



Singleton Council

General Purpose
Financial Statements

For the year ended 30 June 2013

SINGLETON COUNCIL

General purpose financial statements for the year ended 30 June 2013

Contents

	Page
General purpose financial statements	
Statement by Councillors and Management	1
Income statement	2
Statement of comprehensive income	3
Statement of Financial Position	4
Statement of changes in equity	5
Statement of cash flows	6
Notes to the financial statements	7 - 62
Auditors' reports	63

These financial statements are general purpose financial statements of Singleton Council and its controlled entities and is presented in the Australian currency.

Singleton Council is constituted under the Local Government Act (1993) and has its principal place of business at:

Singleton Council
Civic Centre
Queen Street
Singleton NSW 2330

The financial statements are authorised for issue by the Council on 31 October 2013. Council has the power to amend and reissue the financial statements.

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

SINGLETON COUNCIL

Special purpose financial statements for the year ended 30 June 2013



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:

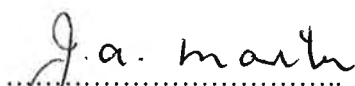
- NSW Government Policy Statement "*Application of National Competition Policy to Local Government*"
- Division of Local Government Guidelines "*Pricing & Costing for Council Businesses: A Guide to Competitive Neutrality*"
- The Local Government Code of Accounting Practice and Financial Reporting
- The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


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

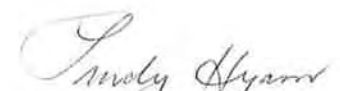
- present fairly the operating result and financial position for each of Council's declared Business Activities for the year, and
- accord with Council's accounting and other records.

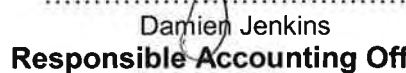
We are not aware of any matter that would render the reports false or misleading in any way.

Signed in accordance with a resolution of Council made on 14th October 2013.


.....
Cr John Martin OAM
Mayor


.....
Cr Godfrey Adamthwaite
Councillor


.....
Lindy Hyam
General Manager


.....
Damien Jenkins
Responsible Accounting Officer

ABN 52 877 492 396

Address all
correspondence to
the General Manager:

PO Box 314
SINGLETON
NSW 2330

DX 7063
SINGLETON

Administration Centre
located at:
Queen Street
Singleton

Ph: (02) 6578 7290

Fax: (02) 6572 4197

Email:

ssc@singleton.nsw.gov.au

Website:

www.singleton.nsw.gov.au



"Singleton.
A progressive
community of
excellence and
sustainability."

Printed on
Recycled Stock.

SINGLETON COUNCIL

**Income statement
for the year ended 30 June 2013**

Original Budget* 2013 \$'000		Notes	Actual 2013 \$'000	Actual 2012 \$'000
	Income from continuing operations			
	Revenue:			
20,155	Rates and annual charges	3(a)	20,469	19,027
10,544	User charges and fees	3(b)	14,623	11,188
2,906	Interest and investment revenues	3(c)	4,680	3,316
697	Other revenues	3(d)	3,430	529
6,456	Grants and contributions provided for operating purposes	3(e),(f)	6,237	6,880
4,961	Grants and contributions provided for capital purposes	3(e),(f)	12,976	4,232
	Other Income:			
2,326	Net gain from the disposal of assets	5	2,529	5,503
48,045	Total income from continuing operations		64,944	50,675
	Expenses from continuing operations			
13,124	Employee benefits and on-costs	4(a)	14,117	13,871
755	Borrowing costs	4(b)	695	453
15,256	Materials and contracts	4(c)	18,161	12,803
9,683	Depreciation and amortisation	4(d)	11,806	10,226
-	Impairment	4(d)	-	-
4,956	Other expenses	4(e)	4,658	3,615
43,774	Total expenses from continuing operations		49,437	40,968
4,271	Operating result from continuing operations		15,507	9,707
4,271	Net operating result for the year		15,507	9,707
	Attributable to:			
4,271	- Council		15,507	9,707
-	- Minority interests		-	-
4,271			15,507	9,707
(690)	Net operating result for the year before grants and contributions provided for capital purposes		2,531	5,475

* Original budget as approved by Council - refer Note 16

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

SINGLETON COUNCIL

**Statement of comprehensive income
for the year ended 30 June 2013**

	Notes	Actual 2013 \$'000	Actual 2012 \$'000
Net Operating result for the year - from Income statement		15,507	9,707
Other comprehensive income			
Amounts which will not be reclassified subsequently to operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	20(b)	11,406	10,634
Amounts which will be reclassified subsequently to operating result when specific conditions are met			
Gain (loss) on revaluation of available-for-sale investments	20(b)	-	-
Realised available-for-sale investments gains recognised in revenue	20(b)	-	-
De-recognition of land under roads	20(f)	-	-
Adjustment to correct prior period depreciation errors	20(d)	311	(9,462)
Total other comprehensive income for the year		11,717	1,172
Total comprehensive income for the year		27,224	10,879
Attributable to Council		27,224	10,879
- Minority interest		-	-

The above Statement of comprehensive income should be read in conjunction with the accompanying notes.

SINGLETON COUNCIL

Statement of Financial Position
as at 30 June 2013

	Notes	Actual 2013 \$'000	Actual 2012 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	6(a)	8,430	10,089
Investments	6(b)	50,396	37,918
Receivables	7	5,241	2,969
Inventories	8	1,576	2,156
Other	8	129	64
Total current assets		65,772	53,196
Non-current assets			
Investments	6(b)	17,019	12,975
Receivables	7	53	47
Inventories	8	3,924	3,972
Infrastructure, property, plant and equipment	9	574,870	562,100
Investments accounted for using the equity method	19	59	50
Total non-current assets		595,925	579,144
Total assets		661,697	632,340
LIABILITIES			
Current liabilities			
Payables	10	4,213	3,675
Borrowings	10	887	665
Provisions	10	3,058	3,086
Total current liabilities		8,158	7,426
Non-current liabilities			
Borrowings	10	7,500	6,269
Provisions	10	7,160	6,990
Total non-current liabilities		14,660	13,259
Total liabilities		22,818	20,685
Net assets		638,879	611,655
Equity			
Retained earnings	20	396,242	380,424
Revaluation reserve	20	242,637	231,231
Council equity interest		638,879	611,655
Total Equity		638,879	611,655

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

SINGLETON COUNCIL

**Statement of changes in equity
for the year ended 30 June 2013**

		Actual 2013 \$'000						Actual 2012 \$'000					
	Notes ref.	Retained earnings	Asset revaluation reserve	Other reserves	Council equity interest	Minority interest	Total equity	Retained earnings	Asset revaluation reserve	Other reserves	Council equity interest	Minority interest	Total equity
Opening balance	20	380,424	231,231	-	611,655	-	611,655	380,179	212,116	-	592,295	-	592,295
Correction of errors		311	-	-	311	-	311	(9,462)	8,481	-	(981)	-	(981)
Restated opening balance	20	380,735	231,231	-	611,966	-	611,966	370,717	220,597	-	591,314	-	591,314
Net operating result for the year	20	15,507	-	-	15,507	-	15,507	9,707	-	-	9,707	-	9,707
Other comprehensive income	20	-	11,406	-	11,406	-	11,406	-	10,634	-	10,634	-	10,634
Total comprehensive income	20	15,507	11,406	-	26,913	-	26,913	9,707	10,634	-	20,341	-	20,341
Closing Balance	20	396,242	242,637	-	638,879	-	638,879	380,424	231,231	-	611,655	-	611,655

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

SINGLETON COUNCIL

**Statement of cash flows
for the year ended 30 June 2013**

Budget 2013 \$'000		Notes	Actual 2013 \$'000	Actual 2012 \$'000
Cash flows from operating activities				
Receipts:				
20,111	Rates and annual charges		20,405	19,161
10,470	User charges and fees		14,853	11,409
2,898	Investment revenue and interest		4,691	3,324
11,387	Grants and contributions		16,707	10,229
-	Deposits and retentions received		-	302
414	Other		5,972	4,204
Payments:				
(13,139)	Employee benefits and on-costs		(13,924)	(14,246)
(14,817)	Materials and contracts		(19,360)	(13,858)
(755)	Borrowing costs		(695)	(465)
-	Deposits and retentions refunded		(80)	(158)
(4,866)	Other		(8,094)	(5,960)
11,703	Net cash provided (or used) in operating activities	11(b)	20,475	13,942
Cash flows from investing activities				
Receipts:				
1,561	Sale of investments		-	-
3,481	Sale of real estate assets		9,740	11,976
3,104	Sale of Infrastructure, property, plant and equipment		(15)	252
Payments:				
-	Purchase of investments		(16,522)	(8,454)
(20,150)	Purchase of infrastructure, property, plant and equipment		(10,228)	(11,467)
(2,954)	Purchase of real estate		(6,562)	(5,002)
(14,958)	Net Cash Provided by (or used in) investing activities		(23,587)	(12,695)
Cash flows from financing activities				
Receipts:				
2,200	Borrowings and advances		2,200	-
Payments:				
(782)	Borrowings and advances		(747)	(623)
1,418	Net cash provided by (or used in) financing activities		1,453	(623)
(1,837)	Net increase/(decrease) in cash and cash equivalents		(1,659)	624
Cash and cash equivalents at beginning of reporting period				
-		11(a)	10,089	9,465
-	Cash and cash equivalents at end of reporting period	11(a)	8,430	10,089

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

SINGLETON COUNCIL

Notes to the financial statements for the year ended 30 June 2013

Contents of the notes to the financial statements

	Page
Note 1	8
Note 2(a)	21
Note 2(b)	22
Note 3	23
Note 4	27
Note 5	29
Note 6(a)	30
Note 6(b)	30
Note 6(c)	31
Note 7	33
Note 8	35
Note 9(a)	37
Note 9(b)	38
Note 10(a)	39
Note 10(b)	39
Note 11	40
	activities
Note 12	42
Note 13(a)	44
Note 13(b)	46
Note 14	46
Note 15	48
Note 16	52
Note 17	54
Note 18	56
Note 19	57
Note 20	58
Note 21	59
Note 22	61
Note 23	61

SINGLETON COUNCIL

Notes to the financial statements for the year ended 30 June 2013

Note 1 Significant accounting policies

1. Basis of preparation

1.1 Compliance with Australian equivalents to International Financial Reporting Standards

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board, the Local Government Act (1993) and Regulation, and the Local Government Code of Accounting Practice and Financial Reporting. Singleton Council is a not for-profit entity for the purpose of preparing the financial statements.

