

Camden Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2012

Camden, the Best of Both Worlds



Camden Council

General Purpose Financial Statements

for the financial year ended 30 June 2012

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Overview

- (i) These financial statements are General Purpose Financial Statements and cover the consolidated operations for Camden Council.
- (ii) Camden Council is a body politic of NSW, Australia - being constituted as a Local Government area by proclamation and is duly empowered by the Local Government Act (LGA) 1993 of NSW.

Council's Statutory Charter is specified in Paragraph 8 of the LGA and includes;

- carrying out activities and providing goods, services & facilities appropriate to the current & future needs of the Local community and of the wider public
- responsibility for administering regulatory requirements under the LGA and other applicable legislation, &
- a role in the management, improvement and development of the resources of the local government area.

A description of the nature of Council's operations and its principal activities are provided in Note 2(b).

- (iii) All figures presented in these financial statements are presented in Australian Currency.
- (iv) These financial statements were authorised for issue by the Council on 05/11/12. Council has the power to amend and reissue the financial statements.
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Camden Council

General Purpose Financial Statements

for the financial year ended 30 June 2012

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 Statements have been prepared in accordance with:

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

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

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

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

Signed in accordance with a resolution of Council made on 09 October 2012.



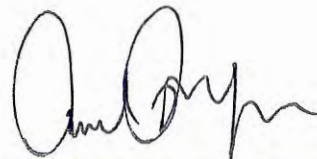
Cr Lara Symkowiak
MAYOR



Cr Peter Sidgreaves
DEPUTY MAYOR



Greg Wright
GENERAL MANAGER



Paul Rofe
RESPONSIBLE ACCOUNTING OFFICER

2011/12 Annual Financial Statements

EXECUTIVE SUMMARY

Introduction

Camden is one of the fastest growing areas in New South Wales. The population growth is placing more pressure on Council's finances and resources as we plan for an extra 250,000 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 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 2010/11 and 2011/12:

	2011/12 \$'000	2010/11 \$'000
Total Income from Continuing Operations	\$135,564	\$108,917
Total Expenses from Continuing Operations	\$64,467	\$91,049
Operating Result from Continuing Operations	\$71,097	\$17,868
Grants and Contributions provided for Capital Purposes	\$70,551	\$54,265
Net Operating Result before Grants and Contributions provided for Capital Purposes	\$546	(\$36,397)

Operating Result from Continuing Operations

The operating result after accounting for capital income is a surplus of \$71.1 million an increase of \$53.2 million on the 2010/11 operating result. This result is predominately due to non-cash contributions such as road and open space dedications from developers to Council. The value of non-cash contributions for 2011/12 is \$61.7 million (2010/11 \$43.4 million). The accounting standards require the dedication of assets to be brought to account as income which inflates 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.

The movement in the operating result from 2010/11 has also been distorted by a one-off decrement expense in 2010/11 due to the adoption of fair value (revaluation) for Community Land and Other Assets, this increased expenses in 2010/11 by \$30.4 million.

Operating Result (before capital items)

Council's operating result before capital items is a surplus of \$546,000. This result excludes capital income of \$70.6 million. In comparing this result to 2010/11 the improvement of \$36.9 million is predominately a result of revaluations (decrement) in 2010/11 which increased expenses by \$30.4 million. There is also a net increase in income of \$3.8 million in 2011/12 upon adopting fair value for loans and natural growth in Council's rating base and operational grants received during 2011/12.

Balance Sheet

The net value of assets owned by our community is \$834 million (\$770 million in 2010/11). The majority of this equity relates to the ownership of land and infrastructure assets such as roads, stormwater drainage, footpaths and bridges. The increase in equity is predominately a result of asset dedications (\$61.7 million) from developers during 2011/12.

Financial Sustainability Indicators

To assist readers in understanding the 2011/12 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

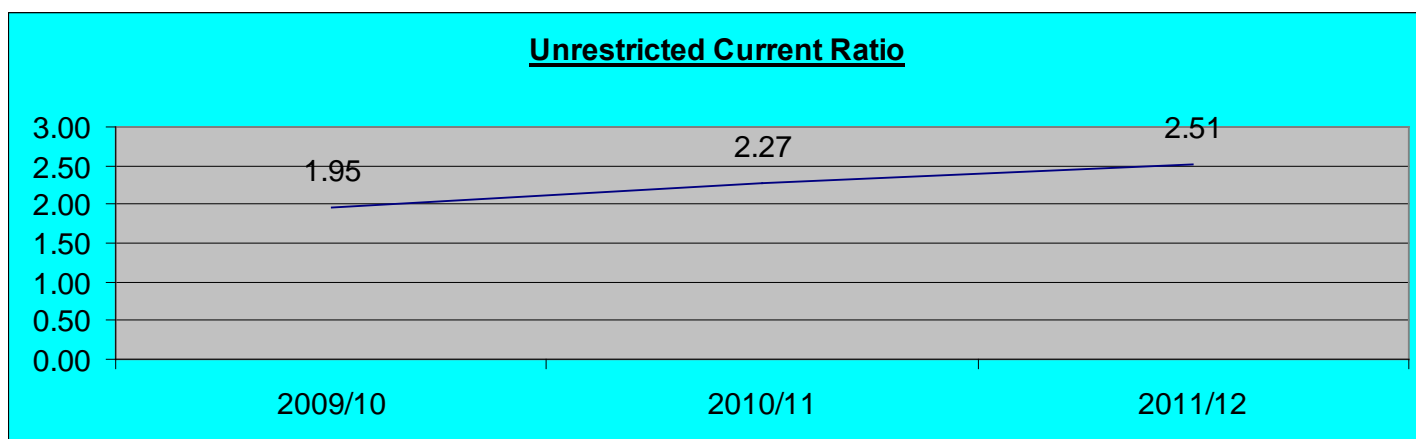
The unrestricted current ratio measures Council's ability to meet its short-term financial obligations such as creditors, loan repayments, payroll and leave entitlements.

Council's unrestricted current ratio has increased from 2.27:1 in 2010/11 to 2.51:1 in 2011/12, this ratio indicates that for every \$1 of current liability, Council has \$2.51 in current assets to fund that liability. The movement in this ratio is predominately a result of less cash being externally restricted which increases the value of current assets being available to fund current liabilities. This ratio is above the industry benchmark of 2:1.

Local Government Benchmark

1. Ratio GREATER than 2:1
2. Ratio BETWEEN 1:1 and 2:1
3. Ratio LESS than 1:1

GREEN
AMBER
RED



2. Debt Service Ratio (Percentage)

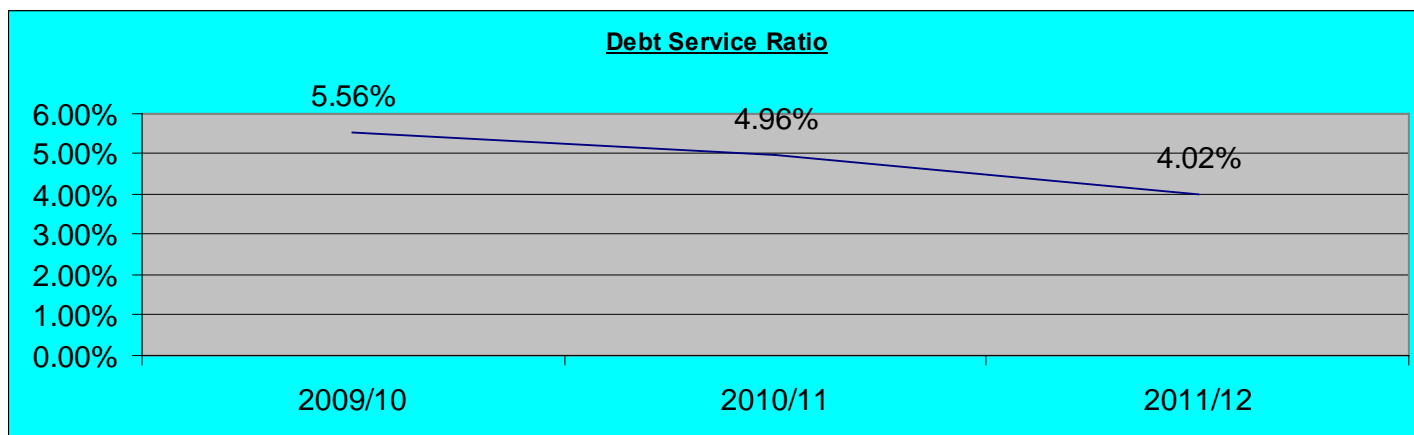
The debt service ratio measures Council's ability to service its outstanding debt. The ratio reflects the annual revenue necessary to service our annual debt obligations. Council did not borrow in 2011/12 but repaid \$1.7 million. The ratio has decreased from 4.96% (2010/11) to 4.02% which means Council has decreased 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 has decreased from \$21.2 million (2010/11) to \$19.5 million. The amount outstanding is primarily the result of an \$11.8 million interest free loan from the NSW Department of Planning for the renewal and urban upgrade of Lodges Road and Hilder Street, Elderslie. The money was borrowed in 2009/10. 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%
2. Ratio is BETWEEN 10% and 15%
3. Ratio is GREATER than 15%

GREEN
AMBER
RED



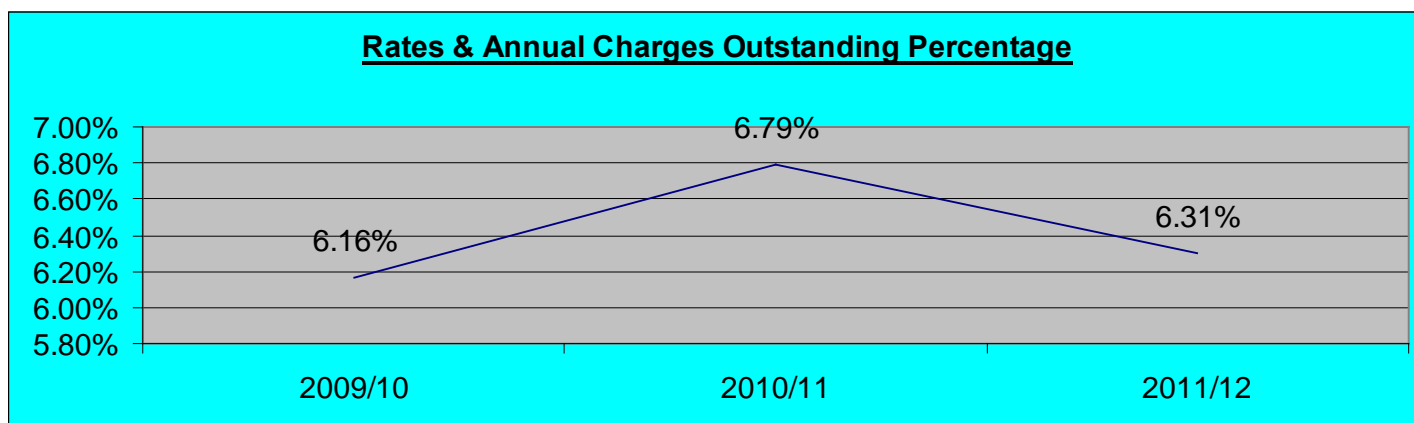
3. Rates and Annual Charges Outstanding Percentage

This indicator identifies the rates outstanding as a percentage of the total rates receivable in any given year. The decrease in this indicator from 6.79% (2010/11) to 6.31% is predominately due to an increase in the total rates receivable, this increase is a direct result of growth. Council's arrears of rates historically remain around \$2.4 million. Council allows all ratepayers the opportunity to make arrangements where their economic situation makes it difficult to pay their rates within 12 months (Note: Council does not legally pursue Pensioners for outstanding rates. The indicator excluding Pensioners for 2011/12 is 5.06%).

Local Government Benchmark

1. Ratio is LESS than 5%
2. Ratio is BETWEEN 5% and 9%
3. Ratio is GREATER than 9%

GREEN
AMBER
RED



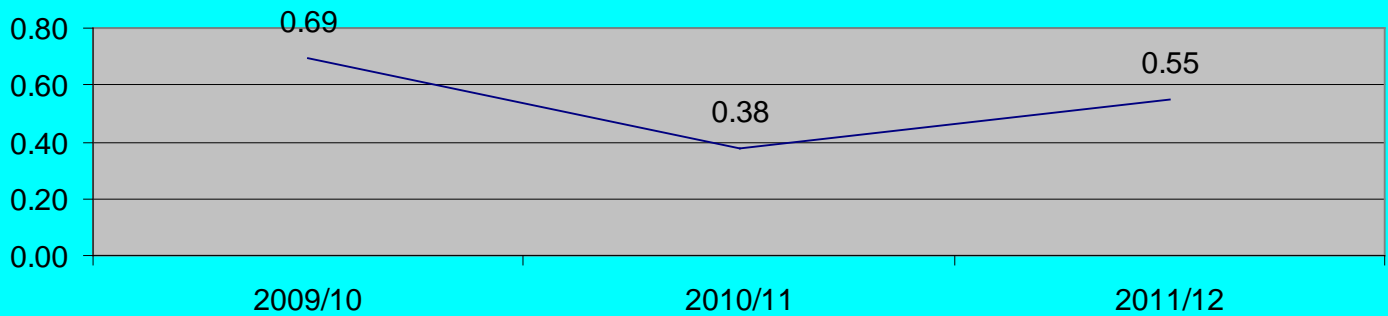
4. Buildings & Infrastructure Renewals Ratio

The Buildings and Infrastructure Renewals ratio measures how quickly Council is replacing assets compared to their consumption. The ratio has increased from 0.38:1 in 2010/11 to 0.55:1 in 2011/12. This means for every \$1 of asset we consume, Council is spending 0.55 cents to replace it. The level of Council's renewal budget is not a result of poor management most Councils find it difficult fund renewal on a 1:1 basis and also fund service driven priorities.

As a result of an approved Special Rate Variation for 3 years (approved in 2009/10) Council will spend an additional \$3.6 million on asset renewal over 3 years. Council spent \$5.89 million on asset renewal in 2011/12 (\$3.85 million 2010/11). The increase in this ratio is predominately due Council spending more on asset renewal in 2011/12.

A ratio of better than 1:1 is a benchmark that demonstrates a Council is able to replace assets as they are consumed.

Building & Infrastructure Renewals Ratio



2011/12 & 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 its infrastructure renewal backlog and provide for the expected growth over the next 20-30 years.

Council is committed to building a new administration building to accommodate the workforce that will be required to service its growing community. Stage 1 of this project is expected to cost \$28 million (gross) it is expected that loan borrowings will in part fund this project. Council has continued to limit loan borrowings to ensure it has the capacity to fund this major project.

Council's Special Rate Variation also ends in 2013/14, it will be difficult for Council to keep pace with its asset renewal backlog if a continuation of this Special Rate Variation is not approved beyond 2013/14. Council will consider the merits of a continuation when considering the 2013/14 budget.

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

Camden Council

Income Statement

for the financial year ended 30 June 2012

Budget ⁽¹⁾			Actual	Actual
2012	\$ '000	Notes	2012	2011
Income from Continuing Operations				
Revenue:				
36,557	Rates & Annual Charges	3a	36,672	34,027
8,732	User Charges & Fees	3b	10,407	10,016
2,485	Interest & Investment Revenue	3c	8,584	3,332
2,870	Other Revenues	3d	1,220	1,647
4,697	Grants & Contributions provided for Operating Purposes	3e,f	8,023	5,630
19,763	Grants & Contributions provided for Capital Purposes	3e,f	70,551	54,265
Other Income:				
-	Net gains from the disposal of assets	5	107	-
75,104	Total Income from Continuing Operations		135,564	108,917
Expenses from Continuing Operations				
25,881	Employee Benefits & On-Costs	4a	25,349	23,636
759	Borrowing Costs	4b	1,783	681
16,966	Materials & Contracts	4c	16,758	16,899
14,726	Depreciation & Amortisation	4d	13,322	12,828
4,037	Other Expenses	4e	7,255	36,564
-	Net Losses from the Disposal of Assets	5	-	441
62,369	Total Expenses from Continuing Operations		64,467	91,049
12,735	Operating Result from Continuing Operations		71,097	17,868
12,735	Net Operating Result for the Year		71,097	17,868
12,735	Net Operating Result attributable to Council		71,097	17,868
(7,028)	Net Operating Result for the year before Grants and Contributions provided for Capital Purposes		546	(36,397)

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

Camden Council

Statement of Comprehensive Income

for the financial year ended 30 June 2012

\$ '000	Notes	Actual 2012	Actual 2011
<hr/>			
Net Operating Result for the year (as per Income statement)		71,097	17,868
Other Comprehensive Income			
Gain/(Loss) on Revaluation of Land Under Roads	20b (ii)	(6,934)	12,438
Gain/(Loss) on Revaluation of Land Improvements	20b (ii)	-	38,663
Gain/(Loss) on Revaluation of Buildings - Non Specialised	20b (ii)	-	855
Total Other Comprehensive Income for the year		(6,934)	51,956
<hr/>			
Total Comprehensive Income for the Year		64,163	69,824
<hr/>			
Total Comprehensive Income attributable to Council		64,163	69,824

Council had re-valued in 2010/11 Community Land and Other Structures in accordance with the requirements of the Division of Local Government. The revaluation resulted in a substantial decrease in the carrying value for both Community Land and Other Structures. In accordance with AASB116 this decrease is shown as part of "Other Expenses" in the Income Statement. This is a one-off accounting adjustment due to a change in the valuation methodology.

