	7.96%
Asset renewals ratio	69%	49%	73%	N/A	N/A

Unrestricted Current Ratio. The ratio is well above the commonly accepted benchmark of 1:1 and just below the industry guidelines of 2:1.

Debt Service Ratio. The debt service ratio increased slightly on the prior year but remains below the industry benchmark of 10%.

Rates and Annual Charges Coverage Ratio. Council's rates and annual charges revenue represented 26% of 2010 total revenue. This has reduced on the prior year primarily as a result of the increase in non-cash capital grants and contributions received in 2010.

Rates and Annual Charges Outstanding Percentage. The amount of rates uncollected at year end expressed as a percentage of the total rates and annual charges collectible was 6.16%. This is a slight improvement on prior years but still remains outside the industry benchmark of 5%.

Asset Renewals Ratio. The ratio improved on the prior year and is below the industry guidelines of 1:1.

Other Matters

Revaluation of roads and related infrastructure assets

As a result of the requirement to revalue all roads and related infrastructure assets, Council's roads, bridges, footpaths and stormwater drainage assets have increased in value by \$221.039M. This revaluation increment was processed through Council's equity, with a corresponding increase in the Infrastructure, Property, Plant & Equipment Revaluation Reserve.

Non-Cash Contributions

Council's operating result for the 2010 year was significantly affected by the receipt of substantial non-cash developer contributions, with 44.6% of operating income for 2010 being non-cash.

Legislative Compliance

As a result of our audit we advise that no material deficiencies in the accounting records or financial reports have come to our attention during the conduct of the audit, and that Council's accounting records have been kept

Auditors Report - General Purpose

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accurately and conscientiously and in accordance with requirements of the Local Government Act, 1993, and Regulations.

Council has complied with all statutory reporting requirements relating to Division 2 of Chapter 12 of the Local Government Act, 1993, the Code of Accounting Practice and Financial Reporting (Update 18), and other legislatively prescribed standards.

Conduct of the audit

During the conduct of our audit, a number of issues arose that required additional explanation and investigation, however, we are able to report that all such issues have been appropriately attended to and there are no matters of audit significance that require mention in this report.

We would like to commend the courteous and professional manner in which Council's staff has acted throughout the conduct of our audit, and their willingness to consider issues that we raised and assist us with our audit.

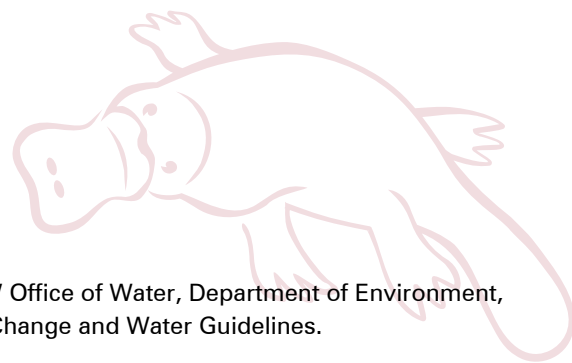
Yours faithfully
PITCHER PARTNERS

A handwritten signature in black ink that reads 'Carl Millington'.

CARL MILLINGTON
Partner

Special Purpose Financial Statements

For The Year Ended 30 June 2010



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

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

- NSW Government Policy Statement *"Application of National Competition Policy to Local Government"*
- Department of Local Government guidelines *"Pricing & Costing for Council Businesses: A Guide to Competitive Neutrality"*
- The Local Government Code of Accounting Practice and Financial Reporting

Cr Chris Patterson
Mayor

Greg Wright
General Manager

- 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 a resolution of Council made on 26th October, 2010.