1.2 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 2012 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

1.3 Early adoption of standards

Singleton Council has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2012.

1.4 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.

1.5 Critical accounting estimates

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

- *Critical accounting estimates and assumptions*
Singleton 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
 - (ii) Estimates of remediation provisions.
- *Critical judgements in applying the entity's accounting policies*
 - (i) Projected Section 94 Commitments
Council has used significant judgement in determining future Section 94 income and expenditure in Note 17.

Further information in relation to critical accounting estimates are detailed in Notes 9 and 23.

2. Principles of consolidation

2.1 The Consolidated Fund

In accordance with the provisions of Section 409(1) of the Local Government Act 1993, all money and property received by Council is held in the Council's Consolidated Fund unless it is required to be held in the Council's Trust Fund. The consolidated fund and other entities through which the Council controls resources to carry on its functions have been included in the financial statements forming part of this report.

The following entities have been included as part of the Consolidated Fund:

- General purpose operations
- Water Supply
- Sewerage services
- All Section 355 Committees which includes:
 - ✓ Australia Day Committee
 - ✓ Singleton Sports Council

SINGLETON COUNCIL

Notes to the financial statements for the year ended 30 June 2013

Note 1 Significant accounting policies (cont)

2.1. The Consolidated Fund (continued)

- ✓ 74 George Street Management Committee
- ✓ Broke Recreation Ground Committee
- ✓ Jerrys Plains Recreation Ground Committee
- ✓ Singleton Activity Centre Advisory Committee
- ✓ Youth Centre Advisory Committee

2.2 The Trust Fund

In accordance with the provisions of Section 411 of the Local Government Act (1993) 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 Council office by any person free of charge.

2.3 Joint ventures

Council participates in joint venture arrangements with other Councils for the provision of services and facilities. Details relating to these arrangements are set out in Note 19.

2.4 County Councils

Council is a member of the Upper Hunter Weeds Authority, a County Council established under the Local Government Act to control weeds in the Upper Hunter region. Council is one of 3 constituent members and neither controls or significantly influences the County Council. Accordingly, the County Council has not been consolidated or otherwise included in the financial statements.

3. Revenue recognition

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

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

Rates, annual charges, grants and contributions

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

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

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

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

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

SINGLETON COUNCIL

Notes to the financial statements for the year ended 30 June 2013

Note 1 Significant accounting policies (cont)

3. Revenue recognition (continued)

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

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

User charges and fees

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

Sale of plant, property, infrastructure and equipment

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

Interest and rents

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

4. Acquisition of assets

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

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

5. 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 assets carrying amount exceeds its recoverable amount.

Where an asset is not held principally for cash generating purposes and would be replaced if Council was deprived of it then depreciated replacement cost is used as value in use, otherwise value in use is estimated by using a discounted cash flow model.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

6. Cash and cash equivalents

For Statement of cash flow presentation purpose, 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.

SINGLETON COUNCIL

Notes to the financial statements for the year ended 30 June 2013

Note 1 Significant accounting policies (cont)

7. Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest method, less provision for impairment. Receivables are due for settlement no more than 30 days from the date of recognition.

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

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

8. Inventories

8.1 Raw materials and stores, work in progress and finished goods

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

8.2 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.

9. Investments and other financial assets

Classification

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

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

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

SINGLETON COUNCIL

Notes to the financial statements for the year ended 30 June 2013

Note 1 Significant accounting policies (cont)

9. Investments and other financial assets (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 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. Loans and receivables are included in inventories and other assets (note 8) and receivables (note 7) in the balance sheet.

(iii) Held-to-maturity investments

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

(iv) Available-for-sale financial assets

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

9.1 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 held-for-trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. In addition, Council may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held-for-trading or available-for-sale categories if it has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification dates 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.

9.2 Recognition and de-recognition

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

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

9.3 Subsequent measurement

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

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

SINGLETON COUNCIL

Notes to the financial statements for the year ended 30 June 2013

Note 1 Significant accounting policies (cont)

9. Investments and other financial assets (continued)

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of

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

Details on how the fair value of financial instruments is determined are disclosed in Note 1 section 10.

9.4 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 or a group of financial assets 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 (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired.

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 in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the group may measure impairment on the basis of an instrument's fair value using an observable market price.

9.5 Investment policy

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

Council amended its policy in the prior year following revisions to the Ministerial Local Government Investment Order arising from the Cole Inquiry recommendations. Certain investments the Council holds are no longer prescribed – for example managed funds, CDOs, and equity linked notes – however they have been retained under grandfathering provisions of the Order. These will be disposed of when most financially advantageous to Council.

10. Fair value estimation

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

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

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

SINGLETON COUNCIL

Notes to the financial statements for the year ended 30 June 2013

Note 1 Significant accounting policies (cont)

10. Fair value estimation (continued)

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.

11. Non-current assets held for sale

Non-current assets are classified as held for sale and stated at the lower of their carrying amount and 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 – these are retained in property, plant and equipment.

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

Non-current assets 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.

12. Infrastructure, property, plant & equipment (IPPE)

12.1 Land under roads

Council has elected not to recognise land under roads acquired before 1 July 2008 in accordance with AASB 1051. Any land under roads that was recognised before 1 July 2008 was derecognised at 1 July 2008 against the opening balance of retained earnings.

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

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

12.2 Infrastructure, property, plant & equipment policies

Council's policies in relation to IPPE is detailed in Note 9.

13 Payables

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

14. Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or finance cost.

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

SINGLETON COUNCIL

Notes to the financial statements for the year ended 30 June 2013

Note 1 Significant accounting policies (cont)

15. Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

16. Provisions for close down and restoration and for environmental clean-up costs - Tips

(i) Restoration

Close down and restoration costs include the dismantling and demolition of infrastructure and the removal of residual materials and 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. The 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.

Close down and restoration costs are a normal consequence of tip 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. The amortisation of the discount is shown as a borrowing cost.

Other movements in the provisions for close down and restoration 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.

(ii) Rehabilitation

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 unwind 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. 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.

17. Employee benefits

17.1 Short-term obligations

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

SINGLETON COUNCIL

Notes to the financial statements for the year ended 30 June 2013

Note 1 Significant accounting policies (cont)

17. Employee benefits (continued)

17.2 Other long-term employee benefit obligations

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

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.

17.3 Retirement benefit obligations

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

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

The Local Government Superannuation Scheme has advised member councils that, as a result of the global financial crisis, it has a significant deficiency of assets over liabilities. As a result, they have asked for significant increases in contributions from 2009/2010 onwards to recover that deficiency. Council's share of that deficiency cannot be accurately calculated as the scheme is a mutual arrangement where assets and liabilities are pooled together for all member councils. For this reason, no liability for the deficiency has been recognised in Council's accounts. Council has, however, disclosed a contingent liability in note 18 to reflect the possible obligation that may arise should the Scheme require immediate payment to correct the deficiency.

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.

18. Leases

Lease arrangements have been accounted for in accordance with AASB 117.

Council has only operating leases, where the lessor substantially retains all of the risks and benefits incident to ownership of the leased items. 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.

SINGLETON COUNCIL

Notes to the financial statements for the year ended 30 June 2013

Note 1 Significant accounting policies (cont)

19. Allocation between current and non-current assets and liabilities

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

20. Budget Information

The Income statement, Statement of cash flows and Note 2 provide budget information of revenues and expenditures by type and for each of the major activities of the Council. Budget figures presented are those approved by Council at the beginning of the financial year and do not include Council approved variations throughout the year. Short explanations of the most significant variations are given in Note 16, and further information of the nature and amount of all variations is available from the Council office upon request.

21. Rounding of amounts

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

22. New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2013 reporting periods. Council's assessment of the impact of these new standards and interpretations is set out below.

- (i) AASB 9 *Financial Instruments*, AASB 2009 11 *Amendment to Australian Accounting Standards arising from AASB 9*, AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 9 and AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and transitional disclosures* (effective from 1 January 2015).

AASB 9 *Financial Instruments* addresses the classification and measurement and derecognition of financial assets and liabilities. The standard is not applicable until 1 January 2015 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 AASB9 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 although there is currently a proposal by the IASB to introduce Fair Value through Other Comprehensive Income category for debt instruments.

There will be no impact on the Council's accounting for liabilities, as the new requirements only affect the accounting for liabilities that are designated at fair value through profit or loss and the Council does not have any such liabilities. The de-recognition rules have been transferred from AASB139 *Financial Instruments: Recognition and Measurement* and have not been changed.

- (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

SINGLETON COUNCIL

Notes to the financial statements for the year ended 30 June 2013

Note 1 Significant accounting policies (cont)

22. New accounting standards and interpretations (continued)

remains unchanged, as do the mechanics of 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.

Council's investment in the joint venture partnership will be classified as a joint venture under the new rules. As Council already applies the equity method in accounting for this investment, AASB 11 will not have any impact on the amounts recognised in its financial statements.

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 still assessing the impact of these amendments.

Council does not expect to adopt the new standards before their operative date. They would therefore be first applied in the financial statements for the annual reporting period ending 30 June 2014.

- (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 remeasurements 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.

SINGLETON COUNCIL

Notes to the financial statements for the year ended 30 June 2013

Note 1 Significant accounting policies (cont)

22. New accounting standards and interpretations (continued)

(v) AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities [AASB 132 & AASB 7] (*effective 1 January 2013*)

This Standard amends the required disclosures in AASB 7 to include information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights set-off associated with the entity's recognised financial assets and recognised financial liabilities, on entity's financial position.