Land Under Roads has been written down as a result of the reclassification of some RMS roads, previously classified as Council roads.

To assist users of Council's Financial Statements an adjusted net operating result is provided below to show Council's operating result if the one-off accounting adjustment was removed.

Adjusted Income Statement

for the financial year ended 30 June 2012

Budget ⁽¹⁾ 2012	\$ '000	Notes	Actual 2012	Actual 2011
<hr/>				
75,104	Total Income from Continuing Operations		135,564	108,917
<hr/>				
Adjusted Expenses from Continuing Operations				
25,881	Employee Benefits & On-Costs	4a	25,349	23,636
759	Borrowing Costs	4b	1,783	681
16,966	Materials & Contracts	4c	16,758	16,899
14,726	Depreciation & Amortisation	4d	13,322	12,828
4,037	Other Expenses	4e	7,255	6,119
-	Net Losses from the Disposal of Assets	5	-	441
<hr/>				
62,369	Adjusted Total Expenses from Continuing Operations		64,467	60,604
<hr/>				
12,735	Adjusted Net Operating Result for the Year		71,097	48,313
<hr/>				

Camden Council

Balance Sheet
as at 30 June 2012

\$ '000	Notes	Actual 2012	Actual 2011
ASSETS			
Current Assets			
Cash & Cash Equivalents	6a	3,512	5,762
Investments	6b	47,000	48,000
Receivables	7	5,515	4,429
Inventories	8	432	425
Other	8	708	549
Total Current Assets		57,167	59,165
Non-Current Assets			
Investments	6b	2,000	-
Receivables	7	29,737	20,413
Infrastructure, Property, Plant & Equipment	9	776,076	726,072
Total Non-Current Assets		807,813	746,485
TOTAL ASSETS		864,980	805,650
LIABILITIES			
Current Liabilities			
Payables	10	7,692	6,532
Borrowings	10	1,664	1,747
Provisions	10	7,127	7,075
Total Current Liabilities		16,483	15,354
Non-Current Liabilities			
Payables	10	-	456
Borrowings	10	13,963	19,473
Provisions	10	350	346
Total Non-Current Liabilities		14,313	20,275
TOTAL LIABILITIES		30,796	35,629
Net Assets		834,184	770,021
EQUITY			
Retained Earnings	20	542,753	471,656
Revaluation Reserves	20	291,431	298,365
Council Equity Interest		834,184	770,021
Total Equity		834,184	770,021

Camden Council

Statement of Changes in Equity
for the financial year ended 30 June 2012

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Minority Interest	Total Equity
2012						
Opening Balance (as per Last Year's Audited Accounts)		471,656	298,365	770,021	-	770,021
Revised Opening Balance (as at 1/7/11)		471,656	298,365	770,021	-	770,021
c. Net Operating Result for the Year		71,097	-	71,097	-	71,097
d. Other Comprehensive Income						
- Revaluations : Land Under Roads	20b (ii)	-	(6,934)	(6,934)		(6,934)
Other Comprehensive Income		-	(6,934)	(6,934)	-	(6,934)
Total Comprehensive Income (c&d)		71,097	(6,934)	64,163	-	64,163
Equity - Balance at end of the reporting period		542,753	291,431	834,184	-	834,184

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Minority Interest	Total Equity
2011						
Opening Balance (as per Last Year's Audited Accounts)		453,788	246,409	700,197	-	700,197
Revised Opening Balance (as at 1/7/10)		453,788	246,409	700,197	-	700,197
c. Net Operating Result for the Year		17,868	-	17,868	-	17,868
d. Other Comprehensive Income						
- Revaluations : Land Under Roads	20b (ii)	-	38,663	38,663	-	38,663
- Revaluations : Buildings - Non-Specialised	20b (ii)	-	855	855	-	855
- Revaluations: Other Reserves	20b (ii)	-	12,438	12,438	-	12,438
Other Comprehensive Income		-	51,956	51,956	-	51,956
Total Comprehensive Income (c&d)		17,868	51,956	69,824	-	69,824
Equity - Balance at end of the reporting period		471,656	298,365	770,021	-	770,021

Camden Council

Statement of Cash Flows

for the financial year ended 30 June 2012

Budget 2012	\$ '000	Notes	Actual 2012	Actual 2011
Cash Flows from Operating Activities				
Receipts:				
36,412	Rates & Annual Charges		36,689	33,635
9,082	User Charges & Fees		10,294	10,028
2,485	Investment & Interest Revenue Received		3,569	3,117
9,530	Grants & Contributions		6,984	7,136
-	Bonds, Deposits & Retention amounts received		1,261	1,551
2,463	Other		4,642	4,740
Payments:				
(25,690)	Employee Benefits & On-Costs		(25,181)	(22,855)
(16,966)	Materials & Contracts		(15,479)	(17,759)
(759)	Borrowing Costs		(681)	(681)
-	Bonds, Deposits & Retention amounts refunded		(1,850)	(461)
(3,962)	Other		(11,335)	(8,789)
12,595	Net Cash provided (or used in) Operating Activities	11b	8,913	9,662
Cash Flows from Investing Activities				
Receipts:				
19,675	Sale of Investment Securities		116,900	77,560
-	Sale of Infrastructure, Property, Plant & Equipment		143	1,421
Payments:				
(16,400)	Purchase of Investment Securities		(117,900)	(80,700)
(15,636)	Purchase of Infrastructure, Property, Plant & Equipment		(8,560)	(4,079)
(12,361)	Net Cash provided (or used in) Investing Activities		(9,417)	(5,798)
Cash Flows from Financing Activities				
Receipts:				
2,317	Proceeds from Borrowings & Advances		-	1,600
Payments:				
(1,787)	Repayment of Borrowings & Advances		(1,747)	(1,878)
530	Net Cash Flow provided (used in) Financing Activities		(1,747)	(278)
764	Net Increase/(Decrease) in Cash & Cash Equivalents		(2,251)	3,586
3,173	plus: Cash & Cash Equivalents - beginning of year	11a	5,762	2,176
3,937	Cash & Cash Equivalents - end of the year	11a	3,511	5,762
Additional Information:				
	plus: Investments on hand - end of year	6b	49,000	48,000
	Total Cash, Cash Equivalents & Investments		52,511	53,762

Please refer to Note 11 for information on the following:

- Non Cash Financing & Investing Activities.
- Financing Arrangements.
- Net cash flow disclosures relating to any Discontinued Operations

Camden Council

Notes to the Financial Statements for the financial year ended 30 June 2012

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Camden Council

Notes to the Financial Statements for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of these 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 Standard and Interpretations issued by the Australian Accounting Standard Boards, the Local Government Act (1993) and Regulation, and the Local Government Code of Accounting Practice and Financial Reporting. Camden Council is a not-for-profit entity for the purpose of preparing the financial statements.

(i) New and Amended Standards Adopted by Council

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2011 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

(ii) Early Adoption of Standards

Camden Council has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2011.

(iii) 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 (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

(iv) Critical Accounting Estimates and Judgements

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. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations

of future events that may have a financial impact on Council and that are believed to be reasonable under the circumstances.

• Critical Accounting Estimates and Assumptions

Camden Council makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below.

- i) Estimated fair values of infrastructure, property, plant and equipment

• Critical Judgements in Applying Council's Accounting Policies

i) Impairment of Receivables

Council has made a significant judgement about the impairment of a number of its receivables in Note 7.

ii) Projected Section 94 Commitments

Council has used significant judgement in determining future Section 94 income and expenditure in Note 17.

(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 any 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.

Camden Council

Notes to the Financial Statements for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

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 the impairment on rates receivables 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.

Revenue from Contributions is recognised when the Council either obtains control of the contribution or the right to receive it, (i) it is probable that the economic benefits comprising the contribution will flow to the Council and (ii) 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).

Note 3(g) also discloses the amount of unused grant or contribution from prior years that was expended on Council's operations during the current year.

The Council has obligations to provide facilities from contribution revenues levied on developers under the provisions of S94 of the EPA Act 1979.

Whilst Council generally incorporates these amounts as part of a Development Consents Order, such developer contributions are only recognised as income upon their physical receipt by Council, due to the possibility that individual Development Consents may not be acted upon by the applicant and accordingly would not be payable to Council.

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.

A detailed Note relating to developer contributions can be found at Note 17.

User Charges, Fees and Other Income

User charges, fees and other income (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 the impairment of these receivables is recognised when collection in full is no longer probable.

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

Sale of Infrastructure, Property, Plant and Equipment

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

Interest and Rents

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.

For the following Section 355 Committee, the transactions of which have been excluded from consolidation, due to unavailability of information.

- Camden Town Farm

Camden Council

Notes to the Financial Statements for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

(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) Associates

Council does not currently have any Associated Entities, ie, entities where council has the power to participate in the financial and operating decisions of another entity.

(iv) Joint Ventures

Council does not currently participate in any Joint Venture partnerships.

(v) County Councils

Council is not a member of any County Councils.

(d) Leases

Finance Leases

Leases of property, plant and equipment where Council, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases.

Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property or, if lower, the present value of the minimum lease payments.

The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables.

Each lease payment is allocated between the liability outstanding and the recognition of a finance charge.

The interest element of the finance charge is costed to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The property, plant and equipment acquired under finance leases is depreciated over the assets useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that Council will obtain ownership at the end of the lease term.

Council does not currently have any finance leases.

Operating Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

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

(e) Acquisition of Assets

The purchase method of accounting is used to account for all acquisitions of assets. Cost is measured as 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 discounted 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.

Camden Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

(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.

(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 but are incorporated into Cash & Cash Equivalents for presentation of the Cash Flow Statement.

(h) Receivables

Receivables are initially recognised at fair value and subsequently measured at amortised cost, less any provision for impairment.

Receivables (excluding Rates & Annual Charges) are generally due for settlement no more than 30 days from the date of recognition.

The collectibility of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off in accordance with Council's policy.

A provision for impairment (ie. an allowance account) relating to receivables is established when there is objective evidence that the Council will not be able to collect all amounts due according to the original terms of each receivable.

The amount of the provision (impairment allowance) is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

Impairment losses are recognised in the Income Statement within other expenses.

When a receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account.

Subsequent recoveries of amounts previously written off are credited against other expenses in the income statement.

(i) Inventories**(i) Raw Materials and Stores, Work in Progress and Finished Goods**

Raw materials and stores, work in progress and finished goods in respect of business undertakings are all 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.

Costs are assigned to individual items of inventory on the basis of weighted average costs.

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.

Inventories held in respect of non-business undertakings have been valued at cost subject to adjustment for loss of service potential.

Camden Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

(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" & Discontinued Operations

Non-current assets (or disposal groups) are classified as held for sale and stated at the lower of either (i) their carrying amount and (ii) fair value less costs to sell, if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

The exception to this is plant and motor vehicles which are turned over on a regular basis. Plant and motor vehicles are retained in Non Current Assets under the classification of Infrastructure, Property, Plant and Equipment - unless the assets are to be traded in after 30 June and the replacement assets were already purchased and accounted for as at 30 June.

For any assets or disposal groups classified as Non-Current Assets "held for sale", an impairment loss is recognised at any time when the assets carrying value is greater than its fair value less costs to sell.

Non-current assets "held for sale" are not depreciated or amortised while they are classified as "held for sale".

Non-current assets classified as "held for sale" are presented separately from the other assets 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

Council (in accordance with AASB 139) classifies each of its investments into one of the following categories for measurement purposes:

- financial assets at fair value through profit or loss,
- loans and receivables,
- held-to-maturity investments, and
- available-for-sale financial assets.

Each classification depends on the purpose/intention for which the investment was acquired & at the time it was acquired.

Management determines each Investment classification at the time of initial recognition and re-evaluates this designation at each reporting date.

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

Financial assets at fair value through profit or loss include financial assets that are "held for trading".

A financial asset is classified in the "held for trading" category if it is acquired principally for the purpose of selling in the short term.

Assets in this category are primarily classified as current assets as they are primarily held for trading and/or are expected to be realised within 12 months of the balance sheet date.

Camden Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

(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 arise when the Council provides money, goods or services directly to a debtor with no intention (or in some cases ability) of selling the resulting receivable.

They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets.

(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.

In contrast to the "Loans & Receivables" classification, these investments are generally quoted in an active market.

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.

Investments must be 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.

Accordingly, this classification principally comprises marketable equity securities, but can include all types of financial assets that could otherwise be classified in one of the other investment categories.

They are generally included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date or the term to maturity from the reporting date is less than 12 months.

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.

Council may also 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.

Recognition and De-Recognition

Regular sales and purchases 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 are 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.

Camden Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

Subsequent Measurement

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

Available-for-sale financial assets and **financial assets at fair value through profit and loss** are subsequently carried at fair value.

Realised and unrealised gains and losses arising from changes in the fair value of the financial assets classified as **"fair value through profit or loss"** category are included in the income statement in the period in which they arise.

Unrealised gains and losses arising from changes in the fair value of non monetary securities classified as **"available-for-sale"** are recognised in equity in the available-for-sale investments revaluation reserve.

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.

Impairment

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

A financial asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss' event) and that loss event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

(i) Assets Carried at Amortised Cost

For loans and receivables, the amount of 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) discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced and the amount of the loss is recognised as profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring

impairment loss is the current effective interest rate determined under the contract.

Investment Policy

Council has an approved Investment Policy in order to undertake its investment of money in accordance with (and to comply with) Section 625 of the Local Government Act and S212 of the LG (General) Regulation 2005.

Investments are placed and managed in accordance with the Policy and having particular regard to authorised investments prescribed under the Ministerial Local Government Investment Order.

Council maintains its investment Policy in compliance with the Act and ensures that it or its representatives exercise care, diligence and skill that a prudent person would exercise in investing Council funds.

Council amended its policy following revisions to the Ministerial Local Government Investment Order arising from the Cole Inquiry recommendations. As at 30 June 2012 Council does not hold any of these unprescribed investments, (eg. managed funds, CDOs, and equity linked notes). These have been disposed of when most financially advantageous to Council.

(I) Fair Value Estimation

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

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

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

Council uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date.

Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held.

Camden Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

If the market for a financial asset is not active (and for unlisted securities), the Council establishes fair value by using valuation techniques.

These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

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 (I,PP&E)**Acquisition of assets**

Council's non current assets have been progressively revalued to fair value in accordance with a staged implementation as advised by the Division of Local Government.

At balance date, the following classes of I,PP&E 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 incl. roads, bridges & footpaths** (Internal Valuation)
- **Drainage Assets** (Internal Valuation)
- **Bulk Earthworks** (Internal Valuation)
- **Community Land** (Internal Valuation – Valuer General)
- **Land Improvements** (External and Internal Valuation)

- **Other Structures** (External and Internal Valuation)

- **Other Assets** (External and Internal Valuation)

Initial Recognition

On initial recognition, an assets cost is measured at its fair value, plus all expenditure that is directly attributable to the acquisition.

Where settlement of any part of an asset's cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of recognition (ie. date of exchange) of the asset to arrive at fair value.

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.

Where infrastructure, property, plant and equipment assets are acquired for no cost or for an amount other than cost, the assets are recognised in the financial statements at their fair value at acquisition date - being the amount that the asset could have been exchanged between knowledgeable willing parties in an arm's length transaction.

Subsequent costs

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.

Asset Revaluations (including Indexation)

In accounting for Asset Revaluations relating to Infrastructure, Property, Plant & Equipment:

- Increases in the carrying amounts arising on revaluation are credited to the asset revaluation reserve.

Camden Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

- To the extent that the increase reverses a decrease previously recognised via the profit or loss, then 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, with all other decreases charged to the Income statement.

For all other assets, Council assesses at each reporting date whether there is any indication that a revalued asset's carrying amount may differ materially from that which would be determined if the asset were revalued at the reporting date.

If any such indication exists, Council determines the asset's fair value and revalues the asset to that amount.

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

Disposal of Assets

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in Note 5.

Capitalisation Thresholds

Items of infrastructure, property, plant and equipment are not capitalised unless their cost of acquisition exceeds the following;

Land

- council land	100% Capitalised
- open space	100% Capitalised
- land under roads (purchases after 30/6/08)	100% Capitalised

Plant & Equipment

Office Furniture	> \$2,000
Office Equipment	> \$2,000
Other Plant & Equipment	> \$2,000

Buildings & Land Improvements

Park Furniture & Equipment	100% Capitalised
Building	
- construction/extensions	100% Capitalised
- renovations	100% Capitalised
Other Structures	100% Capitalised

Stormwater Assets

Drains & Culverts	100% Capitalised
Other	100% Capitalised

Transport Assets

Road construction & reconstruction	100% Capitalised
Reseal/Re-sheet & major repairs:	100% Capitalised
Bridge construction & reconstruction	100% Capitalised

Depreciation

Depreciation on Council's infrastructure, property, plant and equipment assets is calculated using the straight line method in order to allocate an assets cost (net of residual values) over its estimated useful life.