Cr Lara Symkowiak
Deputy Mayor

Paul Rofe
Responsible Accounting Officer

Income Statement of Commercial Waste Business Activity For The Year Ended 30 June 2010

	Business Activity	
	Commercial Waste \$000	
	2010	2009
INCOME FROM CONTINUING OPERATIONS		
User Charges & Fees	501	473
TOTAL INCOME FROM CONTINUING OPERATIONS	501	473
EXPENSES FROM CONTINUING OPERATIONS		
Employee costs	117	128
Material & contracts	87	76
Depreciation & impairment	5	1
Other operating expenses	132	128
TOTAL EXPENSES FROM CONTINUING OPERATIONS	341	333
SURPLUS (DEFICIT) FROM CONTINUING OPERATIONS BEFORE CAPITAL AMOUNTS	160	140
Grants and Contributions - Capital	-	-
SURPLUS (DEFICIT) FROM CONTINUING OPERATIONS AFTER CAPITAL AMOUNTS	160	140
Less Corporate Taxation Equivalent (30%) [based on result before capital]	48	42
SURPLUS (DEFICIT) AFTER TAX	112	98
OPENING RETAINED PROFITS	996	856
ADJUSTMENTS FOR AMOUNTS UNPAID		
Corporate taxation equivalent	48	42
CLOSING RETAINED PROFITS	1,156	996

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



Balance Sheet of Commercial Waste Business Activity For The Year Ended 30 June 2010



	BUSINESS ACTIVITY	
	Commercial Waste \$000	
	2009	2008
Current Assets		
Cash and cash equivalents	989	989
TOTAL CURRENT ASSETS	<u>989</u>	<u>989</u>
Non-Current assets		
Property, Plant & Equipment	296	-
Equity accounted investments	-	7
Other	-	-
TOTAL NON-CURRENT ASSETS	<u>296</u>	<u>7</u>
TOTAL ASSETS	<u>1,156</u>	<u>996</u>
Current Liabilities		
Payables	-	-
TOTAL CURRENT LIABILITIES	<u>-</u>	<u>-</u>
NON-CURRENT LIABILITIES		
Payables	-	-
TOTAL NON-CURRENT LIABILITIES	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>-</u>	<u>-</u>
NET ASSETS	<u>1,156</u>	<u>996</u>
EQUITY		
Retained earnings	1,156	996
Council equity interest	1,156	996
TOTAL EQUITY	<u>1,156</u>	<u>996</u>

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

Notes to 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 SPFS for National Competition Policy reporting purposes follows.

These financial statements are a Special Purpose Financial Statements (SPFS) prepared for the use by the Council and Department of Local Government. For the purpose of these statements, the council is not a reporting entity.

The figures presented in these Special Purpose Financial Statements have been prepared in accordance with the recognised criteria of applicable Australian Accounting Standards, other authoritative pronouncements of the AASB and Australian Accounting Interpretation. The disclosures in these Special Purpose Financial Statements have been prepared in accordance with the Local Government Act and Regulation and the Local Government Code of Accounting Practice and Financial Reporting.

The statements are also prepared on an accruals basis. They are 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 National Competition Policy.

National Competition Policy

Council has adopted the principle of 'competitive neutrality' to its business activities as part of National Competition Policy which is being applied throughout Australia at all levels of government. The framework for its application is set out in June 1996 Government Policy statement on the "Application of National Competition Policy to Local Government". The "Pricing & Costing for Council Business 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 Business – A Guide to Competitive Neutrality, council has declared that the following are to be considered as business activities:

Category 2

Name of Business Activity:

Camden Commercial Waste Services

Brief Description of Business Activity:

Provide a diversified range of waste removal services to business operations in the Camden LGA.

Monetary Amounts

The amounts shown in the financial statements are in Australian currency and rounded to the nearest dollar.

(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 Statements) just like all other costs. However, where council does 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 SPFS.

For the purpose of disclosing comparative information relevant to the private sector 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:	\$100 + 1.70% of land value greater than \$352,000
Stamp Duty:	In accordance with relevant NSW conveyance rates
Payroll Tax:	6.0% of payroll costs greater than \$600,000



Income Tax

An income tax equivalent has been applied on the profits of the business. Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account of in terms of assessing the rate of return required on capital invested. Accordingly, the return on capital invested is set at a pre-taxed level (Operating Result 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, currently 30%.

Income tax is only applied where a surplus from ordinary activities before capital amounts has been achieved. Since the taxation equivalent is notional, that is, it is payable to the “Council” as the owner of business operations, it represents an internal payment and has no effect on the operations of the council.