The Standard also amends AASB 132 to refer to additional disclosures added to AASB 7 by this Standard.

The adoption of this Standard will not change the reported financial position and performance of the entity, there are no impact on disclosures as there are no offsetting arrangements currently in place.

(vi) AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132 & AASB 7] (*effective 1 January 2014*)

This Standard adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.

The adoption of this Standard will not change the reported financial position and performance of the entity, there are no impact on disclosures as there are no offsetting arrangements currently in place.

(vii) AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle (*effective 1 January 2013*)

AASB 1- this Standard clarifies that an entity can apply AASB 1 more than once. An entity can elect to apply AASB 123 from the transition date or an earlier date.

AASB 101 – clarifies that a third statement of financial position is required when the opening statement of financial position is materially affected by any adjustments.

AASB 116 – clarifies the classification of servicing equipment.

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.

23. Self Insurance

Council has determined to self-insure for various risks including public liability and professional indemnity. A provision for self-insurance has been made to recognise outstanding claims the amount of which is detailed in Note 10. Council also maintains cash and investments to meet expected future claims and these are detailed in Note 6(c).

24. Crown Reserves

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

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

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

SINGLETON COUNCIL

Notes to the financial statements for the year ended 30 June 2013

Note 1

Significant accounting policies (cont)

25. Rural Fire Service assets

Under section 119 of the Rural Fire Services Act 1997, *"all fire fighting equipment purchased or constructed wholly or from money to the credit of the Fund is to be vested in the council of the area for or on behalf of which the fire fighting equipment has been purchased or constructed"*. Until such time as discussions on this matter have concluded and the legislation changed, Council will continue to account for these assets as they have been doing in previous years.

26. Goods and Services Tax (GST)

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

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

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

SINGLETON COUNCIL

Notes to the financial statements for the year ended 30 June 2013

Note 2(a) Functions

Income, expenses and assets have been directly attributed to the following functions/activities. Details of those activities are provided in Note 2(b)

	Income from continuing operations			Expenses from continuing operations			Operating result from continuing operations			Grants included in income		Total assets held (current and non-current)	
	Original Budget	Actual	Actual	Original Budget	Actual	Actual	Original Budget	Actual	Actual	2013	2012	2013	2012
	2013	2013	2012	2013	2013	2012	2013	2013	2012	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Administration	565	737	298	4,784	4,887	5,038	(4,219)	(4,150)	(4,740)	-	-	34,548	16,933
Public Order & Safety	1,957	892	983	1,424	1,488	915	533	(596)	68	1,073	907	5,598	5,628
Health	119	111	60	256	264	256	(137)	(153)	(196)	-	-	325	325
Community Services & Education	1,353	1,523	1,454	2,153	2,487	2,487	(800)	(964)	(1,033)	396	384	9,203	9,259
Housing & Community Amenities	8,539	8,030	7,124	10,053	8,939	7,683	(1,514)	(909)	(559)	121	72	59,584	60,300
Water Supplies	5,367	7,066	5,211	5,340	4,871	4,365	27	2,195	846	38	38	83,938	77,165
Sewerage Services	3,480	5,172	3,828	3,155	2,824	2,548	325	2,348	1,280	34	34	46,589	41,896
Recreation & Culture	2,254	4,267	2,178	4,997	7,631	7,090	(2,743)	(3,364)	(4,912)	135	139	56,563	56,563
Mining, Manufacturing & Construction	44	35	44	216	250	251	(172)	(215)	(207)	-	-	-	-
Transport & Communication	4,714	10,996	5,493	9,735	13,043	8,787	(5,021)	(2,047)	(3,294)	1,107	2,157	351,586	349,964
Economic Affairs	3,041	9,440	7,196	1,661	2,753	1,548	1,380	6,687	5,648	5,632	-	13,763	14,307
Totals - Functions	31,433	48,269	33,869	43,774	49,437	40,968	(12,341)	(1,168)	(7,099)	8,536	3,731	661,697	632,340
General purpose incomes	16,612	16,675	16,806	-	-	-	16,612	16,675	16,806	2,283	2,742	-	-
Totals	48,045	64,944	50,675	43,774	49,437	40,968	4,271	15,507	9,707	10,819	6,473	661,697	632,340

SINGLETON COUNCIL

Notes to the financial statements for the year ended 30 June 2013

Note 2 (b) Components of functions

The activities relating to Council functions are as follows:

Administration

Corporate support, engineering and works, other support services not otherwise attributed to other functions. This item also includes governance costs relating to the Council's role a component of democratic government, including elections, members' fees and expenses, subscriptions to local authority associations, meetings of council and policy making committees, area representation and public disclosure and compliance, together with related administration costs.

Public Order & Safety

Fire protection, animal control, beach control, enforcement of local government regulations, emergency services, other.

Health

Administration and inspection, immunisations, food control, insect & vermin control, noxious plants, health centres, other.

Community Services & Education

Administration, child-care, youth services, aged and disabled, and other community services.

Housing & Community Amenities

Housing, town planning, domestic waste management services, other waste management services, street cleaning, other sanitation and garbage, urban stormwater drainage, environmental protection, public cemeteries, public conveniences, other community amenities.

Water Supplies

Provision of treated water to the communities of Singleton, Broke, Jerry's Plains and Mount Thorley.

Sewerage Services

Provision of sewerage treatment and disposal for the community of Singleton.

Recreation & Culture

Public libraries, community centres, public halls, other cultural services, swimming pools, sporting grounds, parks and gardens, lakes, other sport and recreation.

Mining, Manufacturing & Construction

Building control, quarries and pits and other.

Transport & Communication

Roads and streets, bridges, footpaths, parking areas, bus shelters and services, works undertaken for Roads & Transport Authority, street lighting, other.

Economic Affairs

Tourism and area promotion, industrial development promotion, saleyards and markets, real estate development, private works, other business undertakings.

SINGLETON COUNCIL

Notes to the financial statements
for the year ended 30 June 2013

Note 3
Income from continuing operations

	Actual 2013 \$'000	Actual 2012 \$'000
(a) Rates and annual charges		
Ordinary rates		
Residential	5,877	5,581
Farmland	1,391	1,356
Mining	4,617	4,417
Business	1,193	1,103
Total ordinary rates	13,078	12,457
Annual charges (pursuant to s.496, 496A, 496B, 501 & 611)		
Domestic waste management services	3,032	2,544
Water supply	1,252	1,187
Sewerage services	2,965	2,698
Drainage	-	-
Stormwater management services	142	141
Waste management services (not domestic)	-	-
Waste Levy	-	-
Section 611 charges	-	-
Other (specify if material)	-	-
Total annual charges	7,391	6,570
Total rates and annual charges	20,469	19,027
Council has used 2010 base dated valuations provided by the NSW Valuers General in calculating its rates.		
(b) User charges and fees		
User charges		
Water supply services	3,343	2,673
Total user charges	3,343	2,673
Fees		
Auditorium	57	50
CBD caretaker	77	70
Cemeteries	52	64
Child care	1,100	1,022
Gym & Swim	2,063	1,695
Inspection fees	67	74
Lake St Clair fees	141	123
Onsite sewer management	39	25
Planning and building - Regulatory	213	167
Private works	45	94
Registration fees	19	18
Regulatory and statutory fees	674	533
RMS works (State roads not controlled by Council)	3,231	1,080
Saleyards	260	265
s603 certificates	35	46
Tapping fees	55	94
Tipping fees	2,837	2,770
Other	315	325
Total fees	11,280	8,515
Total user charges and fees	14,623	11,188

SINGLETON COUNCIL

**Notes to the financial statements
for the year ended 30 June 2013**

**Note 3 (continued)
Income from continuing operations**

	Actual 2013 \$'000	Actual 2012 \$'000
(c) Interest and investment revenue (losses)¹		
Interest and Dividends		
- Overdue rates and charges ²	53	61
- Cash and investments	3,431	3,238
Fair value adjustments		
- Investments	1,196	17
Other		-
Total interest and investment revenue (losses)¹	4,680	3,316
(d) Other revenues		
GST Margin Scheme adjustments	2,206	-
Commissions and agency fees	17	21
Ex gratia payments in lieu of rates	4	4
Fines	22	7
Insurance claims	412	151
Lease rental	155	148
Recycling income (non-domestic)	5	5
Risk management bonus	95	88
Mayoral Scholarship Sponsorship	24	21
Sale of surplus items	166	-
Other charges for overdue rates and charges	92	58
Share of Hunter Councils profit brought on	9	12
Other	223	14
Total other revenue	3,430	529

Note:

(1) Where interest and investment revenue nets to an overall loss, this is carried to the interest and investment losses line on the Income statement

(2) Includes interest from special purpose rates

SINGLETON COUNCIL

**Notes to the financial statements
for the year ended 30 June 2013**

**Note 3 (continued)
Income from continuing operations**

	Operating		Capital	
	Actual 2013 \$'000	Actual 2012 \$'000	Actual 2013 \$'000	Actual 2012 \$'000
(e) Grants				
General purpose (Untied)				
Financial assistance	3,295	3,990	-	-
Pensioners' rates subsidies:				
- General	95	97	-	-
Special purpose				
Pensioners' rate subsidies:				
- Water	37	38	-	-
- Sewer	34	34	-	-
- DWM	45	41	-	-
Community centres	403	392	-	-
Transport (3x3, Flood Works, Road to Recovery)	-	89	5,970	723
Library services	83	98	-	-
Bus Shelters	-	-	-	-
LEP review	32	32	-	-
NSW Rural Fire Services	567	580	165	312
Parks & Reserves	36	36	-	-
Floodplain Management Plan	8	8	-	-
Other	49	3	-	-
Total Grants	4,684	5,438	6,135	1,035
Comprising:				
- Commonwealth funding	3,308	4,009	685	487
- State funding	1,318	1,373	5,450	548
- Other funding	58	56	-	-
	4,684	5,438	6,135	1,035
(f) Contributions				
Developer contributions:				
- Section 94	-	-	453	276
- Planning agreements	-	-	1,500	-
Developer dedications	-	-	2,471	1,091
Section 64:				
- Water	-	-	318	188
- Sewerage	-	-	234	118
RMS contributions (Regional/Local, Block Grant)	724	743	405	465
Community enhancement contributions	-	-	-	-
Roadworks and carparks	171	124	1,449	824
Street lighting	38	37	-	-
Land Development	-	-	-	229
Motor vehicle leaseback	89	108	-	-
Parks and gardens	16	16	-	-
Bushfire services	21	21	-	-
C&A Community Trust	45	46	-	-
Tidy Towns	2	2	-	-
Trade Waste	40	40	-	-
Pressure sewer connections	92	92	-	-
Waste Services	135	135	-	-
Other	180	78	11	6
Total contributions	1,553	1,442	6,841	3,197
Total grants and contributions	6,237	6,880	12,976	4,232