Land is not depreciated.

Estimated useful lives for Council's I,PP&E include:

Plant & Equipment

- Office Equipment	5 years
- Office furniture	7 years
- Vehicles	5 to 7 years
- Heavy Plant/Road Making equip.	5 to 7 years
- Other plant and equipment	5 to 7 years

Other Equipment / Assets

- Playground equipment	10 years
- Benches, seats etc	10 years
- Library Books	10 years

Buildings

- Structure	40 years
- Roof Membrane & Air Conditioning	20 years
- Lift & Escalators	25 years
- Fire Services	30 years
- Floor Coverings	10 years

Stormwater Drainage

- Drains	100 years
- Culverts	70 years
- Flood Control Structures	10 to 100 years

Transportation Assets

- Sealed Roads : Surface	50 years
- Sealed Roads : Structure	50 years
- Bridge : Concrete	100 years
- Footpaths	50 year

Other Infrastructure Assets

- Bulk earthworks	Infinite
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All asset residual values and useful lives are reviewed and adjusted (where appropriate), at each balance sheet date.

Camden Council

Notes to the Financial Statements for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

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 – refer Note 1(s) on Asset Impairment.

Disposal and De-recognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in Council's Income Statement in the year the asset is derecognised.

(n) Investment Property

Investment property comprises land &/or buildings that are principally held for long-term rental yields, capital gains or both that is not occupied by Council.

Camden Council does not own any investment properties.

(o) Payables

These amounts represent liabilities and include goods and services provided to the Council prior to the end of financial year which are unpaid.

The amounts for goods and services 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.

Amortisation results in any difference between the proceeds (net of transaction costs) and the redemption amount being recognised in the Income Statement over the period of the borrowings using the effective interest method.

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

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.

In April 2010 Council received an \$11.8M interest free loan from the NSW Local Infrastructure Fund. In accordance with AASB 139 *Financial Instruments: Recognition and Measurement* this loan has been recognised at fair value. Camden Council's indebtedness, as per our bank audit confirmation certificates, equates to \$19.474M as shown in Special Schedule 2.

(q) Borrowing costs

Borrowing costs are expensed.

(r) Provisions

Provisions for legal claims, service warranties and other like liabilities are recognised when:

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

Provisions are not recognised for future operating losses.

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.

Camden Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

The increase in the provision due to the passage of time is recognised as interest expense.

(s) Employee Benefits

(i) Short Term Obligations

Short term employee benefit obligations include liabilities for wages and salaries (including non-monetary benefits), annual leave and vesting sick leave expected to be settled within the 12 months after the reporting period.

Leave liabilities are recognised in the provision for employee benefits in respect of employees' services up to the reporting date with other short term employee benefit obligations disclosed under payables.

These provisions are measured at the amounts expected to be paid when the liabilities are settled.

Liabilities for non vesting sick leave are recognised at the time when the leave is taken and measured at the rates paid or payable, and accordingly no Liability has been recognised in these reports.

Wages & salaries, annual leave and vesting sick leave are all classified as Current Liabilities.

(ii) Other Long Term Obligations

The liability for long service and annual leave which is not expected to be settled within the 12 months after the end of the period in which the employees render the related services 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 the expected future wage and salary levels, experience of employee departures and periods of service.

Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an

unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

Due to the nature of when and how Long Service Leave can be taken, all Long Service Leave for employees with 4 or more years of service has been classified as Current, as it has been deemed that Council does not have the unconditional right to defer settlement beyond 12 months – even though it is not anticipated that all employees with more than 4 years service (as at reporting date) will apply for and take their leave entitlements in the next 12 months.

(iii) Retirement Benefit Obligations

All employees of the Council are entitled to benefits on retirement, disability or death.

Council contributes to various defined benefit plans and defined contribution plans on behalf of its employees.

Defined Benefit Plans

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 the expected future wage and salary levels, experience of employee departures and periods of service.

However, when this information is not reliably available, Council can account for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans – i.e. as an expense when they become payable.

Council is party to an Industry Defined Benefit Plan under the Local Government Superannuation Scheme, named the "Local Government Superannuation Scheme – Pool B".

Camden Council

Notes to the Financial Statements for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

This Scheme has been deemed to be a "multi employer fund" for the purposes of AASB 119.

Sufficient information is not available to account for the Scheme as a defined benefit plan (in accordance with AASB 119) because the assets to the scheme are pooled together for all Councils.

Accordingly, Council's contributions to the scheme for the current reporting year have been recognised as an expense for the year ending 30 June 2012 was \$718,402 and disclosed as part of Superannuation Expenses at Note 4(a).

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. The share of the deficit that can be broadly attributed to Council was estimated to be in the order of \$1.9 million as at 30 June 2012. No liability for the deficiency has been recognised in these financial statements.

As a result, they have asked for significant increases in future contributions to recover that deficiency.

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.

Defined Contribution Plans

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.

(iv) Employee Benefit On-Costs

Council has recognised at year end the aggregate on-cost liabilities arising from employee benefits, and in particular those on-cost liabilities that will arise when payment of current employee benefits is made in future periods.

These amounts include Superannuation and Workers Compensation expenses which will be payable upon the future payment of certain Leave Liabilities accrued as at 30/06/12.

(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 initially recognised land under roads in 2011. In accordance with AASB116, as Council already owned the land under roads, the initial movement in valuation was recorded in the Asset Revaluation Reserve. All land under roads has been recognised on an Englobo valuation basis, based upon a municipal rate.

Any land under roads dedicated to Council in the 2012 financial year have been recognised as additional assets, with the value being calculated according to the revised municipal rate.

(v) Provisions for Close Down, Restoration and for Environmental Clean up Costs – Including Tips and Quarries

Close down, Restoration and Remediation costs include the dismantling and demolition of infrastructure, the removal of residual materials and the remediation of disturbed areas.

Estimated close down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, whether this occurs during the development or during the operation phase, based on the net present value of estimated future costs.

Provisions for close down and restoration costs do not include any additional obligations which are expected to arise from future disturbance. Costs are estimated on the basis of a closure plan.

The cost estimates are calculated annually during the life of the operation to reflect known developments, eg updated cost estimates and revisions to the estimated lives of operations, and are subject to formal review at regular intervals.

Camden Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

Close down, Restoration and Remediation costs are a normal consequence of tip and quarry operations, and the majority of close down and restoration expenditure is incurred at the end of the life of the operations.

Although the ultimate cost to be incurred is uncertain, Council estimates the respective costs based on feasibility and engineering studies using current restoration standards and techniques.

The amortisation or 'unwinding' of the discount applied in establishing the net present value of provisions is charged to the income statement in each accounting period. This amortisation is disclosed as a borrowing cost in Note 4(b).

Other movements in the provisions for Close down, Restoration and Remediation costs including those resulting from new disturbance, updated cost estimates, changes to the estimated lives of operations and revisions to discount rates are capitalised within property, plant and equipment. These costs are then depreciated over the lives of the assets to which they relate.

Where rehabilitation is conducted systematically over the life of the operation, rather than at the time of closure, provision is made for the estimated outstanding continuous rehabilitation work at each balance sheet date and the cost is charged to the income statement.

Provision is made for the estimated present value of the costs of environmental clean up obligations outstanding at the balance sheet date.

These costs are charged to the income statement. Movements in the environmental clean up provisions are presented as an operating cost, except for the unwinding of the discount, which is shown as a borrowing cost.

Remediation procedures generally commence soon after the time the damage, remediation process and estimated remediation costs become known, but may continue for many years depending on the nature of the disturbance and the remediation techniques.

As noted above, the ultimate cost of environmental remediation is uncertain and cost estimates can vary in response to many factors including changes to the relevant legal requirements, the emergence of new

restoration techniques or experience at other locations.

The expected timing of expenditure can also change, for example in response to changes in quarry reserves or production rates.

As a result there could be significant adjustments to the provision for close down and restoration and environmental clean up, which would affect future financial results.

Camden Council does not own any land fill facilities. Therefore, we are not subject to remediation costs.

(w) Allocation Between Current and Non-Current Assets and Liabilities

In the determination of whether an asset or liability is classified as current or non-current, consideration is given to the time when each asset or liability is expected to be settled.

The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Council's operational cycle.

Exceptions

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.

In the case of inventories that are "held for trading", these are also classified as current even if not expected to be realised in the next 12 months.

(x) New Accounting Standards and Interpretations

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory for reporting periods ending 30 June 2012.

Council has not adopted any of these standards early.

Council's assessment of the impact of these new standards and interpretations is set out below.

Camden Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

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

AASB 9 *Financial Instruments* addresses the classification, measurement and de-recognition of financial assets and financial liabilities.

The standard is not applicable until 1 January 2013 but is available for early adoption.

When adopted, the standard will affect in particular the Council's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss.

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

Applicable to Local Government but no implications for Council;**(ii) AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities, revised AASB 127 Separate Financial Statements and AASB 128 Investments in Associates and Joint Ventures and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards (effective 1 January 2013).**

In August 2011, the AASB issued a suite of five new and amended standards which address the accounting for joint arrangements, consolidated financial statements and associated disclosures.

AASB 10 replaces all of the guidance on control and consolidation in AASB 127 Consolidated and Separate Financial Statements, and Interpretation

12 Consolidation – Special Purpose Entities. The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of the consolidation. However, the standard introduces a single definition of control that applies to all entities. It focuses on the need to have both power and rights or exposure to variable returns. Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both. Control exists when the investor can use its power to affect the amount of its returns. There is also new guidance on participating and protective rights and on agent/principal relationships. Council does not expect the new standard to have a significant impact on its composition.

AASB 11 introduces a principles based approach to accounting for joint arrangements. The focus is no longer on the legal structure of joint arrangements, but rather on how rights and obligations are shared by the parties to the joint arrangement. Based on the assessment of rights and obligations, a joint arrangement will be classified as either a joint operation or a joint venture. Joint ventures are accounted for using the equity method, and the choice to proportionately consolidate will no longer be permitted. Parties to a joint operation will account their share of revenues, expenses, assets and liabilities in much the same way as under the previous standard. AASB 11 also provides guidance for parties that participate in joint arrangements but do not share joint control.

Camden Council does not have any joint arrangements at this time.

AASB 12 sets out the required disclosures for entities reporting under the two new standards, AASB 10 and AASB 11, and replaces the disclosure requirements currently found in AASB 127 and AASB 128. Application of this standard by Council will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to Council's investments.

Amendments to AASB 128 provide clarification that an entity continues to apply the equity method and does not remeasure its retained interest as part of ownership changes where a joint venture becomes an associate, and vice versa. The amendments also introduce a "partial disposal" concept. Council is not

Camden Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

affected by these amendments, as we are not involved in any joint arrangements.

(iii) AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 (effective 1 January 2013)

AASB 13 was released in September 2011. It explains how to measure fair value and aims to enhance fair value disclosures. Council has yet to determine which, if any, of its current measurement techniques will have to change as a result of the new guidance. It is therefore not possible to state the impact, if any, of the new rules on any of the amounts recognised in the financial statements. However, application of the new standard will impact the type of information disclosed in the notes to the financial statements. Council does not intend to adopt the new standard before its operative date, which means that it would be first applied in the annual reporting period ending 30 June 2014.

(iv) Revised AASB 119 Employee Benefits, AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) and AASB 2011-11 Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements (effective 1 January 2013)

In September 2011, the AASB released a revised standard on accounting for employee benefits. It requires the recognition of all re-measurements of defined benefit liabilities/assets immediately in other comprehensive income (removal of the so-called 'corridor' method) and the calculation of a net interest expense or income by applying the discount rate to the net defined benefit liability or asset. This replaces the expected return on plan assets that is currently included in profit or loss. The standard also introduces a number of additional disclosures for defined benefit liabilities/assets and could affect the timing of the recognition of termination benefits. The amendments will have to be implemented retrospectively.

Council does not recognise defined benefit assets and liabilities for the reasons set out in note 1 (s)(iii) and so these changes will not have an impact on its reported results.

There are no other standards that are not yet effective and that are expected to have a material

impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(y) Self insurance

Council does not self insure.

(z) Intangible Assets

Council has not classified any assets as Intangible.

(aa) 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 are currently being sought across State and Local Government to develop a consistent accounting treatment for Crown Reserves across both tiers of government.

(bb) Rural Fire Service Assets

Under section 119 of the Rural Fires 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".

At present, the accounting for such fire fighting equipment is not treated in a consistent manner across all Councils.

Until such time as discussions on this matter have concluded and the legislation changed, Council will continue to account for these assets as it has been doing in previous years, which is to incorporate the assets, their values and depreciation charges within these financial statements.

Camden Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 1. Summary of Significant Accounting Policies (continued)

(cc) Goods and Services Tax (GST)

Income, expenses and assets are all recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO).

In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the revenue / expense.

Receivables and payables within the Balance Sheet are stated inclusive of any applicable GST.

The net amount of GST recoverable from or payable to the ATO is included as a current asset or current liability in the Balance Sheet.

Operating cash flows within the Cash Flow Statement are on a gross basis, ie. they are inclusive of GST where applicable.

Investing and Financing cash flows are treated on a net basis (where recoverable from the ATO), ie. they are exclusive of GST. Instead, the GST component of investing and financing activity cash flows which are recoverable from or payable to the ATO are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from (or payable to) the ATO.

(dd) Comparative Figures

To ensure comparability with the current reporting period's figures, some comparative period line items and amounts may have been reclassified or individually reported for the first time within these financial statements and/or the notes.

(ee) Disclaimer

Nothing contained within these statements may be taken to be an admission of any liability to any person under any circumstance.

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 2(a). Council Functions / Activities - Financial Information

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 2(b).												
	Income from Continuing Operations			Expenses from Continuing Operations			Operating Result from Continuing Operations			Grants included in Income from Continuing Operations		Total Assets held (Current & Non-current)	
	Original Budget	Actual	Actual	Original Budget	Actual	Actual	Original Budget	Actual	Actual	Actual	Actual	Actual	Actual
	2012	2012	2011	2012	2012	2011	2012	2012	2011	2012	2011	2012	2011
Managing Camden's Growth	8,818	15,087	13,019	6,776	6,649	6,262	2,042	8,438	6,757	1	1	7,313	7,849
Urban and Natural Environments	16,207	28,316	24,637	17,236	15,584	15,343	(1,029)	12,732	9,294	530	297	183,125	168,763
Prosperous Economy	7	26	7	449	323	292	(442)	(297)	(285)	-	-	752	747
Sustainable Transport	8,043	42,258	27,630	14,292	15,881	14,712	(6,249)	26,377	12,918	481	491	401,569	363,269
Enriched and Connected Community	5,799	6,445	8,801	9,402	8,847	8,768	(3,603)	(2,402)	33	1,434	4,229	250,929	251,220
Strong Local Leadership	1,419	2,063	1,572	14,214	17,183	45,672	(12,795)	(15,120)	(44,100)	227	110	21,292	13,802
Total Functions & Activities	40,293	94,195	75,666	62,369	64,467	91,049	(22,076)	29,728	(15,383)	2,673	5,128	864,980	805,650
General Purpose Income ¹	34,811	41,369	33,251	-	-	-	34,811	41,369	33,251	3,451	2,569	-	-
Operating Result from Continuing Operations	75,104	135,564	108,917	62,369	64,467	91,049	12,735	71,097	17,868	6,124	7,697	864,980	805,650

1. Includes: Rates & Annual Charges (incl. Ex-Gratia), Untied General Purpose Grants & Unrestricted Interest & Investment Income.

Camden Council

Notes to the Financial Statements for the financial year ended 30 June 2012

Note 2(b). Council Functions / Activities - Component Descriptions

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

ACTIVELY MANAGING CAMDEN'S GROWTH

Managing growth determined under the State Government's Metropolitan Strategy while retaining Camden's rural setting, country town feel and the lifestyle of the community.

Costs relating to the delivery of this strategic outcome include: Development Control, Heritage Protection and Urban and Rural Planning.

HEALTHY URBAN AND NATURAL ENVIRONMENTS

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 : Regulating the Use of Public Areas, Public Health, Protecting Natural Environment, Parks and Playgrounds, Environmental Activities, Enforcement of Legislation and Policies and Appearance of Public Areas.

EFFECTIVE AND SUSTAINABLE TRANSPORT

A Camden that provides affordable, convenient and integrated public transport system for equitable access to services, facilities and places for all members of the community.

Costs relating to the delivery of this strategic outcome include: Transport Options, Road Safety, Local Traffic Management, Construction and Maintenance of Local Roads, Footpath and Kerbing.

AN ENRICHED AND CONNECTED COMMUNITY

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 : Recreational Services and Facilities, Community and Cultural Development & Planning, Community Support Facilities and Services, Community Safety, Community Events and Library Services.

STRONG LOCAL LEADERSHIP

A Camden which has strong leadership who are responsible to community and who are working together to achieve the community's vision for the future.

Costs relating to the delivery of this strategic outcome include: Strong Local Democracy, Stewardship of Community Resources, Community Engagement, Community Information, Management of Emergency Events, and Support Services.