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

Other Taxes

The taxation equivalents for Land Tax, Stamp Duty and Payroll Tax are not applicable to this business activity.

Local Government Rates & Charges

A calculation of the equivalent rates and charges for all businesses have 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 a debt guarantee fee, Council has determined what the differential borrowing rate would have been between the commercial rate and the council’s borrowing rate for its business activities.

As at 30 June 2010, Camden Commercial Waste Services had no outstanding loans and did not borrow during the financial year. As such, loans and debt guarantee fees have not been applied to this business activities.

(ii) Subsidies

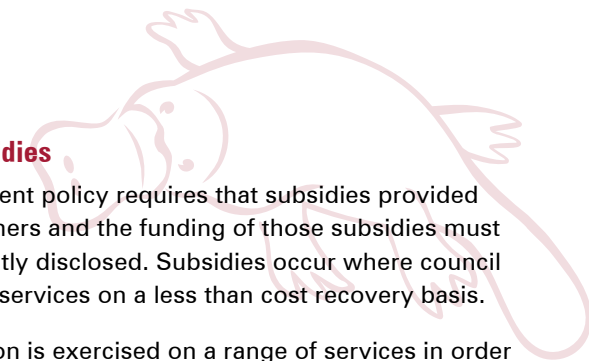
Government policy requires that subsidies provided to customers and the funding of those subsidies must be explicitly disclosed. Subsidies occur where council provides services on a less than cost recovery basis.

This option is exercised on a range of services in order for council to meet its community service obligations.

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

(iii) Dividends

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



Auditors Report - Special Purpose



PITCHER PARTNERS

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CAMDEN COUNCIL

Special Purpose Financial Statement

Independent Auditors' Report to the Council for the Year ended 30 June 2010

Report on the Financial Statements of Council's Declared Business Activities

We have audited the accompanying financial statements, being special purpose financial statements, of Camden Council's declared business activities, which comprises the balance sheet as at 30 June 2010 and the income statement for the year then ended, a summary of significant accounting policies, and other explanatory notes and the Statement by Councillors and Management.

Council's Responsibilities for the Financial Statements

Council is responsible for the preparation and fair presentation of the financial statements and has determined that the accounting policies described in Note 1 to the financial statements which form part of the financial statements are appropriate to their needs. Council's responsibility also includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibilities

Our responsibility is to express an opinion on the financial statements based on our audit. No opinion is expressed as to whether the accounting policies used, as described in Note 1, are appropriate to meet the needs of Council. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Council, as well as evaluating the overall presentation of the financial statements.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Camden Council as of 30 June 2010 and of its financial performance for the year then ended in accordance with the accounting policies described in Note 1 to the financial statements.


PITCHER PARTNERS


CARLMILLINGTON
Partner

Sydney, 25 November 2010

Special Schedule No 1

Net Cost of Services For The Year Ended 30 June 2010

Function or Activity	Expenses From Continuing Operations		Income From Continuing Operations			Net Cost of Services	
	Expenses \$000	Group Totals \$000	Non Capital Revenues \$000	Capital Revenues \$000	Group Totals \$000	Net Cost \$000	Group Totals \$000
GOVERNANCE	1,105	1,105	60	-	60	1,045	1,045
ADMINISTRATION							
Corporate Support	8,915	-	1,022	-	-	7,893	-
Engineering & Works	3,064	-	195	-	-	2,869	-
Other Support Services	-	11,979	-	-	1,217	-	10,762
PUBLIC ORDER & SAFETY							
Statutory Contributions to Fire Service Levy	453	-	-	-	-	453	-
Fire Protection - Other	258	-	157	45	-	56	-
Animal Control	344	-	93	-	-	251	-
Enforcement of Local Govt Regulations	12	-	-	-	-	12	-
Emergency Services	74	-	60	-	-	14	-
Other	-	1,141	-	-	355	-	786
HEALTH							
Administration & Inspection	834	-	101	-	-	733	-
ENVIRONMENT							
Noxious Plants	96	-	23	-	-	73	-
Other Environmental Protection	107	-	4	-	-	103	-
Domestic Waste Management	4,970	-	4,950	-	-	20	-
Other Waste Management	341	-	501	-	-	(160)	-
Other Sanitation and Garbage	193	-	173	-	-	20	-
Urban Stormwater Drainage	1,296	7,003	315	46,813	52,779	(45,832)	(45,776)
COMMUNITY SERVICES & EDUCATION							
Administration & Education	208	-	18	-	-	190	-
Family Day Care	1,030	-	1,007	-	-	23	-
Child Care	115	-	60	-	-	55	-
Youth Services	173	-	8	-	-	165	-
Aged & Disabled	13	-	10	-	-	3	-
Other Community Services	801	2,340	631	-	1,734	170	606
HOUSING & COMMUNITY AMENITIES							
Public Cemeteries	30	-	169	-	-	(139)	-
Street Lighting	793	-	-	-	-	793	-
Town Planning	2,433	-	182	-	-	2,251	-
Other Community Amenities	176	3,432	-	-	351	176	3,081