SINGLETON COUNCIL

**Notes to the financial statements
for the year ended 30 June 2013**

**Note 3 (continued)
Income from continuing operations**

	Actual 2013 \$'000	Actual 2012 \$'000
(g) Restrictions relating to grants and contributions		
Certain grants and contributions are obtained by Council on the condition they be spent in a specified manner:		
Grants recognised in the current period which have not been spent	1,779	1,697
Less:		
Grants recognised in previous reporting periods which have been spent in the current reporting period	(1,809)	(1,136)
Net increase/(decrease) in restricted grants	<u>(30)</u>	<u>561</u>
Contributions recognised in the current period which have not been spent	1,005	548
Less:		
Contributions recognised in previous reporting periods which have been spent in the current reporting period	(510)	(359)
Net increase/(decrease) in restricted contributions	<u>495</u>	<u>189</u>
Net increase/(decrease) in restricted grants and contributions	<u>465</u>	<u>750</u>

SINGLETON COUNCIL

**Notes to the financial statements
for the year ended 30 June 2013**

**Note 4
Expenses from continuing operations**

	Actual 2013 \$'000	Actual 2012 \$'000
(a) Employee benefits and on costs		
Salaries and wages	11,694	11,198
Travelling	16	19
Employee leave entitlements	1,078	1,247
Superannuation	1,248	1,291
Workers' compensation insurance	408	223
FBT	109	83
Training costs (excluding salaries)	401	385
Other	110	93
Less: Capitalised costs	(947)	(668)
Total employee costs expensed	14,117	13,871
Number of FTE employees	189	196
(b) Borrowing costs		
Interest on loans	515	484
Amortisation of Discounts and Premiums:		
- Remediation (tip)	223	160
Less: Capitalised costs	(43)	(191)
Total borrowing costs expensed	695	453
(c) Materials and contracts		
Raw materials and consumables	11,937	9,424
- Golden Highway Resurfacing/Heavy Patching	1,944	-
- Bridgeman Road Intersection	1,266	-
Contractor and consultancy costs	2,117	2,037
Remuneration of Auditors ⁽¹⁾	185	82
Legal Fees:		
- Planning and development	29	28
- Other	132	673
Operating leases:		
- Computers	321	316
- Motor vehicles	9	9
- Other	214	234
Other	7	-
Total materials and contracts	18,161	12,803
⁽¹⁾ During the year the following fees were paid or payable for services provided by the Council's auditor - PricewaterhouseCoopers - Newcastle		
<i>(i) Audit and other assurance services</i>		
- Audit services	65	78
Total remuneration for audit and other assurance services	65	78
<i>(ii) Taxation services</i>		
- Tax compliance services	120	4
Total remuneration for taxation services	120	4
Total remuneration of Audit Firm Australia	185	82

SINGLETON COUNCIL

**Notes to the financial statements
for the year ended 30 June 2013**

**Note 4 (continued)
Expenses from continuing operations**

	Depreciation/Amortisation		Impairments	
	Actual	Actual	Actual	Actual
	2013	2012	2013	2012
	\$'000	\$'000	\$'000	\$'000
(d) Depreciation, amortisation and impairment				
Plant and equipment	1,148	665	-	-
Office equipment	12	22	-	-
Furniture and fittings	144	138	-	-
Land improvements (depreciable)	38	34	-	-
Buildings - Non specialised	46	46	-	-
- Specialised	1,416	1,406	-	-
Other structures	453	444	-	-
Infrastructure:				
- Roads, bridges and footpaths	4,426	4,217	-	-
- Storm water drainage	539	522	-	-
- Water supply network	1,638	1,668	-	-
- Sewerage network	1,042	918	-	-
Other Assets:				
- Library books	97	109	-	-
Tip asset	900	161	-	-
Less: Capitalised costs/Impairment reversals/	(93)	(124)	-	-
Total depreciation and total impairment	11,806	10,226	-	-
			Actual	Actual
			2013	2012
			\$'000	\$'000
(e) Other expenses				
Other expenses for the year include the following:				
Bad and doubtful debts			42	1
Contributions and donations			227	223
Insurance			789	714
Electricity and heating			973	633
Mayoral fee			22	22
Councillors' fees			107	120
Councillors' (incl Mayor) expenses			217	1
Street lighting			452	377
Bank and agency charges			-	61
Telephone			174	150
Mayoral ball			-	-
Planning levy			55	56
Waste levy			945	811
Emergency services levy			585	436
Other levies			-	-
Carbon tax expense			-	-
Share of Hunter Councils losses brought on			-	-
Other			70	10
Total other expenses from continuing operations			4,658	3,615

SINGLETON COUNCIL

**Notes to the financial statements
for the year ended 30 June 2013**

Note 5

Gain or loss from disposal of assets

	Actual 2013 \$'000	Actual 2012 \$'000
Gain (or loss) on disposal of Property		
Proceeds from disposal	-	12
Less: Carrying amount of assets sold	-	-
Gain (or loss) on disposal	<u>-</u>	<u>12</u>
Gain (or loss) on disposal of Infrastructure, Plant and Equipment		
Proceeds from disposal	434	689
Less: Carrying amount of assets sold	447	642
Gain (or loss) on disposal	<u>(13)</u>	<u>47</u>
Gain (or loss) on Disposal of Real Estate assets held for sale		
Proceeds from disposal	9,740	11,976
Less: Carrying Amount of assets sold	7,198	6,532
Gain (or loss) on disposal	<u>2,542</u>	<u>5,444</u>
Net gain (or loss) from disposal of assets	<u>2,529</u>	<u>5,503</u>

SINGLETON COUNCIL

**Notes to the financial statements
for the year ended 30 June 2013**

**Note 6(a)
Cash and cash equivalents**

	Actual 2013 \$'000	Actual 2012 \$'000
Cash at bank and on hand	938	-
Deposits at call	7,492	10,089
	<u>8,430</u>	<u>10,089</u>

**Note 6(b)
Investments**

The following financial assets are held as investments:

	Actual 2013		Actual 2012	
	Current \$'000	Non-current \$'000	Current \$'000	Non-current \$'000
Financial assets at fair value through Profit and Loss - Held for trading ⁽¹⁾	18,035	-	13,506	-
Held to maturity investments	32,360	17,019	24,412	12,975
Total	<u>50,396</u>	<u>17,019</u>	<u>37,918</u>	<u>12,975</u>
Financial assets at fair value through Profit and Loss - Held for trading				
At beginning of the year	13,506	-	5,245	-
Revaluation to Income statement	1,196	-	17	-
Additions	6,313	-	9,616	-
Disposals (Sale/Redemption)	(2,980)	-	(1,372)	-
At end of the year	<u>18,035</u>	<u>-</u>	<u>13,506</u>	<u>-</u>
Comprising of:				
- CDOs	686	-	502	-
- FRNs	6,110	-	5,961	-
- Other	11,239	-	7,043	-
	<u>18,035</u>	<u>-</u>	<u>13,506</u>	<u>-</u>
Held to maturity investments				
At beginning of the year	24,412	12,975	29,618	7,576
Additions	57,371	4,044	38,831	5,399
Disposals	(49,423)	-	(44,037)	-
At end of the year	<u>32,360</u>	<u>17,019</u>	<u>24,412</u>	<u>12,975</u>
Comprising Of:				
- Term Deposits	32,360	17,019	24,412	12,975
	<u>32,360</u>	<u>17,019</u>	<u>24,412</u>	<u>12,975</u>

The permitted forms of investments in financial instruments of the Council are defined in an order made by the minister of Local Government on 15 July 2005, and the Department of Local Government Circular dated 2 April 2008. Investments bear various rates of return between 2.15% and 7.61% (2012 - 2.91% and 7.61%).

Note:

⁽¹⁾ Fair values for all investments in this category are determined by quoted prices in active markets for identical investments.

SINGLETON COUNCIL

**Notes to the financial statements
for the year ended 30 June 2013**

Note 6(c)

Restricted Cash, cash equivalents and investments

	Actual 2013		Actual 2012	
	Current \$'000	Non-current \$'000	Current \$'000	Non-current \$'000
Total cash, cash equivalents and investments	58,826	17,019	48,007	12,975
External restrictions	42,780	17,019	39,204	12,975
Internal restrictions	16,046	-	8,803	-
	58,826	17,019	48,007	12,975

	Notes	Opening balance \$'000	Transfers to restrictions \$'000	Transfers from restrictions \$'000	Closing balance \$'000
External restrictions					
Included in liabilities					
Specific purpose unexpended loans		2,284	3,693	1,850	4,127
		2,284	3,693	1,850	4,127
Other					
Developer contributions	17	8,869	1,470	510	9,829
Specific purpose unexpended grants		2,238	2,451	2,481	2,208
Water		20,057	2,412	-	22,469
Sewerage		11,625	1,360	-	12,985
Domestic waste management		6,575	1,383	272	7,686
Stormwater management		202	88	100	190
Employee leave entitlements		329	-	24	305
Total external restrictions		49,895	9,164	3,387	55,672

External Restrictions arise pursuant to section 409(3) of the Local Government Act, the Local Government (General) Regulation 2005 and other applicable legislation. Further information relating to Developer Contributions is provided in Note 17 and Unexpended Grants in Note 3. Amounts raised by special rates (eg. Water & Sewer) or for Domestic Waste Management may only be used for those purposes.