Camden Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2012	Actual 2011
(a). Rates & Annual Charges			
Ordinary Rates			
Residential		23,071	21,565
Farmland		861	879
Business		6,725	6,043
Total Ordinary Rates		30,657	28,487
Annual Charges (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic Waste Management Services		5,640	5,186
Section 611 Charges		24	22
Stormwater Management Levy		351	332
Total Annual Charges		6,015	5,540
TOTAL RATES & ANNUAL CHARGES		36,672	34,027
Council has used 2010 year valuations provided by the NSW Valuer General in calculating its rates.			
(b). User Charges & Fees			
Specific User Charges (per s.502 - Specific "actual use" charges)			
Domestic Waste Management Services		36	39
Waste Management Services (non-domestic)		552	538
Commercial Waste Management		174	170
Total User Charges		762	747
Other User Charges & Fees			
(i) Fees & Charges - Statutory & Regulatory Functions (per s.608)			
Building Services - Other		1,546	1,267
Private Works - Section 67		77	183
Section 149 Certificates (EPA Act)		200	138
Section 603 Certificates		130	107
Town Planning		2,106	2,318
Pollution Control		-	132
Total Fees & Charges - Statutory/Regulatory		4,059	4,145
(ii) Fees & Charges - Other (incl. General User Charges) (per s.608)			
Cemeteries		161	112
Child Care		203	198
Leaseback Fees - Council Vehicles		558	605
Library Services		55	56
Public Halls		995	944
Recreational Services		3,570	3,183
Other		44	26
Total Fees & Charges - Other		5,586	5,124
TOTAL USER CHARGES & FEES		10,407	10,016

Camden Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2012	Actual 2011
(c). Interest & Investment Revenue (incl. losses)			
Interest & Dividends			
- Interest on Overdue Rates & Annual Charges		226	284
- Interest earned on Investments (interest & coupon payment income)		3,410	3,048
Fair Valuation of Financial Liabilities on recognition			
- Interest Free Loan - Concessional Discount		4,948	-
<u>TOTAL INTEREST & INVESTMENT REVENUE</u>		<u>8,584</u>	<u>3,332</u>
Interest Revenue is attributable to:			
Unrestricted Investments/Financial Assets:			
Overdue Rates & Annual Charges (General Fund)		226	284
General Council Cash & Investments		2,086	1,911
Interest Free Loan from State Government		4,948	
Restricted Investments/Funds - External:			
Development Contributions			
- Section 94 (under plans)		1,318	1,132
- Section 94 (not under plans)		6	5
<u>Total Interest & Investment Revenue Recognised</u>		<u>8,584</u>	<u>3,332</u>
(d). Other Revenues			
Fines - Other		120	139
Legal Fees Recovery - Rates & Charges (Extra Charges)		184	106
Legal Fees Recovery - Other		14	3
Bushfire Services		68	52
Commissions & Agency Fees		98	110
Development Service Income		-	
Domestic Waste Management		6	11
Employee Relations		202	135
Insurance Claim Recoveries		85	13
Sales - General		140	140
State Road Grass Cutting & Rubbish Collection		102	240
Contributions to Long Service Leave - Other Councils		141	145
Sand Extraction Sales		-	529
Tourism Income		22	2
Other		38	22
<u>TOTAL OTHER REVENUE</u>		<u>1,220</u>	<u>1,647</u>

Camden Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 3. Income from Continuing Operations (continued)

\$ '000	2012 Operating	2011 Operating	2012 Capital	2011 Capital
(e). Grants				
General Purpose (Untied)				
Financial Assistance - General Component	2,018	1,475	-	-
Financial Assistance - Local Roads Component	1,110	793	-	-
Pensioners' Rates Subsidies - General Component	323	301	-	-
Total General Purpose	3,451	2,569	-	-
Specific Purpose				
Child Care	1,062	1,057	-	-
Community Care Services	335	486	97	97
Employment & Training Programs	34	17	-	-
Health Services	37	87	-	-
Library	150	145	-	-
NSW Rural Fire Services	92	87	12	-
Recreational Services	147	54	165	2,617
Street Lighting	125	40	-	-
Transport (Other Roads & Bridges Funding)	61	-	356	441
Total Specific Purpose	2,043	1,973	630	3,155
Total Grants	5,494	4,542	630	3,155
Grant Revenue is attributable to:				
- Commonwealth Funding	4,170	1,231	453	3,038
- State Funding	1,324	3,311	177	117
	5,494	4,542	630	3,155

Camden Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 3. Income from Continuing Operations (continued)

\$ '000		2012 Operating	2011 Operating	2012 Capital	2011 Capital
(f). Contributions					
Developer Contributions:					
(s93 & s94 - EP&A Act, s64 of the NSW LG Act):					
S 94 - Contributions:					
- Roadworks		-	-	1,350	1,424
- Roadworks (In kind)		-	-	4,004	4,873
- Drainage		-	-	1,296	1,720
- Drainage (In kind)		-	-	3,701	1,838
- Traffic Facilities		-	-	17	27
- Parking		-	-	-	31
- Open Space		-	-	1,980	1,313
- Recreational & Open Space (In kind)		-	-	2,260	6,394
- Community Facilities		-	-	2,768	2,364
- Other		312	220	11	22
Total Developer Contributions	17	312	220	17,387	20,006
Other Contributions:					
Community Facilities		659	315	-	-
Dedicated Drainage		-	-	14,444	9,499
Dedicated Open Space		-	-	113	-
Dedicated Subdivision Roads		-	-	35,158	20,772
Dedicated Land Under Roads		-	-	1,506	-
Development Pilot Project		1,500	500	-	-
VPA :					
- Dedicated Drainage		-	-	250	-
- Dedicated Roads		-	-	300	-
RTA Contributions		54	53	763	833
Other		4	-	-	-
Total Other Contributions		2,217	868	52,534	31,104
Total Contributions		2,529	1,088	69,921	51,110
TOTAL GRANTS & CONTRIBUTIONS		8,023	5,630	70,551	54,265

Camden Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 3. Income from Continuing Operations (continued)

	Actual 2012	Actual 2011
\$ '000		
(g). Restrictions relating to Grants and Contributions		
Certain grants & contributions are obtained by Council on condition that they be spent in a specified manner:		
Unexpended at the Close of the Previous Reporting Period	23,725	20,052
add: Grants & contributions recognised in the current period but not yet spent:	9,460	8,964
less: Grants & contributions recognised in a previous reporting period now spent:	(12,469)	(5,291)
Net Increase (Decrease) in Restricted Assets during the Period	(3,009)	3,673
Unexpended and held as Restricted Assets	20,716	23,725
Comprising:		
- Specific Purpose Unexpended Grants	502	736
- Developer Contributions	20,214	22,989
	20,716	23,725

Camden Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2012	Actual 2011
(a) Employee Benefits & On-Costs			
Salaries and Wages		17,703	16,474
Travelling		1,549	1,488
Employee Leave Entitlements (ELE)		2,367	2,678
Superannuation		2,182	2,192
Workers' Compensation Insurance		1,051	747
Fringe Benefit Tax (FBT)		135	96
Training Costs (other than Salaries & Wages)		352	342
Other		398	267
Total Employee Costs		25,737	24,284
less: Capitalised Costs		(388)	(648)
TOTAL EMPLOYEE COSTS EXPENSED		25,349	23,636
Number of "Equivalent Full Time" Employees at year end		301	295
(b) Borrowing Costs			
(i) Interest Bearing Liability Costs			
Interest on Loans		682	681
Total Interest Bearing Liability Costs		682	681
Total Interest Bearing Liability Costs Expensed		682	681
(ii) Other Borrowing Costs			
Amortisation of Discounts and Premiums - Interest free Loan		1,101	-
Total Other Borrowing Costs		1,101	-
TOTAL BORROWING COSTS EXPENSED		1,783	681

Camden Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2012	Actual 2011
(c) Materials & Contracts			
Contractor & Consultancy Costs		795	685
Auditors Remuneration ⁽¹⁾		32	53
Legal Expenses:			
- Legal Expenses: Planning & Development		150	105
- Legal Expenses: Other		257	152
Agency Agreements		219	490
Building Maintenance		609	492
Community Support Programs		1,390	1,512
Companion Animal Control		97	80
Emergency Services		104	92
Function Centre Administration		104	136
Information Technology		456	391
Infrastructure Maintenance and Repairs		1,992	2,826
Noxious Weeds Control		14	9
Office Administration		402	311
Parks & Gardens Maintenance		2,000	1,890
Plant Management		2,015	1,878
Pollution Control		18	153
Private Works		4	-
Recreational Services		3,149	2,986
Tree Maintenance		204	231
Waste Management Disposal Cost		2,726	2,420
Other		21	7
<u>TOTAL MATERIALS & CONTRACTS</u>		<u>16,758</u>	<u>16,899</u>

Camden Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Impairment Costs		Depreciation/Amortisation	
		Actual 2012	Actual 2011	Actual 2012	Actual 2011

(d) Depreciation, Amortisation & Impairment

Plant and Equipment	-	-	1,471	1,531	
Office Equipment	-	-	174	165	
Furniture & Fittings	-	-	38	37	
Land Improvements (depreciable)	-	-	224	204	
Buildings - Non Specialised	-	-	70	33	
Buildings - Specialised	-	-	1,675	1,755	
Other Structures	-	-	906	941	
Infrastructure:					
- Roads, Bridges & Footpaths	-	-	7,108	6,599	
- Stormwater Drainage	-	-	1,920	1,809	
Other Assets					
- Library Books	-	-	126	110	
- Other	-	-	175	163	
Total Depreciation & Impairment Costs		-	-	13,887	13,347
less: Capitalised Costs			-	(565)	(519)
TOTAL DEPRECIATION & IMPAIRMENT COSTS EXPENSED		-	-	13,322	12,828

Camden Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2012	Actual 2011
(e) Other Expenses			
Other Expenses for the year include the following:			
Advertising		219	192
Bad & Doubtful Debts		9	6
Bank Charges		99	88
Bushfire Services		48	51
- Emergency Services Levy		563	546
Councillor Expenses - Mayoral Fee		34	34
Councillor Expenses - Councillors' Fees		140	140
Councillors' Expenses (incl. Mayor) - Other (excluding fees above)		58	38
Development Operating Expenses		147	37
Disposal of Road Resurfacing (write-off)		2,224	1,795
Donations, Contributions & Assistance to other organisations (Section 356)		264	231
Electricity & Heating		455	399
Information Technology Expenses		256	291
Insurance		719	627
Printing & Stationery		66	24
Rates Collection Charges		168	154
Revaluation of Community Land - Decrement		-	24,741
Revaluation of Other Structures - Decrement		-	5,704
Street Lighting		1,176	931
Telephone & Communications		170	175
Water Charges		148	159
Other		292	201
Total Other Expenses		7,255	36,564
<u>TOTAL OTHER EXPENSES</u>		<u>7,255</u>	<u>36,564</u>

Camden Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 5. Gains or Losses from the Disposal of Assets

\$ '000	Notes	Actual 2012	Actual 2011
Plant, Equipment and Other Structures			
Proceeds from Disposal - Plant, Equipment and Other Structures		143	496
less: Carrying Amount of P&E and Other Structures Sold / Written Off		(36)	(82)
Net Gain/(Loss) on Disposal		107	414
Real Estate Assets Held For Sale			
Proceeds from Disposal - Real Estate Assets		-	925
less: Carrying Amount of Real Estate Assets Sold / Written Off		-	(1,780)
Net Gain/(Loss) on Disposal		-	(855)
NET GAIN/(LOSS) ON DISPOSAL OF ASSETS		107	(441)

Camden Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 6a. - Cash Assets and Note 6b. - Investment Securities

\$ '000	Notes	2012 Actual Current	2012 Actual Non Current	2011 Actual Current	2011 Actual Non Current
Cash & Cash Equivalents (Note 6a)					
Cash on Hand and at Bank		222	-	162	-
Cash-Equivalent Assets ¹					
- Deposits at Call		3,290	-	5,600	-
Total Cash & Cash Equivalents		3,512	-	5,762	-
Investment Securities (Note 6b)					
- Term Deposits		47,000	2,000	48,000	-
Total Investment Securities		47,000	2,000	48,000	-
TOTAL CASH ASSETS, CASH EQUIVALENTS & INVESTMENTS		50,512	2,000	53,762	-
¹ Those Investments where time to maturity (from date of purchase) is < 3 mths.					
Cash, Cash Equivalents & Investments were classified at year end in accordance with AASB 139 as follows:					
Cash & Cash Equivalents					
a. "At Fair Value through the Profit & Loss"		3,512	-	5,762	-
Investments					
b. "Held to Maturity"	6(b-ii)	47,000	2,000	48,000	-
Investments		47,000	2,000	48,000	-
Reconciliation of Investments classified as "Held to Maturity"					
Balance at the Beginning of the Year		48,000	-	44,860	-
Additions		116,900	2,000	80,700	-
Impairment (loss)/prior loss reversal (via P&L)				-	-
Disposals (sales & redemptions)		(117,900)	-	(77,560)	-
Balance at End of Year		47,000	2,000	48,000	-
Comprising:					
- Term Deposits		47,000	2,000	48,000	-
Total		47,000	2,000	48,000	-

Camden Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 6c. Restricted Cash, Cash Equivalents & Investments - Details

	2012 Actual Current	2012 Actual Non Current	2011 Actual Current	2011 Actual Non Current
\$ '000				
Total Cash, Cash Equivalents and Investment Securities	50,512	2,000	53,762	-
attributable to:				
External Restrictions (refer below)	30,436	2,000	36,653	-
Internal Restrictions (refer below)	19,201	-	16,390	-
Unrestricted	875	-	719	-
	50,512	2,000	53,762	-

2012 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
-----------------	--------------------	------------------------------	--------------------------------	--------------------

Details of Restrictions

External Restrictions - Included in Liabilities

Specific Purpose Unexpended Loans-General (A)	9,794	536	(3,878)	6,452
Retention Bonds - S94 Developer Contribution	495	-	-	495
External Restrictions - Included in Liabilities	10,289	536	(3,878)	6,947

External Restrictions - Other

Developer Contributions - General (B)	22,494	9,058	(11,833)	19,719
Specific Purpose Unexpended Grants (C)	128	1,010	(636)	502
Domestic Waste Management (D)	2,789	959	(403)	3,345
Stormwater Management (D)	398	379	(442)	335
Development Assessment Acceleration Fund	392	755	(79)	1,068
Other	163	464	(107)	520
External Restrictions - Other	26,364	12,625	(13,500)	25,489
Total External Restrictions	36,653	13,161	(17,378)	32,436

Camden Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 6c. Restricted Cash, Cash Equivalents & Investments - Details (continued)

2012 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
Internal Restrictions				
Plant & Vehicle Replacement	564	735	(587)	712
Employees Leave Entitlement	1,620	573	(629)	1,564
Deposits, Retentions & Bonds	3,920	1,394	(2,089)	3,225
Camden Parking Reserve	121	-	-	121
Camden Town Centre Reserve	1,184	-	-	1,184
Capital Works Reserve	436	-	(273)	163
Central Administration Building Reserve	1,925	1,206	(382)	2,749
Cemetery Improvements	331	117	(8)	440
Commercial Waste Services	765	170	-	935
Community Infrastructure Renewal Program	266	1,228	(894)	600
Community Facility Reserve	9	-	(9)	-
DOP Loan Repayment Reserve	2,255	716	(150)	2,821
Elections Reserve	149	75	-	224
Engineering Services Deposits	166	14	-	180
Expenditure Revote Reserve	648	1,947	(648)	1,947
Family Day Care Trust	146	1	(20)	127
General Fund Stormwater Reserve	340	112	-	452
Narellan ArtyCafe Reserve	55	-	(55)	-
Public Appeals Reserve	36	-	-	36
Risk Management Reserve	243	-	-	243
Sec 355 Committee Reserve	136	48	-	184
Swimming Pools Repairs Fund	40	-	(40)	-
Water Savings Action Plan Reserve	14	19	-	33
Working Funds Reserve	1,021	2,118	(1,878)	1,261
Road Improvement Reserve	-	105	(105)	-
Total Internal Restrictions	16,390	10,578	(7,767)	19,201
TOTAL RESTRICTIONS	53,043	23,739	(25,145)	51,637

- A** Loan moneys which must be applied for the purposes for which the loans were raised.
- B** Development contributions which are not yet expended for the provision of services and amenities in accordance with contributions plans (refer Note 17).
- C** Grants which are not yet expended for the purposes for which the grants were obtained. (refer Note 1)
- D** Stormwater Management, Domestic Waste Management (DWM) & other Special Rates/Levies/Charges are externally restricted assets and must be applied for the purposes for which they were raised.