Function or Activity	Expenses From Continuing Operations		Income From Continuing Operations			Net Cost of Services	
	Expenses \$000	Group Totals \$000	Non Capital Revenues \$000	Capital Revenues \$000	Group Totals \$000	Net Cost \$000	Group Totals \$000
RECREATION & CULTURE							
Public Libraries	1,950	-	216	-	-	1,734	-
Community Centres	309	-	214	-	-	95	-
Public Halls	744	-	604	-	-	140	-
Other Cultural Services	7	-	1	-	-	6	-
Swimming Pools	3,227	-	2,693	238	-	296	-
Parks & Gardens (Lakes)	4,768	-	430	3,702	-	636	-
Other Sport & Recreation	12	11,017	-	-	8,098	12	2,919
MINING, MANUFACTURING & CONSTRUCTION							
Building Control	4,047	-	3,568	-	-	479	-
Quarries & Pits	-	4,047	-	-	3,568	-	479
TRANSPORT & COMMUNICATION							
Urban Roads	5,665	-	-	14,494	-	(8,829)	-
Regional Roads	-	-	20	-	-	(20)	-
Bridges on Urban Roads	2	-	-	-	-	2	-
Footpaths	107	-	-	-	-	107	-
Parking Areas	7	-	-	-	-	7	-
Bus Shelters & Services	78	-	-	-	-	78	-
RTA Works	207	-	-	726	-	(519)	-
Other	54	6,120	362	2,754	18,356	(3,062)	(12,236)
ECONOMIC AFFAIRS							
Tourism & Area Promotion	320	-	16	-	-	304	-
Other Business Undertakings	18	338	64	-	80	(46)	258
TOTALS - FUNCTIONS	49,356	49,356	17,927	68,772	86,699	(37,343)	(37,343)
GENERAL PURPOSE REVENUES⁽¹⁾	-	-	29,912	-	29,912	29,912	29,912
	49,356	49,356	47,47,839	68,772	116,611	67,255	67,255
NET OPERATING RESULT FOR THE YEAR⁽²⁾	-	49,356	-	-	116,611	-	67,255

Notes:

(1) Includes:

- * Rates and Annual Charges (incl. Ex-Gratia)
- * Non-Capital General Purpose Grants
- * Interest on Investments.

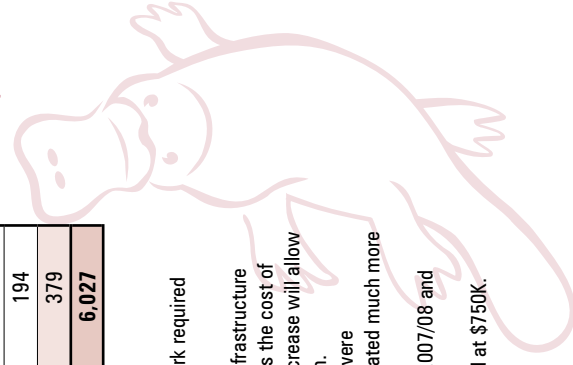
(2) As reported on the Income Statement.