SINGLETON COUNCIL

**Notes to the financial statements
for the year ended 30 June 2013**

Note 6(c) (continued)

Restricted cash, cash equivalents and investments

	Opening balance \$'000	Transfers to restrictions \$'000	Transfers from restrictions \$'000	Closing balance \$'000
Internal restrictions				
Employee leave entitlements	587	-	42	545
Replacement - plant & vehicles	428	722	233	917
Sinking funds	181	194	181	194
Asset Management	21	-	-	21
Auditorium kitchen upgrade	96	22	78	40
Building maintenance	-	-	-	-
Carbon pricing	-	791	-	791
C&A Community Trust - Grants Officer	32	-	-	32
Community enhancement contribution	75	-	-	75
Community report	-	-	-	-
Community Services Projects	-	50	-	50
Community Survey	-	-	-	-
DIPNR - Synptic Plan Review	5	-	-	5
External works profit	-	-	-	-
GIS Mapping	99	-	-	99
Insurance Claims - buildings	11	-	-	11
Interest on unexpended loans	296	186	-	482
Land bank development	3,843	15,877	12,700	7,020
Land development (Developer cont.)	1,546	677	188	2,035
Library Book Purchases	-	-	-	-
Local Government elections	80	-	80	-
Mayoral Scholarship	-	-	-	-
Parks & Facilities	108	90	125	73
Ravensworth VPA	-	1,352	-	1,352
Regional Saleyards	9	-	9	-
Roads & Bridges	752	793	154	1,391
Rural Fire Services	95	2	-	97
s355 Committees	71	16	15	72
Section 94 Plan Revision	20	19	-	39
Sedgefield Cemetery	206	52	51	207
Singleton Hall of Fame	8	-	2	6
Singleton Liquor Accord	-	-	-	-
Social Plan review	13	-	-	13
Special Variation - Storm water	4	-	-	4
Stormwater replacement	65	-	-	65
Tidy Towns	30	3	-	33
Tourism Singleton Inc	-	-	-	-
Uncompleted works	83	397	142	338
Waste Management	36	-	-	36
Youth Programs/Entertainment	3	-	-	3
Total internal restrictions	8,803	21,243	14,000	16,046
Total restrictions	60,982	34,100	19,237	75,845

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

SINGLETON COUNCIL

Notes to the financial statements for the year ended 30 June 2013

Note 7 Receivables

Purpose	Actual 2013		Actual 2012	
	Current \$'000	Non-current \$'000	Current \$'000	Non-current \$'000
Rates and annual charges	387	38	330	31
Interest and extra charges	79	2	89	3
User charges and fees	2,027	-	1,397	-
Accrued revenues	-	-	-	-
Deferred debtors	-	13	-	13
Government grants and subsidies	1,672	-	590	-
Private works	2	-	1	-
Sale of plant and equipment	39	-	39	-
GST	581	-	184	-
Road/Bridge maintenance contributions	-	-	173	-
Retirement home contributions	-	-	-	-
Australian Taxation Office	-	-	-	-
Insurance claims	-	-	138	-
Other	537	-	69	-
Total	5,324	53	3,010	47
Less: Provision for impairment				
- Rates and annual charges	8	-	8	-
- User charges and fees	75	-	33	-
	5,241	53	2,969	47

Rates and Annual Charges

Rates are secured by underlying properties. Rates are due for payment on 31 August, 30 November, 28 February and 31 May.

Overdue rates and annual charges (being amounts not paid within 1 day of the due date determined in accordance with the Local Government Act) are subject to simple interest at a rate of 10.00% (2012: 9.00%). Although Council is not materially exposed to any individual ratepayer, credit risk exposure is concentrated within the Council boundaries in the State of New South Wales. Where the collection of the debt is doubtful and the assessed value of the property is less than the amount outstanding a provision for doubtful debt is recognised for the shortfall.

User Charges and fees

User charges and fees are unsecured. The credit risk for this class of debtor is 100% of the carrying value. A provision for impairment in respect of the class of debtor has already been provided in an amount of \$74,577.

Deferred Debtors

Loans made to Organisations are non interest bearing. Council is not materially exposed to any individual debtor, and credit risk exposure is concentrated within the Council boundaries in the State of New South Wales.

Private Works

Private works have only been undertaken following the acceptance of a written quotation.

Land Development and Resale

Debtors resulting from land development and resale, exposes the council to a level of risk resulting from the instability of the real estate market.

Government Grants and Subsidies

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

Other Receivables

Amounts due are unsecured and do not bear interest. Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Councils boundaries in the State of New South Wales.

SINGLETON COUNCIL

**Notes to the financial statements
for the year ended 30 June 2013**

**Note 7 (continued)
Receivables**

	Actual 2013		Actual 2012	
	Current \$'000	Non-current \$'000	Current \$'000	Non-current \$'000
Restricted Receivables				
Externally restricted receivables				
Water supply	558	-	448	-
Sewerage services	108	-	135	-
Domestic waste management	69	-	69	-
Drainage	4	-	4	-
Total externally restricted receivables	739	-	656	-
Unrestricted receivables	4,502	53	2,313	47
Total receivables	5,241	53	2,969	47

SINGLETON COUNCIL

**Notes to the financial statements
for the year ended 30 June 2013**

**Note 8
Inventories and other assets**

	Actual 2013		Actual 2012	
	Current \$'000	Non-current \$'000	Current \$'000	Non-current \$'000
Inventories				
Real estate (refer below)	1,344	3,924	1,942	3,972
Stores and materials	232	-	214	-
Total inventories	1,576	3,924	2,156	3,972
Inventories not expected to be realised within the next 12 months	1,053	-	1,053	-
Other assets				
Prepayments	129	-	64	-
Other	-	-	-	-
Total other assets	129	-	64	-
Real estate development				
Residential	750	3,751	1,199	3,788
Industrial/Commercial	594	173	743	184
Total real estate held for sale	1,344	3,924	1,942	3,972
(Valued at the lower of cost and net realisable value)				
Represented by:				
Acquisition costs	208	3,262	256	3,300
Development costs	1,102	513	1,640	520
Borrowing costs	1	13	1	13
Other holding costs	33	136	45	139
	1,344	3,924	1,942	3,972
Total real estate held for sale	1,344	3,924	1,942	3,972

SINGLETON COUNCIL

**Notes to the financial statements
for the year ended 30 June 2013**

**Note 8 (continued)
Inventories and other assets**

	Actual 2013		Actual 2012	
	Current \$'000	Non-current \$'000	Current \$'000	Non-current \$'000
Externally restricted inventories and other assets				
Sewerage				
Stores and materials	95	-	95	-
Total Sewerage	95	-	95	-
Total externally restricted inventories and other assets	95	-	95	-
Unrestricted inventories and other assets	1,610	3,924	2,125	3,972
Total inventories and other assets	1,705	3,924	2,220	3,972

SINGLETON COUNCIL

Notes to the financial statements for the year ended 30 June 2013

Note 9 (cont) Infrastructure, Property, Plant & Equipment

Council's assets have been progressively revalued to fair value in accordance with a staged implementation advised by the Division of Local Government. At balance date the following classes of Infrastructure, Property, Plant and Equipment (IPPE) were stated at their fair value:

- Operational land (External Valuation)
- Community land (Valuers General Valuation).
- Buildings – Specialised/Non Specialised (External Valuation).
- Water/Sewerage Networks (Internal Valuation).
- Plant and Equipment (As approximated by depreciated historical cost).
- Road assets – roads, bridges and footpaths (Internal Valuation)
- Drainage assets – (Internal Valuation)
- Bulk earthworks – (Internal Valuation)
- Land Improvements (Internal Valuation).
- Other Structures (Internal Valuation).
- Other Assets (Internal Valuation).

Water and sewerage network assets are indexed annually between full revaluations in accordance with the latest indices provided in the NSW Office of Water – Rates Reference Manual. 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 varying yearly cycles.

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

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

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

Office equipment	5 – 10 years	Pumps & telemetry	15 – 20 years
Office furniture	10 – 20 years	Drains	120 years
Vehicles and road making equipment	5 – 8 years	Culverts	120 years
Other plant and equipment	5 -15 years	Flood control structures	80 – 100 years
Buildings - Masonry	50 – 100 years	Sealed roads - Surface	15 years
- Other	20 – 40 years	- Structure	45 years
Playground Equipment	5 -15 years	Unsealed Roads	20 years
Benches, seat etc.	10 – 20 years	Bridge - Concrete	120 years
Reservoirs	80 – 100 years	- Other	60 years
Bores	20 – 40 years	Bulk earthworks	Infinite
Reticulation pipes - PVC	70 – 80 years	Library Books	5 – 15 years
- Other	25 – 75 years		

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

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

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

Land, other than land under roads, is classified as either operational or community in accordance with Part 2 of Chapter 6 of the Local Government Act (1993). This classification is made in Note9(a).

SINGLETON COUNCIL

Notes to the financial statements for the year ended 30 June 2013

Note 9 (cont) Infrastructure, Property, Plant & Equipment

Restricted Assets

Note 9(b) provide details of assets held by Council where restrictions exist in accordance with the Local Government Act 1993 and Regulations where special rates and other charges were used in their acquisition.

Critical accounting estimates and assumption

- (i) Revaluation of infrastructure assets

In accordance with the Local Government Code of Accounting Practice and Financial Reporting and Circular 06-43 'Financial Reporting', management have determined the depreciated replacement cost of its infrastructure at 30 June 2012. In order to determine the replacement cost of assets, management was required to undertake a physical inspection of these assets.

Where management have not been able to physically inspect assets an estimate of condition and therefore remaining useful life has been made based on other representative assets which have been inspected.

Given the wide ranging asset base, it is not possible to quantify an overall effect of any possible change in this estimate.