Camden Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 7. Receivables

\$ '000	Notes	2012		2011	
		Current	Non Current	Current	Non Current
Purpose					
Rates & Annual Charges		1,865	378	1,860	400
Interest & Extra Charges		173	78	165	47
Private Works		13	-	6	-
Accrued Revenues					
- Interest on Investments		601	-	573	-
Government Grants & Subsidies		654	-	617	-
Bushfire Grants		-	-	43	-
Community Services Income		246	-	130	-
Deferred Debtors - Australand		502	-	-	502
Employee Accounts		24	-	12	-
Health & Environment Inspections		33	-	21	-
Lease Rentals		5	-	5	-
Amounts due from Other Councils		-	-	42	-
Net GST Receivable		407	-	352	-
Sec 94 Works in Kind Agreements		-	29,281	-	19,464
Water/Electricity		-	-	7	-
Sydney Water Corporation		256	-	-	-
Road And Maritime		112	-	-	-
Department of Planning		122	-	-	-
Endeavour Energy		302	-	-	-
Other Debtors		230	-	618	-
Total		5,545	29,737	4,451	20,413
less: Provision for Doubtful Debts					
Other Debtors		(30)	-	(22)	-
Total Provision for Impairment - Receivables		(30)	-	(22)	-
TOTAL NET RECEIVABLES		5,515	29,737	4,429	20,413

Camden Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 7. Receivables (continued)

\$ '000	Notes	2012		2011	
		Current	Non Current	Current	Non Current
Externally Restricted Receivables					
Domestic Waste Management		371	93	367	84
Stormwater Management		26	3	25	2
Other					
- Specific Purpose Grants		-	-	165	-
- RTA Contributions		-	-	443	-
- Sec 94 Works in Kind Agreements		-	29,281	-	19,464
Total External Restrictions		397	29,377	1,000	19,550
Internally Restricted Receivables					
- Commercial Waste Reserve		16	5	9	-
- Capital Works Reserve		607	-	435	-
- Working Funds Reserve		2,180	-	2,163	-
- Employee Leave Entitlements		-	-	42	-
Internally Restricted Receivables		2,803	5	2,649	-
Unrestricted Receivables		2,315	355	780	863
TOTAL NET RECEIVABLES		5,515	29,737	4,429	20,413

Notes on Debtors above:

(i) Rates & Annual Charges Outstanding are secured against the property.

(ii) Interest was charged on overdue rates & charges at 11.00% (2011 9.00%).

Generally all other receivables are non interest bearing.

(iii) Please refer to Note 15 for issues concerning Credit Risk and Fair Value disclosures.

Camden Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 8. Inventories & Other Assets

\$ '000	Notes	2012		2011	
		Current	Non Current	Current	Non Current
Inventories					
Stores & Materials		400	-	387	-
Trading Stock		32	-	38	-
Total Inventories		432	-	425	-
Other Assets					
Prepayments		708	-	549	-
Total Other Assets		708	-	549	-
<u>TOTAL INVENTORIES / OTHER ASSETS</u>		<u>1,140</u>	<u>-</u>	<u>974</u>	<u>-</u>
Externally Restricted Assets					
Domestic Waste Management					
Stores & Materials		21	-	21	-
Total Domestic Waste Management		21	-	21	-
Total Externally Restricted Assets		21	-	21	-
Total Unrestricted Assets		1,119	-	953	-
TOTAL INVENTORIES & OTHER ASSETS		1,140	-	974	-

Camden Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 8. Inventories & Other Assets (continued)

\$ '000	2012		2011	
	Current	Non Current	Current	Non Current
(i) Other Disclosures				
(a) Details for Real Estate Development				
Residential	-	-	-	-
Industrial/Commercial	-	-	-	-
Other Properties	-	-	-	-
Total Real Estate for Resale	-	-	-	-
(Valued at the lower of cost and net realisable value)				
Movements:				
Real Estate assets at beginning of the year	-	-	1,403	-
- Purchases and other costs	-	-	377	-
- WDV of Sales (exp)	-	-	(1,780)	-
Total Real Estate for Resale	-	-	-	-

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Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 9a. Infrastructure, Property, Plant & Equipment

\$ '000	as at 30/6/2011				Asset Movements during the Reporting Period						as at 30/6/2012				
	At	At	Accumulated	Carrying	Asset Additions	WDV of Asset Disposals	Depreciation Expense	Revaluation Decrements to P&L	Revaluation Decrements to Equity (ARR)	Revaluation Increments to Equity (ARR)	At	At	Accumulated		Carrying
	Cost	Fair Value	Dep'n	Value							Cost	Fair Value	Dep'n	Impairment	Value
Capital Work in Progress	4,462	-	-	4,462	15,171	-	-	-	-	-	19,634	-	-	-	19,634
Plant & Equipment	-	13,053	7,289	5,764	742	(1)	(1,471)	-	-	-	-	13,450	8,416	-	5,034
Office Equipment	-	3,048	2,543	505	112	-	(174)	-	-	-	-	3,160	2,717	-	443
Furniture & Fittings	-	1,293	1,134	159	27	-	(38)	-	-	-	-	1,321	1,172	-	149
Land:															
- Operational Land	-	59,252	-	59,252	96	-	-	-	-	-	-	59,348	-	-	59,348
- Community Land	-	92,131	-	92,131	738	-	-	-	-	-	-	92,869	-	-	92,869
- Land under Roads (post 30/6/08)	-	38,697	-	38,697	1,506	-	-	-	(6,934)	-	-	33,268	-	-	33,268
Land Improvements - depreciable	-	47,050	7,626	39,424	246	-	(224)	-	-	-	-	47,296	7,850	-	39,446
Buildings - Non Specialised	-	2,871	834	2,037	-	-	(70)	-	-	-	-	2,871	904	-	1,967
Buildings - Specialised	-	53,781	22,838	30,943	504	-	(1,675)	-	-	-	-	54,285	24,513	-	29,772
Other Structures	-	4,700	1,541	3,159	305	(35)	(906)	-	-	-	-	4,951	2,429	-	2,522
Infrastructure:															
- Roads, Bridges, Footpaths	-	347,257	67,353	279,904	38,845	(2,224)	(7,108)	-	-	-	-	383,265	73,847	-	309,418
- Bulk Earthworks (non-depreciable)	-	15,493	-	15,493	-	-	-	-	-	-	-	15,493	-	-	15,493
- Stormwater Drainage	-	179,721	27,001	152,720	14,477	-	(1,920)	-	-	-	-	194,197	28,921	-	165,276
Other Assets:															
- Library Books	-	2,726	1,910	816	153	-	(126)	-	-	-	-	2,879	2,036	-	843
- Other	-	3,843	3,237	606	163	-	(175)	-	-	-	-	4,007	3,413	-	594
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIP.	4,462	864,916	143,306	726,072	73,085	(2,260)	(13,887)	-	(6,934)	-	19,634	912,660	156,218	-	776,076

Camden Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 9b. Externally Restricted Infrastructure, Property, Plant & Equipment

Council has no Externally Restricted Infrastructure, Property, Plant & Equipment.

\$ '000 Class of Asset	Actual 2012				Actual 2011			
	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value
Domestic Waste Management								
Plant & Equipment	-	6,931	4,050	2,881	-	6,766	3,493	3,273
Land								
- Operational Land'	-	644	-	644	-	644	-	644
- Improvements - depreciable	-	100	78	22	-	100	78	22
Buildings	-	458	233	225	-	457	207	250
Total DWM	-	8,133	4,361	3,772	-	7,967	3,778	4,189
TOTAL RESTRICTED I,PP&E	-	8,133	4,361	3,772	-	7,967	3,778	4,189

Camden Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 10a. Payables, Borrowings & Provisions

\$ '000	Notes	2012		2011	
		Current	Non Current	Current	Non Current
Payables					
Goods & Services - operating expenditure		3,094	-	1,808	-
Payments Received In Advance		589	-	239	456
Accrued Expenses:					
- Borrowings		2	-	1	-
- Salaries & Wages		420	-	308	-
Security Bonds, Deposits & Retentions		3,587	-	4,176	-
Total Payables		7,692	-	6,532	456
Borrowings					
Loans - Secured ^(1,2)		1,664	13,963	1,747	19,473
Total Borrowings		1,664	13,963	1,747	19,473
Provisions					
Employee Benefits;					
Annual Leave		2,095	-	2,112	-
Long Service Leave		5,032	350	4,963	346
Sub Total - Aggregate Employee Benefit		7,127	350	7,075	346
Total Provisions		7,127	350	7,075	346
Total Payables, Borrowings & Provisions		16,483	14,313	15,354	20,275

(i) Liabilities relating to Restricted Assets

	2012		2011	
	Current	Non Current	Current	Non Current
Externally Restricted Assets				
Domestic Waste Management	79	-	84	-
Section 94 - Retention Bonds	495	-	495	-
Liabilities relating to externally restricted assets	574	-	579	-
Total Liabilities relating to restricted assets	574	-	579	-

¹ Loans are secured over the General Rating Income of Council

Disclosures on Liability Interest Rate Risk Exposures, Fair Value Disclosures & Security can be found in Note 15.

² Loans are represented at the fair value, however, the face value of the loans/debts are shown in the Schedule 2(a).

Camden Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 10a. Payables, Borrowings & Provisions (continued)

\$ '000	2012	2011
(ii) Current Liabilities not anticipated to be settled within the next 12 months		
The following Liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions - Employees Benefits	5,406	5,307
	5,406	5,307

Note 10b. Description of and movements in Provisions

	2011		2012			
Class of Provision	Opening Balance as at 1/7/11	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	Closing Balance as at 30/6/12
Annual Leave	2,112	1,515	(1,532)	-	-	2,095
Long Service Leave	5,309	853	(780)	-	-	5,382
TOTAL	7,421	2,368	(2,312)	-	-	7,477

a. Employees Leave Entitlements & On-Costs represents those benefits accrued and payable and an estimate of those that will become payable in the future as a result of past service.

Camden Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 11. Statement of Cash Flows - Additional Information

\$ '000	Notes	Actual 2012	Actual 2011
(a) Reconciliation of Cash Assets			
Total Cash & Cash Equivalent Assets	6a	3,512	5,762
Less Bank Overdraft	10	-	-
BALANCE as per the STATEMENT of CASH FLOWS		3,512	5,762
(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities			
Net Operating Result from Income Statement		71,097	17,868
Adjust for non cash items:			
Depreciation & Amortisation		13,322	12,828
Net Losses/(Gains) on Disposal of Assets		(107)	441
Non Cash Capital Grants and Contributions		(61,736)	(34,237)
- Favourable Financial Liabilities (ie. Initial Recognition at Fair Value)		(4,948)	-
- Interest Exp. on Interest Free Loans received by Council (previously Fair Valued)		1,101	-
+/- Movement in Operating Assets and Liabilities & Other Cash Items:			
Decrease/(Increase) in Receivables		(10,418)	9,027
Increase/(Decrease) in Provision for Doubtful Debts		8	6
Decrease/(Increase) in Inventories		(7)	(62)
Decrease/(Increase) in Other Assets		(159)	(48)
Increase/(Decrease) in Payables		1,286	264
Increase/(Decrease) in accrued Interest Payable		1	1
Increase/(Decrease) in other accrued Expenses Payable		112	75
Increase/(Decrease) in Other Liabilities		(695)	2,795
Increase/(Decrease) in Employee Leave Entitlements		56	704
NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS		8,913	9,662
(c) Non-Cash Investing & Financing Activities			
S94 Contributions "in kind"		9,965	3,965
Other Dedications		51,771	30,272
Total Non-Cash Investing & Financing Activities		61,736	34,237
(d) Financing Arrangements			
(i) Unrestricted access was available at balance date to the following lines of credit:			
Bank Overdraft Facilities ⁽¹⁾		150	150
Credit Cards / Purchase Cards		380	380
Total Financing Arrangements		530	530

1. The Bank overdraft facility may be drawn at any time and may be terminated by the bank without notice.
Interest rates on overdrafts are Interest Rates on Loans & Other Payables are disclosed in Note 15.

Camden Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 12. Commitments for Expenditure

\$ '000	Notes	Actual 2012	Actual 2011
(a) Capital Commitments (exclusive of GST)			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
Property, Plant & Equipment			
Infrastructure Assets		4,965	3,710
Total Commitments		4,965	3,710
These expenditures are payable as follows:			
Within the next year		4,965	3,710
Total Payable		4,965	3,710
Sources for Funding of Capital Commitments:			
Unrestricted General Funds		4,965	3,710
Total Sources of Funding		4,965	3,710
(b) Finance Lease Commitments			
Nil			
(b) Operating Lease Commitments (Non Cancellable)			
a. Commitments under Non Cancellable Operating Leases at the Reporting date, but not recognised as Liabilities are payable:			
Within the next year		1,745	763
Later than one year and not later than 5 years		2,648	283
Total Non Cancellable Operating Lease Commitments		4,393	1,046
b. Non Cancellable Operating Leases include the following assets:			
Motor Vehicles, Photocopiers and Other Equipment.			
Conditions relating to Operating Leases:			
<ul style="list-style-type: none"> - All Operating Lease Agreements are secured only against the Leased Asset. - No Lease Agreements impose any financial restrictions on Council regarding future debt etc. 			
(c) Repair and Maintenance Investment Property			
Nil			

Camden Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 13a(i). Statement of Performance Measurement - Indicators (Consolidated)

\$ '000	Amounts 2012	Indicator 2012	Prior Periods	
			2011	2010
Local Government Industry Indicators				
1. Unrestricted Current Ratio				
Current Assets less all External Restrictions ⁽¹⁾	26,313	2.51 : 1	2.27	1.95
Current Liabilities less Specific Purpose Liabilities	10,503			
2. Debt Service Ratio				
Debt Service Cost	2,429	4.02%	4.96%	5.56%
Income from Continuing Operations excluding Capital Items & Specific Purpose Grants/Contributions	60,441			
3. Rates & Annual Charges Coverage Ratio				
Rates & Annual Charges	36,672	27.05%	31.24%	26.39%
Income from Continuing Operations	135,564			
4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage				
Rates, Annual & Extra Charges Outstanding	2,494	6.31%	6.79%	6.16%
Rates, Annual & Extra Charges Collectible	39,554			
5. Building & Infrastructure Renewals Ratio				
Asset Renewals ⁽⁴⁾	5,893	54.70%	37.71%	69.40%
Depreciation, Amortisation & Impairment	10,773			

Notes

⁽¹⁾ Refer Notes 6-8 inclusive.

Also excludes any Real Estate & Land for resale not expected to be sold in the next 12 months

⁽²⁾ Refer to Note 10(a).⁽³⁾ Refer to Note 10(a)(ii) - excludes all payables & provisions not expected to be paid in the next 12 months (incl. ELE).⁽⁴⁾ Asset Renewals represent the replacement &/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance. Asset Renewals include building and infrastructure assets only.

Camden Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 14. Investment Properties

\$ '000	Notes	Actual 2012	Actual 2011
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Council has not classified any Land or Buildings as "Investment Properties"

Camden Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 15. Financial Risk Management

\$ '000

Risk Management

Council's activities expose it to a variety of financial risks including **(1)** price risk, **(2)** credit risk, **(3)** liquidity risk and **(4)** 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 Council's Finance Section under policies approved by the Council.

A comparison by category of the carrying amounts and fair values of Council's Financial Assets & Financial Liabilities recognised in the financial statements is presented below.

	Carrying Value		Fair Value	
	2012	2011	2012	2011
Financial Assets				
Cash and Cash Equivalents	3,512	5,762	3,512	5,762
Investments				
- "Held to Maturity"	49,000	48,000	49,000	48,000
Receivables	35,252	24,842	35,252	24,842
Total Financial Assets	87,764	78,604	87,764	78,604
Financial Liabilities				
Payables	7,103	6,293	7,103	6,293
Loans	19,474	21,220	15,627	21,220
Total Financial Liabilities	26,577	27,513	22,730	27,513

Fair Value is determined as follows:

- **Cash & Cash Equivalents, Receivables, Payables** - are estimated to be the carrying value which approximates mkt value.
- **Borrowings & Held to Maturity Investments** - are based upon estimated future cash flows discounted by the current market interest rates applicable to assets & liabilities with similar risk profiles, unless quoted market prices are available.
- Financial Assets classified (i) **"at fair value through profit & loss"** or (ii) **Available for Sale** - are based upon quoted market prices (in active markets for identical investments) at the reporting date or independent valuation.

Camden Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 15. Financial Risk Management (continued)

\$ '000

(a) Cash & Cash Equivalents, Financial assets 'at fair value through the profit & Loss',
"Available-for-sale" financial assets & "Held-to-maturity" Investments

Council's objective is to maximise its return on cash & investments whilst maintaining an adequate level of liquidity and preserving capital.

Council's Finance area manages the Cash & Investments portfolio with the assistance of independent advisors.

Council has an Investment Policy which complies with the Local Government Act & Minister's Investment Order. This Policy is regularly reviewed by Council and its staff and an Investment Report is tabled before Council on a monthly basis setting out the portfolio breakup and its performance.

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

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

A further risk associated with Cash & Investments is credit risk - the risk that the investment counterparty will not complete their obligations particular to a financial instrument, resulting in a financial loss to Council - be it of a capital or income nature.

Council manages these risks (amongst other measures) by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees.

Council also seeks advice from independent advisers before placing any funds in Cash Equivalents & Investments.

The following represents a summary of the sensitivity of Council's Income Statement and Accumulated Surplus (for the reporting period) due to a change in either the price of a financial asset or the interest rates applicable.

It is assumed that the change in interest rates would have been constant throughout the reporting period.