Special Schedule No 2(a) Statement of Long-Term Debt (All Purpose)

For The Year Ended 30 June 2010

Classification of Debt	Principle Outstanding at Beginning of Year		New Loans Raised During the Year \$000	Debt Redemption During the Year		Transfers to Sinking Funds \$000	Interest Applicable for Year \$000	Principle Outstanding at End of Year		
	Current \$000	Non-Current \$000		Total \$000	From Revenue \$000			Sinking Funds \$000	Current \$000	Non-Current \$000
LOANS (By Source)										
Financial Institutions	1,839	8,094	9,933	1,600	1,835	-	686	1,782	7,916	9,698
Dept of Planning (NSW Treasury)	-	-	-	11,800	-	-	-	100	11,700	11,800
TOTAL LOANS	1,839	8,094	9,933	13,400	1,835	-	686	1,882	19,616	21,498
TOTAL LONG TERM DEBT	1,839	8,094	9,933	13,400	1,835	-	686	1,882	19,616	21,498

Special Schedule No 7 Condition of Public Works As At 30th June 2010



Asset Class	Asset Category	Dep. Expense Rate (%)	Depreciation Expense \$000	Cost \$000	Valuation \$000	Accumulated Depreciation \$000	WDV \$000	Asset Condition (see Notes attached) \$000	Est. Cost to bring to a Satisfactory Standard \$000	Required Annual Maintenance Expense \$000	Current Annual Maintenance \$000
	References	Note 9	Note 4		Note 9				Local Govt. Act 1993, Section 428 (2d)		
Public Buildings	Administration Services	2	235	-	6,969	2,331	4,638	3	146	146	53
	Works Depot	2	34	-	1,809	1,194	615	3	-	41	41
	Civic Centre Facilities	2	148	-	3,859	1,220	2,639	3	180	20	20
	Community Facilities	2	886	-	24,859	9,427	15,432	3	348	254	161
	Swimming Pool	2	123	-	6,615	2,057	4,558	3-4	817	119	119
	Bushfire Buildings & SES	2	25	-	1,107	523	584	2	-	18	18
	Environment Services	2	17	-	975	466	509	2	-	7	7
	Amenities/Toilets	2	218	-	8,930	4,666	4,264	3	-	33	33
	Other Structures	-	1,686	-	55,123	21,884	33,239	-	1,491	638	452
	Subtotal	2	168	6,043	-	2,824	3,219	3	-	16	16
		-	1,854	6,043	55,123	24,708	36,458	-	1,491	654	468
Public Roads	Sealed Roads	2	2,018	-	220,473	32,927	187,546	3-4	21,738	4,675	4,654
	Bridges	1	15	-	12,456	4,416	8,040	3	174	290	253
	Footpaths	2	47	-	12,346	3,660	8,686	3-4	2,062	255	136
	Kerb & Gutter	2	962	-	74,963	18,832	56,131	3	352	20	20
	Road Furniture	2	62	-	3,653	919	2,734	3	50	200	117
Subtotal	-	3,104	-	323,891	60,754	263,137	-	24,376	5,440	5,180	
Drainage Works	Retarding Basins	1	41	-	7,490	621	6,869	4	827	87	47
	Conduits	1	665	-	135,744	18,546	117,198	3	123	216	138
	Inlet & Junction Pits	1	115	-	26,956	6,025	20,931	3	40	194	194
	Subtotal	-	821	-	170,190	25,192	144,998	-	990	497	379
	Total Classes - All Assets	-	5,779	6,043	549,204	110,654	444,593	-	26,857	6,591	6,027

Condition Rating Description :

1 New = Near Perfect

4 Poor = Major work required

2 Good Condition = No work required

5 Unserviceable = Replacement required

3 Satisfactory = Minor work required

Notes:

Additional Information Supporting Special Schedule 7: In preparing the 2010/11 Budget, Council undertook an assessment of all of its infrastructure and identified a shortfall in funds for infrastructure renewal of \$24.5million. This amount is the deemed cost to bring these community infrastructure assets back to a satisfactory condition. The cost does not include any upgrades, it represents the cost of returning the asset to its original condition. These works formed part of the Special Rate Variation Council applied for in 2010/11, which was approved for a period of three years. This rate increase will allow Council to undertake those priority works to the value of \$3.7million. There is still a shortfall in funds of approximately \$21million to complete the renewal works identified within this program.