SINGLETON COUNCIL

Notes to the financial statements for the year ended 30 June 2013

Note 9(a) Infrastructure, Property, Plant and Equipment By Asset Type⁽¹⁾

	At 30 June 2012				Movements During the Year					At 30 June 2013			
	Cost/ Deemed Cost \$'000	Fair Value \$'000	Accum Depn and Impairment \$'000	WDV \$'000	Additions ⁽²⁾ \$'000	WDV of Disposals \$'000	Depn and Impairment \$'000	Transfers/ Adjustments \$'000	Revaluation Increments/ (decrements) \$'000	Cost/ Deemed Cost \$'000	Fair Value \$'000	Accum Depn and Impairment \$'000	WDV \$'000
Capital WIP	-	-	-	-	1,585	-	-	23	-	-	1,608	-	1,608
Plant and equipment	-	11,873	(6,970)	4,903	1,139	277	1,148	-	-	-	12,112	(7,495)	4,617
Office equipment	-	1,350	(1,302)	48	2	-	12	-	-	-	1,352	(1,314)	38
Furniture and fittings	-	1,619	(821)	798	116	-	144	-	-	-	1,735	(965)	770
Leased plant and equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
Land:													
- Operational land	-	25,874	-	25,874	-	-	-	11	5,867	-	31,752	-	31,752
- Community land	-	12,322	-	12,322	-	-	-	-	-	-	12,322	-	12,322
Land under roads													
- Pre 1 July 2008	-	-	-	-	-	-	-	-	-	-	-	-	-
- Post July 2008	-	6	-	6	-	-	-	-	-	-	6	-	6
Non depreciable land													
improvements	-	2,831	-	2,831	-	-	-	-	-	-	2,831	-	2,831
Depreciable land													
improvements	-	2,807	(1,202)	1,605	-	-	38	-	-	-	2,807	(1,240)	1,567
Buildings ⁽³⁾ :													
- Non specialised	-	2,715	(1,006)	1,709	-	-	45	-	219	-	3,093	(1,210)	1,883
- Specialised	-	50,160	(15,953)	34,207	32	-	1,416	288	2,954	-	54,583	(18,518)	36,065
Other structures	-	26,865	(6,014)	20,851	531	-	453	-	-	-	27,396	(6,467)	20,929
Infrastructure:													
- Roads, bridges, footpaths	-	194,980	(39,638)	155,342	5,946	170	4,426	-	-	-	200,360	(43,668)	156,692
- Bulk earthworks (non													
depreciable)	-	178,022	-	178,022	605	-	-	-	-	-	178,627	-	178,627
- Stormwater drainage	-	46,534	(8,564)	37,970	1,488	-	539	-	-	-	48,022	(9,103)	38,919
- Water supply network ⁽³⁾	-	93,963	(41,007)	52,956	901	-	1,638	-	1,048	-	96,916	(43,648)	53,268
- Sewerage network ⁽³⁾	-	61,066	(33,741)	27,325	962	-	1,043	-	1,318	-	64,337	(35,775)	28,562
Other assets:													
- Heritage collections	-	-	-	-	-	-	-	-	-	-	-	-	-
- Library books	-	1,160	(724)	436	75	-	97	-	-	-	1,235	(821)	414
- Art Collection	-	393	-	393	5	-	-	-	-	-	398	-	398
Tip asset	-	5,790	(1,288)	4,502	-	-	900	-	-	-	5,790	(2,188)	3,602
Other remediation assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Totals	-	720,330	(158,230)	562,100	13,387	447	11,899	322	11,406	-	747,282	(172,412)	574,870

Notes:

(1) Exclude Investment properties and non-current assets held for sale

(2) Additions to Buildings and Infrastructure are made up of Asset Renewals (\$7,485) and New Assets (\$3,324). Renewals are defined as replacements of existing assets as opposed to the acquisition of new assets

(3) The Water Supply network and Sewerage network asset classes do not include those fixed assets not belonging to the water and sewer funds which form part of other asset classes, eg land, buildings etc. See Note 9(b) for all the classes of fixed assets belonging to the water and sewer funds.

SINGLETON COUNCIL

**Notes to the financial statements
for the year ended 30 June 2013**

Note 9(b)

Restricted infrastructure, property, plant and equipment

	Actual 2013 \$'000				Actual 2012 \$'000			
	Cost \$'000	Fair value \$'000	Accum depn and impairment \$'000	WDV \$'000	Cost \$'000	Fair value \$'000	Accum depn and impairment \$'000	WDV \$'000
Water supply								
Plant and equipment	-	468	(287)	181	-	464	(219)	245
Office equipment	-	58	(58)	-	-	59	(59)	-
Furniture and fittings	-	8	(8)	-	-	8	(8)	-
Land:								
- Operational land	-	1,674	-	1,674	-	1,781	-	1,781
- Community land	-	85	-	85	-	85	-	85
Land improvements - depreciable	-	680	(244)	436	-	680	(226)	454
Buildings	-	1,025	(386)	639	-	973	(342)	631
Other structures	-	508	(181)	327	-	463	(175)	288
Infrastructure:								
- Water supply	-	96,918	(43,648)	53,270	-	93,963	(41,006)	52,957
Total water supply	-	101,424	(44,812)	56,612	-	98,476	(42,035)	56,441
Sewerage services								
Plant and equipment	-	375	(294)	81	-	349	(276)	73
Office equipment	-	23	(23)	-	-	23	(23)	-
Furniture and fittings	-	11	(11)	-	-	11	(11)	-
Land:								
- Operational land	-	1,942	-	1,942	-	2,085	-	2,085
Land improvements - depreciable	-	3	-	3	-	3	-	3
Buildings	-	225	(128)	97	-	223	(89)	134
Other structures	-	475	(168)	307	-	475	(163)	312
Infrastructure:								
- Sewerage assets	-	64,337	(35,776)	28,561	-	61,066	(33,742)	27,324
Total Sewerage services	-	67,391	(36,400)	30,991	-	64,235	(34,304)	29,931
Domestic waste management								
Plant and equipment	-	945	(145)	800	-	652	(23)	629
Office equipment	-	12	(12)	-	-	12	(11)	1
Furniture and fittings	-	5	(2)	3	-	5	(2)	3
Land:								
- Operational land	-	389	-	389	-	1,249	-	1,249
Land improvements - depreciable	-	1,774	(807)	967	-	1,774	(796)	978
Buildings	-	89	(48)	41	-	89	(48)	41
Other structures	-	1,508	(280)	1,228	-	1,508	(280)	1,228
Infrastructure:								
- Roads, Bridges and Footpaths	-	-	-	-	-	-	-	-
Total Domestic waste management	-	4,722	(1,294)	3,428	-	5,289	(1,160)	4,129
Total restrictions	-	173,537	(82,506)	91,031	-	168,000	(77,499)	90,501

SINGLETON COUNCIL

**Notes to the financial statements
for the year ended 30 June 2013**

Note 10

(a) Payables, interest bearing liabilities and provisions

	Actual 2013		Actual 2012	
	Current \$'000	Non-current \$'000	Current \$'000	Non-current \$'000
Payables				
Goods and services	2,953	-	2,650	-
Accrued wages and salaries	453	-	85	-
Accrued expenses - Other	97	-	96	-
Payments received in advance	324	-	383	-
Deposits and retentions	383	-	442	-
Other payables	3	-	19	-
Total payables	4,213	-	3,675	-
Current payables not expected to be settled within the next 12 months	-	-	-	-
Borrowings				
Loans:				
- Secured ⁽¹⁾	887	7,500	665	6,269
Total interest bearing liabilities	887	7,500	665	6,269
Provisions				
Annual leave	1,108	-	1,038	-
Long service leave	1,950	75	2,048	128
Asset remediation (Note 23)	-	7,085	-	6,862
Total Provisions	3,058	7,160	3,086	6,990
Current provisions not expected to be settled within the next 12 months	2,094	-	2,128	-
Liabilities relating to restricted assets				
Domestic waste management	-	7,085	-	6,862
Water	236	1	256	4
Sewer	100	1	110	1
Self-insurance	-	-	-	-
Total restricted liabilities	336	7,087	366	6,867
Liabilities related to unrestricted assets	7,822	7,573		
Total	8,158	14,660		

(b) Description of and movements in provisions

Class of Provision	Opening balance \$'000	Increases in provision \$'000	Payments \$'000	Remeasurement \$'000	Closing balance \$'000
Annual leave	1,038	875	805	-	1,108
Long service leave	2,176	209	360	-	2,025
Carbon tax	-	-	-	-	-
Asset remediation	6,862	223	-	-	7,085
Other	-	-	-	-	-
Total	10,076	1,307	1,165	-	10,218

Notes:

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

SINGLETON COUNCIL

**Notes to the financial statements
for the year ended 30 June 2013**

Note 11

Reconciliation of operating result to net cash movement from operating activities

	Notes	Actual 2013 \$'000	Actual 2012 \$'000
(a) Reconciliation of cash assets			
Total cash and cash equivalents	6(a)	8,430	10,089
Balances as per cash flow statement		8,430	10,089
(b) Reconciliation of net operating result to cash provided from operating activities			
Net operating result from Income statement		15,507	9,707
Add:			
Depreciation and impairment		11,806	10,226
Increase in provision for doubtful debts		42	-
Increase in provision for leave entitlements		-	133
Increase in other provisions		223	160
Decrease in receivables		-	623
Decrease in other current assets		-	4
Increase in other liabilities		-	144
		28,191	20,997
Less:			
Decrease in provision for doubtful debts		-	11
Decrease in employee leave entitlements		81	-
Increase in receivables		2,320	-
Increase in inventories		18	38
Increase in other current assets		65	-
Share of profit in joint ventures		9	12
Decrease in accrued expenses payable		-	12
Decrease in payables		-	73
Non cash contributions and dedications		2,619	1,406
Gain on sale of assets		2,529	5,503
Net cash provided from (or used in) operating activities from Cash flow statement		20,475	13,942