	Increase of Values/Rates		Decrease of Values/Rates	
	Profit	Equity	Profit	Equity
2012				
Possible impact of a 1% movement in Interest Rates	711	711	(711)	(711)
2011				
Possible impact of a 1% movement in Interest Rates	179	179	(179)	(179)

Camden Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 15. Financial Risk Management (continued)

\$ '000

(b) Receivables

Council's major receivables comprise **(i) Rates & Annual charges** and **(ii) User Charges & Fees**.

The major risk associated with these receivables is credit risk - the risk that debts due and payable to Council may not be repaid in full.

Council manages this risk by monitoring outstanding debt and employing stringent debt recovery procedures.

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

There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

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

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

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

A profile of Council's receivables credit risk at balance date follows:

	2012	2012	2011	2011
	Rates & Annual Charges	Other Receivables	Rates & Annual Charges	Other Receivables
(i) Ageing of Receivables				
Current (not yet overdue)	1,865	3,680	1,860	2,591
Past due by more than 1 year	378	29,359	400	20,013
	2,243	33,039	2,260	22,604

Camden Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 15. Financial Risk Management (continued)

\$ '000

(c) Payables & Borrowings

Payables & Borrowings are both subject to liquidity risk - the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due.

Council manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer.

Payment terms can (in extenuating circumstances) also be extended & overdraft facilities utilised as required.

The contractual undiscounted cash outflows (ie. principal and interest) of Council's Payables & Borrowings are set out in the Liquidity Table below:

\$ '000	Subject	payable in:						Total	Actual
	to no maturity	≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs	Cash Outflows	Carrying Values
2012									
Trade/Other Payables	3,587	3,516	-	-	-	-	-	7,103	7,103
Loans & Advances	-	1,664	1,921	2,208	2,632	2,784	8,265	19,474	15,627
Total Financial Liabilities	3,587	5,180	1,921	2,208	2,632	2,784	8,265	26,577	22,730
2011									
Trade/Other Payables	4,176	2,117	-	-	-	-	-	6,293	6,293
Loans & Advances	-	1,747	1,660	1,920	2,208	2,633	11,052	21,220	21,220
Total Financial Liabilities	4,176	3,864	1,660	1,920	2,208	2,633	11,052	27,513	27,513

Borrowings are also subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs & debt servicing requirements. Council manages this risk through the diversification of borrowing types, maturities & interest rate structures.

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

	2012		2011	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Trade/Other Payables	7,103	0.0%	6,293	0.0%
Loans & Advances - Fixed Interest Rate	15,627	6.64%	21,220	6.65%
	<u>22,730</u>		<u>27,513</u>	

Camden Council

Notes to the Financial Statements
for the financial year ended 30 June 2012

Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 11/12 was adopted by the Council on 26 June 2011.

While the Income Statement included in this General Purpose Financial Report must disclose the Original Budget adopted by Council, the Local Government Act requires Council to review its Financial Budget on a Quarterly Basis, so that it is able to manage the various variations between actuals versus budget that invariably occur throughout the year.

This Note sets out the details of MATERIAL VARIATIONS between Council's Original Budget and its Actual results for the year as per the Income Statement - even though such variations may have been adjusted for during each Quarterly Budget Review.

Note that for Variations* of Budget to Actual :

Material Variations represent those variances that amount to **10%** or more of the original budgeted figure.

F = Favourable Budget Variation, **U** = Unfavourable Budget Variation

\$ '000	2012 Budget	2012 Actual	2012 ----- Variance* -----	
REVENUES				
User Charges & Fees	8,732	10,407	1,675	19% F
The actual user charges and fees received exceeded the budget by \$1,675K (F) (19%) mainly due to increases in development activity in the Camden LGA and increase in leisure centre operating revenues. Building and Town Planning revenues increased by \$811 K, Leisure Centre revenues increased by \$207 K, Waste Management Services revenue increased by \$49 K, Community Services revenue by \$533 K and various other revenues \$75 K.				
Interest & Investment Revenue	2,485	8,584	6,099	245% F
The Interest received was over budget by \$6,099K (F) (245%). This was mainly due to the discounting on Interest Free Loan \$4,948 and some planned capital expenditures were delayed resulting in a higher level of funds being available for investment during the year.				
Other Revenues	2,870	1,220	(1,650)	(57%) U
Other Revenues received was less than the budget by \$1,650K (U) (57%) mainly due to \$1,500K income budgeted under Other Revenues but the actuals received were reclassified to Operating Grants & Contributions.				
Operating Grants & Contributions	4,697	8,023	3,326	71% F
Actual amounts for Operating Grants & Contributions received exceeded the budget by \$3,326K (F) (71%). Additional grants funding were received for Financial Assistance \$793K, Traffic Facility \$84K and Community Facility \$155K. New and additional Contributions funds received for Development Projects \$1941K, Parks and Gardens \$178K and Building Systems grant funding \$175K.				
Capital Grants & Contributions	19,763	70,551	50,788	257% F
Actual amounts for Capital Grants & Contributions received exceeded the budget by \$50,788K (F) (257%) due to contributions received during the year that were not known at the time of preparing the original budget. The increases were mainly for Dedicated Roads \$37,062K, and Dedicated Drainage \$13,726K.				
Net Gains from Disposal of Assets	-	107	107	0% F
Council does not budget for any gains or losses from asset sales, however during the year council sold some plants and equipment items. Further details are available in note 5.				

Camden Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 16. Material Budget Variations (continued)

\$ '000	2012 Budget	2012 Actual	2012 ----- Variance* -----	
EXPENSES				
Borrowing Costs	759	1,783	(1,024)	(135%) U
Actual borrowing cost was more than the budget by \$1024K (U) (135%) due to the amortisation of the interest free loan by \$1,101K. Further details are available in note 4(b).				
Other Expenses	4,037	7,255	(3,218)	(80%) U
Other Expenses exceeded the budget by \$3,218K (U) (80%) mainly due to disposal of Road Resurfacing costs of \$2,224. and the				

Camden Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 17. Statement of Developer Contributions

\$ '000

Council recovers contributions, raises levies & enters into planning agreements on development works that are subject to a development consent issued by Council. All contributions must be spent/utilised for the specific purpose they were levied and any interest applicable to unspent funds must be attributed to remaining funds.

The following tables detail the receipt, interest and use of the above contributions & levies and the value of all remaining funds which are "restricted" in their future use.

SUMMARY OF CONTRIBUTIONS & LEVIES

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	5,016	1,296	3,701	347	(3,701)	-	6,659	165,355	(171,995)	19	19
Roads	6,452	1,349	3,039	228	(14,403)	4,361	1,026	167,284	(163,968)	4,342	4,342
Traffic Facilities	755	17	-	46	-	-	818	7,208	(8,026)	-	-
Parking	(29)	-	-	(2)	-	-	(31)	17,717	(17,686)	-	-
Open Space	9,550	1,980	2,260	558	(2,260)	(4,361)	7,727	153,183	(165,271)	(4,361)	(4,361)
Community Facilities	1,753	2,768	-	175	(298)	-	4,398	171,759	(176,157)	-	-
Other	(605)	324	965	(34)	(1,136)	-	(486)	11,510	(11,024)	-	-
S94 Contributions - under a Plan	22,892	7,734	9,965	1,318	(21,798)	-	20,111	694,016	(714,127)	-	-
S94A Levies - under a Plan	-	-	-	-	-	-	-	-	-	-	-
Total S94 Revenue Under Plans	22,892	7,734	9,965	1,318	(21,798)	-	20,111	-	-	-	-
S94 not under Plans	97	-	-	6	-	-	103	-	(103)	-	-
Total Contributions	22,989	7,734	9,965	1,324	(21,798)	-	20,214	694,016	(714,230)	-	-

Camden Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

CONTRIBUTION PLAN - MANAGEMENT & PROVISION OF INFRASTRUCTURE IN LGA

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	2,472	271	3,701	161	(3,701)	-	2,904	89,670	(92,555)	19	19
Roads	3,520	341	3,039	148	(11,842)	4,361	(433)	98,327	(93,416)	4,478	4,478
Traffic Facilities	10	1	-	1	-	-	12	6,487	(6,499)	-	-
Parking	(29)	-	-	(2)	-	-	(31)	17,717	(17,686)	-	-
Open Space	1,859	713	2,260	134	(2,260)	-	2,706	64,263	(67,621)	(652)	(652)
Community Facilities	1,029	1,577	-	89	(298)	-	2,397	81,682	(84,079)	-	-
Other	(875)	334	965	(42)	(1,102)	-	(720)	10,252	(9,532)	-	-
Total	7,986	3,237	9,965	489	(19,203)	4,361	6,835	368,398	(371,388)	3,845	3,845

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

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	1,749	186	-	110	-	-	2,045	8,141	(10,186)	-	-
Roads	-	-	-	-	-	-	-	-	-	-	-
Traffic Facilities	-	-	-	-	-	-	-	-	-	-	-
Parking	-	-	-	-	-	-	-	-	-	-	-
Open Space	-	-	-	-	-	-	-	-	-	-	-
Community Facilities	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
Total	1,749	186	-	110	-	-	2,045	8,141	(10,186)	-	-

Camden Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

CONTRIBUTION PLAN NO.: 5 - TRUNK DRAINAGE CATHERINEFIELD - PRECINCT 3

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	88	-	-	5	-	-	93	250	(343)	-	-
Roads	-	-	-	-	-	-	-	-	-	-	-
Traffic Facilities	-	-	-	-	-	-	-	-	-	-	-
Parking	-	-	-	-	-	-	-	-	-	-	-
Open Space	-	-	-	-	-	-	-	-	-	-	-
Community Facilities	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
Total	88	-	-	5	-	-	93	250	(343)	-	-

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

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	-	-	-	-	-	-	-	-	-	-	-
Roads	924	-	-	(53)	(2,544)	533	(1,140)	1,140	-	-	-
Traffic Facilities	-	-	-	-	-	-	-	-	-	-	-
Parking	-	-	-	-	-	-	-	-	-	-	-
Open Space	6,258	-	-	292	-	(4,361)	2,189	-	(6,549)	(4,360)	(4,360)
Community Facilities	-	-	-	-	-	-	-	-	-	-	-
Other	(346)	-	-	(22)	-	-	(368)	368	-	-	-
Total	6,836	-	-	217	(2,544)	(3,828)	681	1,508	(6,549)	(4,360)	(4,360)

Camden Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

CONTRIBUTION PLAN NO.: 7 - ROAD MAINTENANCE - EXTRACTIVE INDUSTRIES

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	-	-	-	-	-	-	-	-	-	-	-
Roads	678	-	-	41	(17)	-	702	-	(702)	-	-
Traffic Facilities	-	-	-	-	-	-	-	-	-	-	-
Parking	-	-	-	-	-	-	-	-	-	-	-
Open Space	-	-	-	-	-	-	-	-	-	-	-
Community Facilities	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
Total	678	-	-	41	(17)	-	702	-	(702)	-	-

CONTRIBUTION PLAN NO.: 8 - NARELLAN RELEASE AREA: PRIMARY & SECONDARY ROUNDABOUTS

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	-	-	-	-	-	-	-	-	-	-	-
Roads	-	-	-	-	-	-	-	-	-	-	-
Traffic Facilities	807	16	-	49	-	-	872	-	(872)	-	-
Parking	-	-	-	-	-	-	-	-	-	-	-
Open Space	-	-	-	-	-	-	-	-	-	-	-
Community Facilities	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
Total	807	16	-	49	-	-	872	-	(872)	-	-

Camden Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

CONTRIBUTION PLAN NO.: 11 - SMEATON GRANGE ROADWORKS

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	-	-	-	-	-	-	-	-	-	-	-
Roads	676	85	-	21	-	(533)	249	7,217	(7,466)	-	-
Traffic Facilities	-	-	-	-	-	-	-	-	-	-	-
Parking	-	-	-	-	-	-	-	-	-	-	-
Open Space	-	-	-	-	-	-	-	-	-	-	-
Community Facilities	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
Total	676	85	-	21	-	(533)	249	7,217	(7,466)	-	-

CONTRIBUTION PLAN NO.: 16 - ELLIS LANE / GRASMERE DEVELOPMENT

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	-	-	-	-	-	-	-	-	-	-	-
Roads	421	-	-	25	-	-	446	-	(582)	(136)	(136)
Traffic Facilities	121	-	-	7	-	-	128	-	(128)	-	-
Parking	-	-	-	-	-	-	-	-	-	-	-
Open Space	-	-	-	-	-	-	-	-	-	-	-
Community Facilities	80	-	-	5	-	-	85	-	(85)	-	-
Other	(54)	-	-	(3)	-	-	(57)	71	(14)	-	-
Total	568	-	-	34	-	-	602	71	(809)	(136)	(136)

Camden Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

CONTRIBUTION PLAN NO.: 17 - NARELLAN TOWN CENTRE

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	-	-	-	-	-	-	-	-	-	-	-
Roads	-	-	-	-	-	-	-	-	-	-	-
Traffic Facilities	(183)	-	-	(11)	-	-	(194)	721	(527)	-	-
Parking	-	-	-	-	-	-	-	-	-	-	-
Open Space	813	-	-	49	-	-	862	1,456	(2,318)	-	-
Community Facilities	-	-	-	-	-	-	-	-	-	-	-
Other	425	48	-	26	(34)	-	465	-	(465)	-	-
Total	1,055	48	-	64	(34)	-	1,133	2,177	(3,310)	-	-

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

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	-	-	-	-	-	-	-	-	-	-	-
Roads	-	-	-	-	-	-	-	-	-	-	-
Traffic Facilities	-	-	-	-	-	-	-	-	-	-	-
Parking	-	-	-	-	-	-	-	-	-	-	-
Open Space	57	316	-	16	-	-	389	-	(389)	-	-
Community Facilities	(42)	-	-	(2)	-	-	(44)	44	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
Total	15	316	-	14	-	-	345	44	(389)	-	-

Camden Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

CONTRIBUTION PLAN NO.: 20 - CAMDEN LGA FIRE & OTHER EMERGENCY SERVICES

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	-	-	-	-	-	-	-	-	-	-	-
Roads	-	-	-	-	-	-	-	-	-	-	-
Traffic Facilities	-	-	-	-	-	-	-	-	-	-	-
Parking	-	-	-	-	-	-	-	-	-	-	-
Open Space	-	-	-	-	-	-	-	-	-	-	-
Community Facilities	-	-	-	-	-	-	-	-	-	-	-
Other	185	(185)	-	-	-	-	-	-	-	-	-
Total	185	(185)	-	-	-	-	-	-	-	-	-

CONTRIBUTION PLAN - ORAN PARK AND TURNER ROAD PRECINCTS

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	707	839	-	71	-	-	1,617	48,594	(50,211)	-	-
Roads	233	923	-	46	-	-	1,202	33,260	(34,462)	-	-
Traffic Facilities	-	-	-	-	-	-	-	-	-	-	-
Parking	-	-	-	-	-	-	-	-	-	-	-
Open Space	563	951	-	67	-	-	1,581	17,935	(18,865)	651	651
Community Facilities	686	1,191	-	83	-	-	1,960	6,123	(8,083)	-	-
Other	60	78	-	7	-	-	145	9	(154)	-	-
Total	2,249	3,982	-	274	-	-	6,505	105,921	(111,775)	651	651

Camden Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

S93F LEVIES - UNDER A PLANNING AGREEMENT

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	-	-	-	-	-	-	-	18,700	(18,700)	-	-
Roads	-	-	-	-	-	-	-	27,340	(27,340)	-	-
Traffic Facilities	-	-	-	-	-	-	-	-	-	-	-
Parking	-	-	-	-	-	-	-	-	-	-	-
Open Space	-	-	-	-	-	-	-	69,529	(69,529)	-	-
Community Facilities	-	-	-	-	-	-	-	83,910	(83,910)	-	-
Other	-	49	-	-	-	-	49	810	(859)	-	-
Total	-	49	-	-	-	-	49	200,289	(200,338)	-	-

S94 CONTRIBUTION - NOT UNDER A PLAN

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Drainage	17	-	-	1	-	-	18	-	(18)	-	-
Roads	-	-	-	-	-	-	-	-	-	-	-
Traffic Facilities	-	-	-	-	-	-	-	-	-	-	-
Parking	-	-	-	-	-	-	-	-	-	-	-
Open Space	46	-	-	3	-	-	49	-	(49)	-	-
Community Facilities	34	-	-	2	-	-	36	-	(36)	-	-
Other	-	-	-	-	-	-	-	-	-	-	-
Total	97	-	-	6	-	-	103	-	(103)	-	-

Camden Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 18. Contingencies & Other Assets/Liabilities Not Recognised

\$ '000

The following assets and liabilities do not qualify for recognition in the Balance Sheet, but their knowledge & disclosure is considered relevant to the users of Council's Financial Report.

LIABILITIES NOT RECOGNISED:

Defined Benefit Superannuation Contribution Plans

Council participates in an employer sponsored Defined Benefit Superannuation Scheme, and makes contributions as determined by the Superannuation Scheme's Trustees.

Member Councils bear responsibility of ensuring there are sufficient funds available to pay out the required benefits as they fall due.

The Schemes most recent full actuarial review indicated that the Net Assets of the Scheme were not sufficient to meet the accrued benefits of the Schemes Defined Benefit member category with member Councils required to make significantly higher contributions in future years.