Road Pavements: Of the \$21,738K, \$2,993K is the estimated costs to restore road pavements to an acceptable standard in the Narellan Vale, Currans Hill and Mt Annan areas. These roads were constructed between 1990 and 1995. The construction works carried by the developer are considered to be substandard, mainly due to poor pavement design. Hence the roads have deteriorated much more rapidly, requiring either full reconstruction or major maintenance to be carried out.

Buildings - Swimming Pool: A review of the Mt Annan Leisure Centre has revealed a number of defects that require rectification works. Council has undertaken improvement works during 2007/08 and 2008/09 to the value of \$527K. However, an additional \$817K is required to complete all defect works.

Drainage Works - Detention Basins: Lake Annan requires major rectification works to ensure water quality and environmental controls are not affected. The value of this works is estimated at \$750K.

Special Schedule No 8 Financial Projections For The Year Ended 30 June 2010

	2010 ⁽¹⁾	2011	2012	2013	2014
	\$000	\$000	\$000	\$000	\$000
RECURRENT BUDGET					
Income from Continuing Operations					
Rates & Annual Charges	30,771	34,173	36,249	38,536	39,986
User Charges & Fees	8,403	6,944	7,249	7,631	7,964
Interest and Investment Revenues	1,915	1,839	1,928	2,021	2,116
Other Revenues from Ordinary Activities	1,656	1,270	1,320	1,771	1,419
Grants & Contributions - Operating Purposes	4,816	4,316	4,360	4,497	4,611
Grants & Contributions - Capital Purposes	68,772	18,875	28,774	22,273	19,841
Net Gain from the Disposal of Assets	278	-	-	-	-
TOTAL INCOME FROM CONTINUING OPERATIONS	116,611	67,417	79,880	76,729	75,937
Note (1) From Income Statement.					
Expenses from Continuing Operations:					
Employee Benefits & On-Costs	22,622	24,348	27,432	28,352	29,512
Borrowing Costs	686	710	725	769	807
Materials & Contracts	14,183	13,816	15,499	16,537	17,704
Depreciation	8,019	10,226	11,175	11,962	13,170
Other Expenses	3,846	4,078	4,183	5,396	4,795
TOTAL EXPENSES FROM CONTINUING OPERATIONS	49,356	53,178	59,014	63,016	65,988
OPERATING RESULT FROM CONTINUING OPERATIONS	67,255	14,239	20,866	13,713	9,949
CAPITAL BUDGET					
New Capital Works					
Major Road Improvements/Construction	4,273	12,728	10,611	3,104	2,366
Stormwater and Water Quality Improvements	256	125	73	73	73
Building Construction and Improvements	219	464	3,810	2,522	-
Camden Swimming Pool Redevelopment	559	2,476	-	-	-
Parks and Recreational Improvements	1,134	330	779	1,390	2,213
	6,441	16,123	15,273	7,089	4,652
Funded by:					
Recurrent Loan Borrowings	1,600	1,600	1,600	1,600	1,600
Internal Cash Restrictions - DOP Loan Reserve	449	5,525	5,525	-	-
Internal Cash Restrictions - Developer Contributions	1,227	4,937	6,485	3,670	2,213
Internal Cash Restrictions - Other	723	128	-	-	-
Operating and Capital Grants	1,810	2,809	409	409	409
Community Infrastructure Renewal Program	-	860	937	1,037	-
Recurrent Revenues	528	264	317	373	430
Other Funding	104	-	-	-	-
	6,441	16,123	15,273	7,089	4,652

Note : Balances with 2010/11 Management Plan Capital Works Schedule excluding the following items:

- Dedicated Assets
- Works-In-Kind Delivered Capital Works
- Items deemed as recurrent Capital Works