SINGLETON COUNCIL

**Notes to the financial statements
for the year ended 30 June 2013**

**Note 11 (continued)
Reconciliation of cash flow movements**

	Notes	Actual 2013 \$'000	Actual 2012 \$'000
(c) Non-cash financing and investing activities			
Acquisition of plant and equipment by means of finance leases		-	-
PWD construction		-	-
Bushfire grants		143	246
Developer contributions in kind		2,471	542
Purchase of plant and equipment via trade ins		449	1,896
Other - Civic Art Collection		5	3
		3,068	2,687
(d) Financing arrangements			
Unrestricted access was available at balance date to the following:			
Asset finance - leasing facility		1,000	1,000
Bank overdraft facility ⁽¹⁾		1,000	1,000
Corporate credit cards		100	100
		2,100	2,100

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

SINGLETON COUNCIL

**Notes to the financial statements
for the year ended 30 June 2013**

**Note 12
Commitments for expenditure**

	Actual 2013 \$'000	Actual 2012 \$'000
(a) Capital commitments (exclusive of GST)		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
- Land development	-	2,753
- Other Structures	-	-
- Plant & Equipment	-	-
- Buildings	-	-
- Sewerage assets	-	-
- Roads and Bridges	440	276
Total	440	3,029
These expenditures are payable as follows:		
- Not later than one year	440	3,029
- Later than one year and not later than five years	-	-
Total	440	3,029
(b) Service commitments (exclusive of GST)		
Other non-capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities include:		
- Audit services	-	78
- Waste management services	4,008	1,170
- IT Services	9	9
- Office space rental	-	-
- Security services	-	-
- Cleaning services	-	-
Total	4,017	1,257
These expenditures are payable as follows:		
- Not later than one year	758	1,257
- Later than one year and not later than five years	1,365	-
- Later than five years	1,894	-
Total	4,017	1,257

SINGLETON COUNCIL

Notes to the financial statements for the year ended 30 June 2013

Note 12 (continued) Commitments for expenditure

	Actual 2013 \$'000	Actual 2012 \$'000
(c) Non-cancellable operating lease commitments		
Commitments under non-cancellable operating leases at the reporting date but not recognised in the financial statements are payable as follows:		
- Not later than one year	449	445
- Later than one year and not later than five years	421	364
- Later than five years	90	-
Total	960	809

Council has entered into non-cancellable operating leases for various items of computer equipment, gym equipment and items of plant.

- (i) Contingent rental payments have been determined as not being applicable to these leases.
- (ii) No lease imposes any additional restrictions on Council in relation to additional debt or further leasing.
- (iii) Renewal or purchase options exist in relation to the following leases:
Computer and Office Equipment - automatic 12 months extension of agreement unless either 90 days notice of renewal of rental for a specific period is provided or notice of intention to return equipment and actual return of equipment prior to expiry of term occurs.
- (iv) Escalation clauses do not exist in relation to these leases.

Commitments for Operating Lease Expenditures relating to Joint Ventures and Partnerships are set out in Note 19.

(d) Remuneration Commitments

Commitments for the payments of salaries and other remuneration under long term employment contracts in existence at the reporting date but not recognised as liabilities, payable:

Within one Year	806	856
Later than one year and not later than five years	784	1,590
	1,590	2,446

SINGLETON COUNCIL

**Notes to the financial statements
for the year ended 30 June 2013**

Note 13(a)

Statement of performance measures - Consolidated results

	Amounts	Current Year Indicators	2012	2011
1. Unrestricted current ratio				
Current assets less all external restrictions ⁽¹⁾	21,105	3.68:1	2.47:1	2.02:1
Current liabilities less specific purpose liabilities ⁽²⁾	5,728			
2. Debt service ratio				
Debt service cost	1,275	0.03:1	0.03:1	0.02:1
Income from continuing operations excluding capital items and specific purpose grants/contributions	49,121			
3. Rate coverage ratio				
Rates and annual charges	20,469	0.32:1	0.38:1	0.41:1
Income from continuing operations	64,944			
4. Rates and annual charges outstanding				
Percentage				
Rates and annual charges outstanding	498	2.38%	2.26%	3.17%
Rates and annual charges collectible	20,967			
5. Building and infrastructure renewals ratio				
Asset renewals (building and infrastructure) ⁽³⁾	7,485	0.82:1	0.73:1	0.40:1
Depreciation, amortisation and impairment (building and infrastructure)	9,107			

(1) Refer to Notes 6-8 inclusive

(2) Refer to Note 10(a)

(3) Refer Note 9(a) - Notes

Note 13(a)

**Statement of Tcorp performance measures - Consolidated results
(Compulsory reporting commencing 2013/14 financial year replacing DLG measures)**

	Amounts	Current Year Indicators	2012	2011
1. Operating performance				
Operating revenue excluding capital grants and contributions - operating expenses	2,531	4.87%	11.79%	2.22%
Operating revenue excluding capital grants and contributions	51,968			
2. Own source operating revenue				
Rates, utilities and charges ¹	35,092	54.03%	59.63%	63.21%
Total operating revenue (inclusive of capital grants and contributions)	64,944			
3. Unrestricted current ratio				
Current assets less all external restrictions	21,105	3.68:1	2.47:1	2.02:1
Current liabilities less specific purpose liabilities	5,728			

4. Debt service cover ratio

Operating results before interest and depreciation (EBITDA)

Principal repayments (from the statement of cash flows) + borrowing interest costs (from the income statement)

<u>9,657</u>	<u>7.65:1</u>	<u>16.92:1</u>	<u>10.38:1</u>
<u>1,262</u>			

5. Capital expenditure ratio

Annual capital expenditure

Annual depreciation

<u>13,387</u>	<u>1.13:1</u>	<u>1.66:1</u>	<u>1.05:1</u>
<u>11,899</u>			

6. Building and infrastructure renewals ratio

Asset Renewals

Depreciation of building and infrastructure assets

<u>7,485</u>	<u>0.82:1</u>	<u>0.73:1</u>	<u>0.40:1</u>
<u>9,107</u>			

7. Cash expense cover ratio

Current year's cash and cash equivalents

(Total expenses - depreciation - interest costs)/12

<u>8,430</u>	<u>2.73</u>	<u>3.26</u>	<u>3.63</u>
<u>3,093</u>			

8. Interest cover ratio

Operating results before interest and depreciation (EBITDA)

Borrowing interest costs (from the income statement)

<u>9,657</u>	<u>18.75:1</u>	<u>38.7:1</u>	<u>23.88:1</u>
<u>515</u>			

¹ Rates & annual charges + user charge and fees

SINGLETON COUNCIL

Notes to the financial statements for the year ended 30 June 2013

Note 13(b) Statement of performance measures by Fund

	Current Year Indicators		
	General ⁽¹⁾	Water	Sewer
1. Unrestricted current ratio			
Current assets less all external restrictions	3.68:1	74.25:1	90.43:1
Current liabilities less specific purpose liabilities			
2. Debt service ratio			
Debt service cost	0.03:1	0:1	0:1
Income from continuing operations excluding capital items and specific purpose grants/contributions			
3. Rate coverage ratio			
Rates and annual charges	0.31:1	0.17:1	0.55:1
Income from continuing operations			
4. Rates and annual charges outstanding			
Percentage			
Rates and annual charges outstanding	2.39%	3.07%	2.02%
Rates and annual charges collectible			
5. Building and infrastructure renewals ratio			
Asset renewals (building and infrastructure)	1.09:1	0.23:1	0.03:1
Depreciation, amortisation and impairment (building and infrastructure)			

(1) General Fund refers to all Council activities except Water & Sewer.

Note 14 Investment properties

Singleton Council held no assets that meet the definition of an Investment property as per AASB 140(5) Investment Property.

SINGLETON COUNCIL

Notes to the financial statements for the year ended 30 June 2013

Note 15 Financial risk management

Risk management

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

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

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

Council held the following financial instruments at balance date:

	Carrying value		Fair value	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Financial assets				
Cash and cash equivalents	8,430	10,089	8,430	10,089
Receivables	5,294	3,016	5,294	3,016
Financial assets at fair value through profit or loss - Held for trading	18,035	13,506	18,035	13,506
Held-to-maturity investments	49,379	37,387	49,379	37,387
	<u>81,139</u>	<u>63,998</u>	<u>81,139</u>	<u>63,998</u>
Financial Liabilities				
Payables	4,213	3,675	4,213	3,675
Borrowings	8,387	6,934	8,387	6,934
	<u>12,600</u>	<u>10,609</u>	<u>12,600</u>	<u>10,609</u>

Fair value is determined as follows:

- Cash and Cash Equivalents, Receivables, Payables - estimated to be the carrying value which approximates net market value.
- Borrowings, Held-to-Maturity Investments - estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.
- Financial Assets at Fair Value through profit and loss, Available for Sale Financial Assets - based on quoted market prices in active markets for identical investments.

Fair value hierarchy

The fair values of financial instruments carried at fair value have been classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The levels of the hierarchy are as follows:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets and liabilities
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The value of financial instruments carried at fair value shown in the relevant level of the hierarchy is shown below:

	2013 \$'000	2012 \$'000
Level 1	18,035	13,506
Level 2	-	-
Level 3	-	-

SINGLETON COUNCIL

Notes to the financial statements for the year ended 30 June 2013

Note 15 (continued) Financial risk management

(a) Cash and cash equivalents

Financial assets at fair value through profit and loss

Available-for-sale financial assets

Held-to-Maturity investments

Council's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital. The Finance Section manages the cash and investments portfolio with the assistance of independent advisers. Council has an investment policy which complies with the Local Government Act and Minister's Order. The policy is regularly reviewed by Council and an Investment Report is provided to Council monthly setting out the make-up and performance of the portfolio.

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

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

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

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

	2013 \$'000	2012 \$'000
Impact of a 10% ⁽¹⁾ movement in price of investments:		
- Equity	1,804	1,351
- Income Statement	1,804 ⁽²⁾	1,351 ⁽²⁾
Impact of a 1% ⁽¹⁾ movement in interest rates on cash and investments:		
- Equity	84	101
- Income Statement	84	101

Notes:

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

(2) Maximum Impact.