The position is monitored annually and the Actuary has estimated that as at 30 June 2012 a deficit still exists. The share of this deficit that can be broadly attributed to the Council was estimated to be in the order of \$1.86 million as at 30 June 2012.

Future contributions made to the defined benefit scheme to rectify the net deficit position will be recognised as an expense when they become payable - similar to the accounting for Defined Contributions Plans.

Developer Contributions

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

Third Party Claims

Council is involved from time to time in various claims incidental to the ordinary course of business including claims to damages relating to its services.

As at 30 June 2012 Council has two contingent liabilities for Insurance Claims amounting to \$12,800.

Camden Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 19. Controlled Entities, Associated Entities & Interests in Joint Ventures

\$ '000

Council has no interest in any Controlled Entities, Associated Entities or Joint Ventures.

Note 20. Equity - Retained Earnings and Revaluation Reserves

\$ '000	Notes	Actual 2012	Actual 2011
---------	-------	----------------	----------------

a. Retained Earnings

Movements in Retained Earnings were as follows:

Balance at beginning of Year (from previous years audited accounts)		471,656	453,788
Net Operating Result for the Year		71,097	17,868
Balance at End of the Reporting Period		<u>542,753</u>	<u>471,656</u>

b. Reserves

(i) Reserves are represented by:

- Infrastructure, Property, Plant & Equipment Revaluation Reserve		291,431	298,365
Total		<u>291,431</u>	<u>298,365</u>

(ii). Reconciliation of movements in Reserves:**Infrastructure, Property, Plant & Equipment Revaluation Reserve**

- Opening Balance		298,365	246,409
- Revaluations: Land Improvements	9(a)	-	12,438
- Revaluations: Land Under Roads	9(a)	(6,934)	38,663
- Revaluations: Buildings - Non-Specialised	9(a)	-	855
- Balance at End of Year		<u>291,431</u>	<u>298,365</u>

TOTAL VALUE OF RESERVES

<u>291,431</u>	<u>298,365</u>
-----------------------	-----------------------

Camden Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 20. Equity - Retained Earnings and Revaluation Reserves (continued)

(iii). Nature & Purpose of Reserves

Infrastructure, Property, Plant & Equipment Revaluation Reserve

- The Infrastructure, Property, Plant & Equipment Revaluation Reserve is used to record increments/decrements of Non Current Asset values due to their revaluation.

c. Correction of Error/s relating to a Previous Reporting Period

Council made no correction of errors during the current reporting period.

Note 21. Financial Result & Financial Position by Fund

Income Statement by Fund \$ '000	Actual 2012	Actual 2012	Actual 2012	Actual 2012
-------------------------------------	----------------	----------------	----------------	----------------

Council utilises only a General Fund for its operations.

<u>Continuing Operations</u>	Other	Water	Sewer	General ¹
Income from Continuing Operations				
Rates & Annual Charges	-	-	-	36,672
User Charges & Fees	-	-	-	10,407
Interest & Investment Revenue	-	-	-	8,584
Other Revenues	-	-	-	1,220
Grants & Contributions provided for Operating Purposes	-	-	-	8,023
Grants & Contributions provided for Capital Purposes	-	-	-	70,551
Other Income				
Net Gains from Disposal of Assets	-	-	-	107
Total Income from Continuing Operations	-	-	-	135,564
Expenses from Continuing Operations				
Employee Benefits & on-costs	-	-	-	25,349
Borrowing Costs	-	-	-	1,783
Materials & Contracts	-	-	-	16,758
Depreciation & Amortisation	-	-	-	13,322
Other Expenses	-	-	-	7,255
Total Expenses from Continuing Operations	-	-	-	64,467
Operating Result from Continuing Operations	-	-	-	71,097
Net Operating Result for the Year	-	-	-	71,097
Net Operating Result attributable to each Council Fund	-	-	-	71,097
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes	-	-	-	546

¹ General Fund refers to all Council's activities other than Water, Sewer & Other

Camden Council

Notes to the Financial Statements

as at 30 June 2012

Note 21. Financial Result & Financial Position by Fund

Balance Sheet by Fund \$ '000	Actual 2012	Actual 2012	Actual 2012	Actual 2012
	Other	Water	Sewer	General ¹
ASSETS				
Current Assets				
Cash & Cash Equivalents	-	-	-	3,512
Investments	-	-	-	47,000
Receivables	-	-	-	5,515
Inventories	-	-	-	432
Other	-	-	-	708
Total Current Assets	-	-	-	57,167
Non-Current Assets				
Investments	-	-	-	2,000
Receivables	-	-	-	29,737
Infrastructure, Property, Plant & Equipment	-	-	-	776,076
Total Non-Current Assets	-	-	-	807,813
TOTAL ASSETS	-	-	-	864,980
LIABILITIES				
Current Liabilities				
Payables	-	-	-	7,692
Borrowings	-	-	-	1,664
Provisions	-	-	-	7,127
Total Current Liabilities	-	-	-	16,483
Non-Current Liabilities				
Payables	-	-	-	-
Borrowings	-	-	-	13,963
Provisions	-	-	-	350
Total Non-Current Liabilities	-	-	-	14,313
TOTAL LIABILITIES	-	-	-	30,796
Net Assets	-	-	-	834,184
EQUITY				
Retained Earnings	-	-	-	542,753
Revaluation Reserves	-	-	-	291,431
Council Equity Interest	-	-	-	834,184
Total Equity	-	-	-	834,184

¹ General Fund refers to all Council's activities other than Water, Sewer & Other

Camden Council

Notes to the Financial Statements

for the financial year ended 30 June 2012

Note 22. "Held for Sale" Non Current Assets & Disposal Groups

	2012		2011	
\$ '000	Current	Non Current	Current	Non Current

Council did not classify any Non Current Assets or Disposal Groups as "Held for Sale".

Note 23. Events occurring after Balance Sheet Date

\$ '000

Events that occur after the reporting date of 30 June 2012, up to and including the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

Council has adopted the date of receipt of the Auditors' Report as the appropriate "authorised for issue" date relating to these General Purpose Financial Statements.

Accordingly, the "authorised for issue" date is 05/11/12.

Events that occur after the Reporting Date represent one of two types:

(i) Events that have provided evidence of conditions that existed at the Reporting Date

These financial statements (and the figures therein) incorporate all "adjusting events" that provided evidence of conditions that existed at 30 June 2012.

(ii) Events that have provided evidence of conditions that arose after the Reporting Date

Council is unaware of any material or significant "non adjusting events" that should be disclosed.

Note 24. Discontinued Operations

Council has not classified any of its Operations as "Discontinued".

Note 25. Intangible Assets

Intangible Assets represent identifiable non-monetary asset without physical substance.

Council is unaware of any control over Intangible Assets that warrant recognition in the Financial Statements, including either internally generated and developed assets or purchased assets.

Note 26. Reinstatement, Rehabilitation & Restoration Liabilities

Council has no outstanding obligations to make, restore, rehabilitate or reinstate any of its assets/operations.



PITCHER PARTNERS

ACCOUNTANTS AUDITORS & ADVISORS

Level 22 MLC Centre
19 Martin Place
Sydney NSW 2000
Australia

Postal Address:
GPO Box 1615
Sydney NSW 2001
Australia

Tel: +61 2 9221 2099
Fax: +61 2 92231762

www.pitcher.com.au
partners@pitcher-nsw.com.au

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CAMDEN COUNCIL

Independent Audit Report to the Council

General Purpose Financial Statements for the Year ended 30 June 2012

Report on the Financial Report

We have audited the general purpose financial statements of Camden Council, which comprises the Balance Sheet as at 30 June 2012, 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 and the statutory requirements under the Local Government Act, 1993, and for such internal control that Council determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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. Those 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 2012, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards.

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


CARL MILLINGTON
Partner

Sydney, 5 November 2012



PITCHER PARTNERS

ACCOUNTANTS AUDITORS & ADVISORS

Level 22 MLC Centre
19 Martin Place
Sydney NSW 2000
Australia

Postal Address:
GPO Box 1615
Sydney NSW 2001
Australia

Tel: +61 2 9221 2099
Fax: +61 2 92231762

www.pitcher.com.au
partners@pitcher-nsw.com.au

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CAMDEN COUNCIL INDEPENDENT AUDITORS' REPORT ON THE CONDUCT OF THE AUDIT YEAR ENDED 30 JUNE 2012

Camden Council has prepared a general purpose financial report for the year ended 30 June 2012 on which we issued a separate audit report to the Council dated 5 November 2012. This report has been prepared in accordance with the requirements of the Division of Local Government, and the provisions of Section 417(3) of the Local Government Act, 1993.

We disclaim any assumption of responsibility for any reliance on this report or on the financial statements to which it relates to any person other than the Council or the New South Wales Division of Local Government, or for any purpose other than that for which it was prepared.

Audit Conclusion and Emphasis of Matter

Our audit of the financial report for the year ended 30 June 2012 resulted in unqualified independent audit reports for Council's General Purpose and Special Purpose Financial Statements.

Additional Audit Considerations and Comment

Income Statement

Summarised Income Statement

	2012 Actual \$'000	2012 Budget \$'000	* Budget Variance %	2011 Actual \$'000
Operating result	71,097	12,735	458% F	17,868
Operating result before capital revenue	546	(7,028)	108% F	(36,397)
Rates & annual charges	36,672	36,557	0.31% F	34,027
Operating grants & contributions	8,023	4,697	71% F	5,630
Capital grants & contributions	70,551	19,763	257% F	54,265
Depreciation & amortisation	13,322	14,726	10% F	12,828

* Detailed explanations for material favourable (F) and unfavourable (U) budget variations are provided in Note 16 to the financial statements

Operating Result.

Council's operating surplus for 2012 was significantly higher than the original budget for the year and the actual surplus for the 2011 year. This was directly attributable to the increased revenue derived from Sect. 94 contributions and other dedicated assets.

Also included in the operating result was income of \$3.847M being the net effect of the recognition of an interest free loan received by Council. As a result, and in accordance with current Australian Accounting Standards, interest and investment revenue includes \$4.948M representing the concessional discount received on the interest free loan, and borrowing costs includes \$1.101M representing the 2012 year amortisation of that discount.

Operating Result before Capital.

The operating result before capital grants and contributions was a surplus of \$546K compared with the prior year deficit of \$36.397M. This compared with the original budget deficit of \$7.028M.

Included in the prior year results was the \$30.4M loss recorded as a result of the revaluation of Community Land and Other Structures.

Rates and Annual Charges.

Revenue from rates and annual charges increased to \$36.672M from \$34.027M in the prior year, and was within 0.3% of budget for the 2012 year.

Grants and Contributions.

Operating grants and contributions for the year totalled \$8.023M and represented 5.92% of total income from continuing operations. This compares with budget of \$4.697M.

Capital grants and contributions amounted to \$70.551M for the 2012 year and represented 52% of total income from continuing operations. This compares with budget of \$19.763M. Of the \$70.551M total capital grants and contributions included in the operating result, only \$8.815M was received as cash with the balance being contributed as assets.

Depreciation.

Included in the operating result was \$13.322M for the depreciation and amortisation of infrastructure, property, plant and equipment which increased from \$12.828M in the prior year and compared with the original budget of \$14.726M.

Depreciation represents approximately 21% of total expenses.

Balance Sheet

Council's equity at 30 June 2012 amounted to \$834.184M comprised of retained earnings (\$542.753M), and reserves (\$291.431M) arising from revaluation of infrastructure assets.

The most significant impact on retained earnings during 2012 was the operating surplus of \$71.097M.

At balance date Council had not utilised any of its bank overdraft or credit card facilities.

Movements in Cash and Cash Equivalents

Summarised Statement of Cash Flows

Activities	2012 Actual \$'000	2012 Budget \$'000	* Budget Variance %	2011 Actual \$'000
Net cash flows from operations	8,914	12,595	29% U	9,663
Net cash flows from investing	(9,418)	(12,361)	24% F	(5,798)
Net cash flows from financing	(1,747)	530	429% U	(278)
Net movement in cash	(2,251)	76		3,587

* Detailed explanations for material budget variations are provided in Note 16 to the financial statements

Council's cash and cash equivalent balances increased to a total of \$3.512M during the year, with \$8.914M being provided from operations, \$9.418M utilised in net investing activities for the acquisition and sale of non-current assets, and \$1.747M utilised in net movements in borrowings and advances.

As a result of there being sufficient funds provided from operating activities and in Council's reserves, Council decided that the budgeted borrowings of \$1.6M were not required in 2012. This is reflected in the budget variance in financing activities.

Total Investments and Cash Balances

Council's cash and investments balances totalled \$52.512M at 30 June 2012 (2011 - \$53.762M), and was subject to the following restrictions:

	2012 \$'000	2011 \$'000	Variance
Externally restricted for use as specified by legislation and/or other regulatory requirements	32,436	36,653	(4,217)
Internally reserved for specific projects and purposes identified by Council	19,201	16,390	2,811
Unrestricted	875	719	156
Total cash and investments	52,512	53,762	(1,250)

Of this total, \$32.436M (2011 - \$36.653M) is externally restricted for use as specified by legislation and/or other regulatory requirements, \$19.201M (2011 - \$16.390M) has been reserved for specific projects and purposes identified by Council, and \$875K (2011 - \$719K) is unrestricted.

Movements in externally restricted cash balances included the net reduction of \$3.342M in specific purpose unexpended loans, net reduction of \$2.775M in developer contributions, the net increase of \$556K in domestic waste management funds and the net increase of \$676K in development assessment acceleration funds.

Internally restricted balances increased overall by \$2.811M, including increases in reserves created for central administration building, community infrastructure renewal program and DOP loan repayment.

Working Capital (Net Current Assets)

	2012	2011	2010
	\$'000	\$'000	\$'000
Current assets	57,167	59,165	52,629
Less: Current liabilities	16,483	15,354	14,527
Net current assets	40,684	43,811	38,102
Add: anticipated longer term liabilities included in current	5,406	5,307	4,698
Adjusted net Current Assets	46,090	49,118	42,800
<i>Less: Working Capital Commitments</i>			
Net external restrictions	30,280	37,095	34,038
Unrestricted Working Capital	15,810	12,023	8,762

Council's balance of unrestricted working capital has increased from \$12.023M in 2011 to \$15.81M at the end of the 2012 financial year. This balance represents approximately 24% of total anticipated operating expenses for the 2012/13 year.

After taking into consideration Council's internal reserves, other liabilities that are anticipated to be funded from the 2012/13 operating budget and anticipated timing of rate revenues, Council's unrestricted working capital balance appears to provide a reasonable basis for funding the coming year's operations and is a continuation of the improvements experienced in the last two years.

Performance Indicators and Trends

Prescribed performance indicators are included in Note 13 to the financial report and provide a comparison of the 2012 year results with prior years.

Unrestricted Current Ratio – 2.51:1.

The ratio has continued the improvement experienced in recent years and remains above the industry benchmark of 2:1.

Debt Service Ratio – 4.02%.

The debt service ratio is indicative of Councils current low debt levels and remains well below the industry benchmark of 10%

Rates and Annual Charges Coverage Ratio – 27.05%.

Council's rates and annual charges revenue represented 27.05% of 2012 total revenue, again demonstrating the impact that increased developer and other capital contributions has on Council's operations. From a cash flow perspective, receipts from rates and annual charges represented 58% of total cash receipts for the 2012 year.

Rates and Annual Charges Outstanding Percentage – 6.31%.

The amount of rates uncollected at year end expressed as a percentage of the total rates and annual charges collectible was 6.31%. This is a slight improvement on the prior year, and the ratio remains above the industry benchmark of 5%.

Building & Infrastructure Renewals Ratio – 54.7%.

The ratio decreased from 69.40% in the prior year to 37.71% but has increased to 54.7% in 2012. This is still below the industry guidelines of 100%. Council would have needed to spend an additional \$4.88M on infrastructure renewals to meet the current industry benchmark.

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 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 20), and other legislatively prescribed standards.

Conduct of the audit

During the conduct of our audit, there were minimal issues requiring additional explanation and investigation. We are able to report that all such issues have been appropriately attended to and there are no matters of audit significance, other than those already referred to in this report, that require mention in this or our statutory audit report.

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

Pitcher Partners

PITCHER PARTNERS

Carl Millington

CARL MILLINGTON

Partner

Sydney, 5 November 2012

Camden Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2012

Camden, the Best of Both Worlds



Camden Council

Special Purpose Financial Statements for the financial year ended 30 June 2012

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2. Special Purpose Financial Statements:	
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- Balance Sheet of Other Business Activities	84
3. Notes to the Special Purpose Financial Statements	85
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Background

- (i) These Special Purpose Financial Statements have been prepared for the use by both Council and the Division of Local Government in fulfilling their requirements under National Competition Policy.
- (ii) The principle of competitive neutrality is based on the concept of a "level playing field" between persons/entities competing in a market place, particularly between private and public sector competitors.

Essentially, the principle is that government businesses, whether Commonwealth, State or Local, should operate without net competitive advantages over other businesses as a result of their public ownership.

- (iii) In preparing these financial statements for Council's self classified Category 1 businesses and ABS defined activities, councils must apply full cost attribution including tax equivalent regime payments & debt guarantee fees (where the business benefits from councils borrowing position by comparison with commercial rates).
-

Camden Council

Special Purpose Financial Statements for the financial year ended 30 June 2012

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

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

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

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

- 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 these Statements false or misleading in any way.

Signed in accordance with a resolution of Council made on 09 October 2012.



Cr Lara Symkowiak
MAYOR



Cr Peter Sidgreaves
DEPUTY MAYOR



Greg Wright
GENERAL MANAGER



Paul Rofe
RESPONSIBLE ACCOUNTING OFFICER

Camden Council

Income Statement of Council's Other Business Activities

for the financial year ended 30 June 2012

\$ '000	Commercial Waste	
	Category 2	
	Actual 2012	Actual 2011
Income from continuing operations		
User charges	552	538
Total income from continuing operations	552	538
Expenses from continuing operations		
Employee benefits and on-costs	106	117
Materials and contracts	111	127
Depreciation and impairment	33	76
Other expenses	140	136
Total expenses from continuing operations	390	456
Surplus (deficit) from Continuing Operations before capital amounts	162	82
Surplus (deficit) from Continuing Operations after capital amounts	162	82
Surplus (deficit) from ALL Operations before tax	162	82
less: Corporate Taxation Equivalent (30%) [based on result before capital]	(49)	(25)
SURPLUS (DEFICIT) AFTER TAX	113	57
plus Opening Retained Profits	1,238	1,156
- Corporate taxation equivalent	49	25
- Dividend paid	-	-
Closing Retained Profits	1,400	1,238
Return on Capital %	79.4%	36.0%
Subsidy from Council	-	-

Camden Council

Balance Sheet of Council's Other Business Activities

as at 30 June 2012

Commercial Waste

Category 2

\$ '000	Actual 2012	Actual 2011
ASSETS		
Current Assets		
Cash and cash equivalents	1,184	1,010
Receivables	12	-
Total Current Assets	1,196	1,010
Non-Current Assets		
Infrastructure, property, plant and equipment	204	228
Total Non-Current Assets	204	228
TOTAL ASSETS	1,400	1,238
LIABILITIES		
Current Liabilities		
Payables	-	-
Total Current Liabilities	-	-
Non-Current Liabilities		
Payables	-	-
Total Non-Current Liabilities	-	-
TOTAL LIABILITIES	-	-
NET ASSETS	1,400	1,238
EQUITY		
Retained earnings	1,400	1,238
Council equity interest	1,400	1,238
TOTAL EQUITY	1,400	1,238

Camden Council

Special Purpose Financial Statements for the financial year ended 30 June 2012

Contents of the Notes accompanying the Financial Statements

Note	Details	Page
1	Summary of Significant Accounting Policies	86

Camden Council

Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2012

Note 1. Significant Accounting Policies (continued)

These financial statements are a Special Purpose Financial Statements (SPFS) prepared for use by Council and the Division of Local Government.

For the purposes of these statements, the Council's business activities (reported herein) are not reporting entities.

These special purpose financial statements, unless otherwise stated, have been prepared in accordance with;

- applicable Australian Accounting Standards,
- other authoritative pronouncements of the Australian Accounting Standards Board,
- Australian Accounting Interpretations,
- 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 based on historic costs and do not take into account changing money values nor current values of non-current assets (except where specifically stated).

Certain taxes and other costs (appropriately described) have been imputed for the purposes of the National Competition Policy.

National Competition Policy

Council has adopted the principle of 'competitive neutrality' to its business activities as part of the national competition policy which is being applied throughout Australia at all levels of government.

The framework for its application is set out in the June 1996 Government Policy statement on the "Application of National Competition Policy to Local Government".

The "Pricing & Costing for Council Businesses A Guide to Competitive Neutrality" issued by the Division of Local Government in July 1997 has also been adopted.

The pricing & costing guidelines outline the process for identifying and allocating costs to activities and provide a standard of disclosure requirements.

These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents; council subsidies; return on investments (rate of return); and dividends paid.

Declared Business Activities

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

Category 1

(where gross operating turnover is over \$2 million)

Nil

Category 2

(where gross operating turnover is less than \$2 million)

a. Camden Commercial Waste Activity

Provide a diversified range of waste removal services to business operations in the Camden local government area.

Monetary Amounts

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

(i) Taxation Equivalent Charges

Council is liable to pay various taxes and financial duties in undertaking its business activities. Where this is the case, they are disclosed in these statements as a cost of operations just like all other costs.

However, where Council is exempt from paying taxes which are generally paid by private sector businesses (such as income tax), equivalent tax payments have been applied to all Council nominated business activities and are reflected in these financial statements.

For the purposes of disclosing comparative information relevant to the private sector equivalent, the following taxation equivalents have been applied

Camden Council

Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2012

Note 1. Significant Accounting Policies (continued)

to all council nominated business activities (this does not include council's non-business activities):

Notional Rate Applied %

Corporate Income Tax Rate – 30%

Land Tax – The first **\$396,000** of combined land values attracts **0%**. From \$396,001 to \$2,421,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$2,421,000, a premium marginal rate of **2.0%** applies.

Payroll Tax – **5.45%** on the value of taxable salaries and wages in excess of \$658,000.

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-tax level (gain/(loss) from ordinary activities before capital amounts) as would be applied by a private sector competitor – that is, it should include a provision equivalent to the corporate income tax rate, currently 30%.

Income Tax is only applied where a positive gain/(loss) from ordinary activities before capital amounts has been achieved.

Since this 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 Council's GPFS.

The rate applied of 30% is the equivalent company tax rate prevalent as at balance date. No adjustments have been made for variations that have occurred during the year.

1. Local Government Rates & Charges

A calculation of the equivalent rates and charges payable on all Category 2 businesses has been applied to all land assets owned or exclusively used by the business activity.

Loan & 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 2012, 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 the 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.

Accordingly, Subsidies disclosed (in relation to National Competition Policy) represents the difference between revenue generated from 'rate of return' pricing and revenue generated from prices set by the council in any given financial year.

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

(iii) Return on Investments (Rate of Return)

The Policy statement requires that councils with Category 1 businesses "would be expected to generate a return on capital funds employed that is

Camden Council

Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2012

Note 1. Significant Accounting Policies (continued)

comparable to rates of return for private businesses operating in a similar field".

Such funds are subsequently available for meeting commitments or financing future investment strategies.

The Rate of Return on Capital is calculated as follows:

Operating Result before Capital Income + Interest Expense

Written Down Value of I,PP&E as at 30 June

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 3.04% at 30/06/12.

However, Council does not have any Category 1 business.

(iv) Dividends

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



PITCHER PARTNERS

ACCOUNTANTS AUDITORS & ADVISORS

Level 22 MLC Centre
19 Martin Place
Sydney NSW 2000
Australia

Postal Address:
GPO Box 1615
Sydney NSW 2001
Australia

Tel: +61 2 9221 2099
Fax: +61 2 92231762

www.pitcher.com.au
partners@pitcher-nsw.com.au

Pitcher Partners, including Johnston Rorke,
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CAMDEN COUNCIL

Special Purpose Financial Report

Independent Auditors' Report to the Council for the Year ended 30 June 2012

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 2012 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 such internal controls as the Council determines are necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities

Our responsibility is to express an opinion on the financial statements based on our audit. 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.

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 2012 and of its financial performance for the year then ended in accordance with the accounting policies described in Note 1 to the special purpose financial statements.

Basis of Accounting

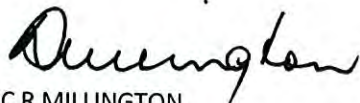
Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The special purpose financial statements have been prepared for distribution to the Council and the New South Wales Division of Local Government for the purpose of fulfilling the 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.

Other Matter

Camden Council has prepared a separate financial report for the year ended 30 June 2012 in accordance with Australian Accounting Standards and the Code of Accounting Practice and Financial Reporting on which we issued a separate auditor's report to the Council dated 5 November 2012.



PITCHER PARTNERS



C R MILLINGTON
Partner

Sydney, 5 November 2012

Camden Council

SPECIAL SCHEDULES
for the year ended 30 June 2012

Camden, the Best of Both Worlds



Camden Council

Special Schedules

for the financial year ended 30 June 2012

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¹ Special Purpose Schedules are not audited.

Background

- (i) These Special Schedules have been designed to meet the requirements of special purpose users such as;
- the NSW Grants Commission
 - the Australian Bureau of Statistics (ABS),
 - the NSW Office of Water,
 - the Department of Environment, Climate Change and Water, and
 - the Division of Local Government (DLG).
- (ii) The financial data is collected for various uses including;
- the allocation of Financial Assistance Grants,
 - the incorporation of Local Government financial figures in national statistics,
 - the monitoring of loan approvals,
 - the allocation of borrowing rights, and
 - the monitoring of the financial activities of specific services.

Camden Council

Special Schedule No. 1 - Net Cost of Services

for the financial year ended 30 June 2012

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
Governance	1,119	46	-	(1,073)
Administration	15,354	2,954	-	(12,400)
Public Order and Safety				
Fire Service Levy, Fire Protection, Emergency Services	858	160	12	(686)
Enforcement of Local Govt. Regulations	11	1	-	(10)
Animal Control	365	67	-	(298)
Total Public Order & Safety	1,234	228	12	(994)
Health	887	123	-	(764)
Environment				
Noxious Plants and Insect/Vermin Control	117	33	-	(84)
Other Environmental Protection	125	4	-	(121)
Solid Waste Management	6,621	6,461	-	(160)
Drainage	2,421	349	24,409	22,337
Total Environment	9,284	6,847	24,409	21,972
Community Services and Education				
Administration & Education	208	19	-	(189)
Social Protection (Welfare)	2,072	1,441	-	(631)
Aged Persons and Disabled	15	1	-	(14)
Children's Services	252	65	-	(187)
Total Community Services & Education	2,547	1,526	-	(1,021)
Housing and Community Amenities				
Public Cemeteries	52	161	-	109
Street Lighting	1,179	-	-	(1,179)
Town Planning	2,166	551	-	(1,615)
Other Community Amenities	201	-	-	(201)
Total Housing and Community Amenities	3,598	712	-	(2,886)

Camden Council

Special Schedule No. 1 - Net Cost of Services (continued)

for the financial year ended 30 June 2012

\$'000

Function or Activity	Expenses from Continuing Operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
Recreation and Culture				
Public Libraries	2,112	210	-	(1,902)
Museums	-	-	-	-
Art Galleries	-	-	-	-
Community Centres and Halls	1,053	919	-	(134)
Performing Arts Venues	-	-	-	-
Other Performing Arts	-	-	-	-
Other Cultural Services	13	1	-	(12)
Sporting Grounds and Venues	-	-	-	-
Swimming Pools	3,902	3,565	29	(308)
Parks & Gardens (Lakes)	5,139	519	346	(4,274)
Other Sport and Recreation	7	-	-	(7)
Total Recreation and Culture	12,226	5,214	375	(6,637)
Mining, Manufacturing and Construction				
Building Control	4,856	5,545	-	689
Total Mining, Manufacturing and Const.	4,856	5,545	-	689
Transport and Communication				
Urban Roads (UR) - Local	12,206	-	36,663	24,457
Urban Roads - Regional	-	21	-	21
Bridges on UR - Local	3	-	-	(3)
Bridges on SRR - Local	-	-	-	-
Bridges on URR - Local	-	-	-	-
Bridges on Regional Roads	-	-	-	-
Parking Areas	14	-	-	(14)
Footpaths	115	-	-	(115)
Aerodromes	-	-	-	-
Other Transport & Communication	469	344	9,092	8,967
Total Transport and Communication	12,807	365	45,755	33,313
Economic Affairs				
Other Economic Affairs	555	84	-	(471)
Total Economic Affairs	555	84	-	(471)
Totals – Functions	64,467	23,644	70,551	29,728
General Purpose Revenues⁽²⁾		41,369		41,369
NET OPERATING RESULT⁽¹⁾	64,467	65,013	70,551	71,097

(1) As reported in the Income Statement

(2) Includes: Rates & Annual Charges (incl. Ex Gratia, excl. Water & Sewer), Non Capital General Purpose Grants & Interest on Investments (excl. Ext. Restricted Assets)

Camden Council

Special Schedule No. 2(a) - Statement of Long Term Debt (all purpose)
for the financial year ended 30 June 2012

\$'000

Classification of Debt	Principal outstanding at beginning of the year			New Loans raised during the year	Debt redemption during the year		Transfers to Sinking Funds	Interest applicable for Year	Principal outstanding at the end of the year		
	Current	Non Current	Total		From Revenue	Sinking Funds			Current	Non Current	Total
Loans (by Source)											
Financial Institutions	1,747	7,774	9,521	-	1,597	-	-	682	1,414	6,510	7,924
Dept of Planning (NSW Treasury)	-	11,700	11,700	-	150	-	-	-	250	11,300	11,550
Total Loans	1,747	19,474	21,221	-	1,747	-	-	682	1,664	17,810	19,474
Total Debt	1,747	19,474	21,221	-	1,747	-	-	682	1,664	17,810	19,474

Notes: Excludes (i) Internal Loans & (ii) Principal Inflows/Outflows relating to Loan Re-Financing.

This Schedule is prepared using the face value of debt obligations, rather than fair value, which is reported in note 10a GPFS.

Special Schedule No. 7 - Condition of Public Works (continued)

as at 30 June 2012

\$1,000

ASSET CLASS	Asset Category	Dep'n. Rate (%)	Dep'n Expense (\$)	Cost	Valuation	Accum. Depreciation Amortisation & Impairment	Carrying Amount (WDV)	Asset Condition [#]	Estimated cost to bring up to a satisfactory condition / standard ⁽¹⁾	Required ⁽²⁾ Annual Maintenance	Current ⁽³⁾ Annual Maintenance
		per Note 1	per Note 4	<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<<							

Notes:

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

Asset Condition "Key" - as per the DLG Integrated Planning & Reporting Manual

1	Excellent - No work required (normal maintenance)
2	Good - Only minor maintenance work required
4	
5	

Additional Information Supporting Special Schedule 7

in preparing the 2011/12 Integrated Planning & Reporting Package "Transforming Community Vision into Action", Council prepared a comprehensive Asset Management Strategy and Plan. The preparation of this strategy identified the following key issues for how we manage our assets:

Asset Renewal Gap

Special Schedule 7 identifies that Council has an asset renewal gap; this means we are not replacing assets at the same rate as we are consuming them. This is a common problem in most Councils as the funds available for asset renewal must be rationalised against other service driven needs. Council identified a program of asset renewal in 2010/11 to assist in reducing the asset renewal backlog by applying to IPART for a 4.50% special rate variation; this was approved for 3 years only. The period of the SRV increased spending on asset renewal by \$3.6 million. Council is currently considering the need for a continuation of the SRV which will allow Council to continue to address its growing asset renewal backlog. The quicker Council is able to address the backlog the more money it will save the community in the long-term.

Our Asset Base is Growing

Camden is one of the fastest growing LGA's in NSW. As a result the assets Council is required to maintain is increasing at a rapid rate. New assets need to be maintained on a regular basis and long-term planning employed to ensure sufficient funds are identified for their renewal in the future.

Asset Management System

Council's asset base is now over \$770 million. In order to efficiently manage the life cycle of these assets Council is in the process of implementing an asset management system. Once mature, this system will provide Council with more accurate information about current and future asset renewal needs and how best to allocate renewal funding that will ensure the long term sustainability of the Community's assets.

Bridges

Bridges include the replacement cost of \$330,000 for Little Sandy Bridge which has reached condition 5 (Urgent renewal required) following 2 floods that occurred in early 2012.

Camden Council

Special Schedule No. 8 - Financial Projections

as at 30 June 2012

\$'000	Actual ⁽¹⁾ 11/12	Forecast 12/13	Forecast 13/14	Forecast ⁽³⁾ 14/15	Forecast ⁽³⁾ 15/16
(i) OPERATING BUDGET					
Income from continuing operations	135,564	82,116	90,159	89,585	149,651
Expenses from continuing operations	64,467	66,349	70,119	74,228	80,367
Operating Result from Continuing Operations	71,097	15,767	20,040	15,357	69,284
(ii) CAPITAL BUDGET					
New Capital Works ⁽²⁾	15,326	13,427	3,748	17,609	15,395
New Capital Works - Planning Agreements	-	18,251	24,239	19,536	74,440
Replacement/Renewal of Existing Assets	5,893	7,562	7,197	6,935	8,346
Total Capital Budget	21,219	39,240	35,184	44,080	98,181
Funded by:					
- Loans	-	1,600	1,600	12,404	14,195
- Asset sales	143	359	455	2,403	271
- Reserves	16,872	13,709	5,820	6,701	5,617
- Grants/Contributions	1,666	1,402	409	39	39
- Community Infrastructure Renewal Program	532	1,037	1,368	1,472	1,596
- Recurrent revenue	2,006	2,882	1,293	1,525	2,018
- Other	-	18,251	24,239	19,536	74,445
	21,219	39,240	35,184	44,080	98,181

Notes:

(1) From 11/12 Income Statement.

(2) New Capital Works are major non-recurrent projects, eg new Leisure Centre, new Library, new Swimming pool etc.

(3) Financial Projections should be in accordance with Council's Adopted Delivery Program.