SINGLETON COUNCIL

Notes to the financial statements for the year ended 30 June 2013

Note 15 (continued) Financial risk management

(b) Receivables

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

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

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 subject to a re-negotiation of repayment terms.

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

	30 June 2013	30 June 2012
Percentage of Rates and Annual charges:		
- Current	0%	0%
- Overdue	100%	100%
Percentage of Other Receivables:		
- Current	75%	69%
- Overdue	25%	31%

SINGLETON COUNCIL

**Notes to the financial statements
for the year ended 30 June 2013**

**Note 15 (continued)
Financial risk management**

**(c) Payables
Borrowings**

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

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

2013 \$'000	Due within 1 year	Due between 1 and 5 years	Due after 5 years	Total Contractual Cash Flows	Carrying Values
Payables	4,213	-	-	4,213	4,213
Borrowings	1,390	6,997	2,074	10,461	8,387
	5,603	6,997	2,074	14,674	12,600
2012 \$'000	Due within 1 year	Due between 1 and 5 years	Due after 5 years	Total Contractual Cash Flows	Carrying Values
Payables	3,675	-	-	3,675	3,675
Borrowings	1,119	5,804	3,186	10,109	6,934
	4,794	5,804	3,186	13,784	10,609

Borrowings are also subject to interest rate risk – the risk that movements in interest rates could adversely affect funding costs. Council manages this risk by borrowing long term and fixing the interest rate for the term of the loan. The Finance Section reviews interest rate movements annually to determine if it would be advantageous to refinance or renegotiate part or all of the loan portfolio.

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

	30 June 2013		30 June 2012	
	Weighted average interest rate %	Balance \$'000	Weighted average interest rate %	Balance \$'000
Bank Loans				
- Fixed	5.66	8,387	5.77	6,934
		<u>8,387</u>		<u>6,934</u>

SINGLETON COUNCIL

Notes to the financial statements for the year ended 30 June 2013

Note 16 Material budget variations

Council's original budget comprised part of the Management Plan adopted by Council on 25 June 2012. The original projections on which the budget was based have been affected by a number of factors. These include State and Federal Government decisions including new grant programs, changing economic activity, the weather and by decisions made by the Council.

This Note provides information on variations from budget in the Income Statement, Note 2(a) and the Cash Flow Statement. Material favourable (F) and unfavourable (U) variances represents amounts of 10% or more of the budgeted amount.

Further information of the nature and amount of all variations is available from the Council office upon request.

1 Income statement

1.1 User charges and fees

Variations arose from a stronger building activity which reflected in an increase in Development Application Fees \$175K (F). Singleton Gym & Swim was \$2,063 (F) as the intention was to tender the operations to external parties however; this did not occur during the reporting period. Income from water usage was \$664K (F). Fees from Colleen Gale Childcare Centre for day care was \$158K (F) above budget due to increased number of users.

1.2 Interest and investment revenues

Interest on investments was \$1.7M (F) (60%) higher than original anticipated due to rate of return on investments was higher than anticipated and also due to an increase in funds available for investing due to delays in works programs. As a result of the revaluation of investments through Profit & Loss an increase of \$1.19M was realised on Council's structured investments products.

1.3 Other revenues

Council received \$2.2M in GST adjustments paid in previous reporting periods from land sales.

1.4 Grants and contributions – Capital

In many instances, the actual amount of grants received depends on decisions made by State and Federal governments after the original Budget was adopted. In particular, major variations occurred in grants received for the following purposes:

Restart NSW	\$4,871,247
Blackspot Road Funding	\$173,031
Youth Venue Grant – Xstrata	\$5,669
Block Grant – Putty Road	\$72,385

Variances also occurred in the level of developer contributions of \$783K (F) as the payment of these contributions are determined by the level of development activity of which no provision is made for this income in Council's original budget. In addition Council has identified \$2,470K (F) in developer provided infrastructure assets during the reporting period, which have not been budgeted for in Council's original estimates.

1.5 Materials & contracts

Council's budget is based on a "normal" mix of self-constructed and contract works. The process of calling and accepting tenders during the year can result in substantial changes in this mix, resulting in significant budget variations in this item. Additional programs undertaken as a result of additional grant funding has resulted in higher than anticipated expenditure incurred which is offset by an increase in grant income.

1.6 Depreciation & amortisation

A reassessment of the costs to rehabilitate Council's tip asset was undertaken in 2011/12. The adjusted depreciable amount of the asset is depreciated over its useful life and this in turn has increased the depreciation expense.

SINGLETON COUNCIL

Notes to the financial statements for the year ended 30 June 2013

Note 16 (cont) Material budget variations

2 Cash flow statement

2.1 Other operating receipts and payments

Urgent Issues Group Abstract #31 requires that revenue and expenses be reported NET of GST, but that operating receipts and payments are reported INCLUDING GST. Council prepares its budget (including cash flow statement) on a GST exclusive basis.

2.2 Purchase of investments

During the reporting period Council has continued to transfer funds into Term Deposits which are to be held until maturity. This process has seen the funds being transferred from deposits at call to held to maturity investments.

2.3 Purchase of infrastructure, property, plant and equipment

Several large projects which have been identified in the original budget have been delayed and such delays have been reported to Council. Major projects with identified delays includes the construction of a Joint Rural Fire Control Centre, intersection works at New England Highway and Bridgman Road and intersection works at New England Highway and Howe Street, sewer augmentation and waste management centre extension.

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

SINGLETON COUNCIL

Notes to the financial statements
for the year ended 30 June 2013

Note 17
Statement of developer contributions

(a) Summary of developer contributions

Purpose	Opening balance \$'000	Contributions received during year		Interest & investment income earned during year \$'000	Expended during year \$'000	Internal borrowings (to)/from \$'000	Held as restricted asset \$'000	Projected future contributions \$'000	Projected cost of works still outstanding \$'000	Projected over/(under) funding \$'000
		Cash \$'000	Non-cash \$'000							
Drainage	3	-	-	1	-	-	4	-	3	1
Roads	560	120	-	19	(270)	-	429	6,975	9,546	(2,142)
Traffic facilities	-	-	-	-	-	-	-	-	-	-
Parking	107	101	-	9	-	-	217	-	8	209
Open space	286	151	-	20	-	-	457	6,620	12,395	(5,318)
Community facilities	1,371	39	-	61	(111)	-	1,360	1,305	3,065	(400)
Bushfire facilities	203	42	-	12	-	-	257	1,323	4,025	(2,445)
Waste facilities	28	-	-	2	-	-	30	-	24	6
S94 Under Plans	2,558	453	-	124	(381)	-	2,754	16,223	29,066	(10,089)
Section 64	6,311	552	-	341	(129)	-	7,075			
Total contributions	8,869	1,005	-	465	(510)	-	9,829	16,223	29,066	(10,089)

Note: The above summary of contribution plans represents the total of Council's individual contribution plans. Individual plan details are shown below.

(b) Contribution Plan - No. 1

Purpose	Opening balance \$'000	Contributions received during year		Interest & investment income earned during year \$'000	Expended during year \$'000	Internal borrowings (to)/from \$'000	Held as restricted asset \$'000	Projected future contributions \$'000	Projected cost of works still outstanding \$'000	Projected over/(under) funding \$'000
		Cash \$'000	Non-cash \$'000							
Drainage	3	-	-	1	-	-	4	-	3	1
Roads	155	31	-	7	(35)	-	158	-	155	3
Parking	8	-	-	-	-	-	8	-	8	-
Open Space	88	-	-	4	-	-	92	-	89	3
Community facilities	702	-	-	28	(106)	-	624	-	701	(77)
Total	956	31	-	40	(141)	-	886	-	956	(70)

SINGLETON COUNCIL

Notes to the financial statements
for the year ended 30 June 2013

Note 17 (continued)
Statement of developer contributions

(c) Singleton Development Contributions Plan 2005

Purpose	Opening balance \$'000	Contributions received during year		Interest & investment income earned during year \$'000	Expended during year \$'000	Internal borrowings (to)/from \$'000	Held as restricted asset \$'000	Projected future contributions \$'000	Projected cost of works still outstanding \$'000	Projected over/(under) funding \$'000
		Cash \$'000	Non-cash \$'000							
Roads	95	8	-	4	(6)	-	101	-	95	6
Parking	-	-	-	-	-	-	-	-	-	-
Open Space	83	1	-	4	-	-	88	-	83	5
Community facilities	599	2	-	28	(5)	-	624	-	599	25
Bushfire facilities	56	4	-	3	-	-	63	-	56	7
Waste facilities	24	-	-	2	-	-	26	-	24	2
Total	857	15	-	41	(11)	-	902	-	857	45

(d) Singleton Development Contributions Plan 2008

Purpose	Opening balance \$'000	Contributions received during year		Interest & investment income earned during year \$'000	Expended during year \$'000	Internal borrowings (to)/from \$'000	Held as restricted asset \$'000	Projected future contributions \$'000	Projected cost of works still outstanding \$'000	Projected over/(under) funding \$'000
		Cash \$'000	Non-cash \$'000							
Roads	310	81	-	8	(229)	-	170	6,975	9,296	(2,151)
Parking	99	101	-	9	-	-	209	-	-	209
Open Space	115	150	-	12	-	-	277	6,620	12,223	(5,326)
Community facilities	70	37	-	5	-	-	112	1,305	1,765	(348)
Bushfire facilities	147	38	-	9	-	-	194	1,323	3,969	(2,452)
Waste facilities	4	-	-	-	-	-	4	-	-	4
Total	745	407	-	43	(229)	-	966	16,223	27,253	(10,064)

SINGLETON COUNCIL

Notes to the financial statements for the year ended 30 June 2013

Note 18 Contingencies

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

Contingent Liabilities

Workers' Compensation

Council holds a partly paid share in Statecover, a company providing workers' compensation cover for Council. Council has a contingent liability to contribute further equity in the event of either the erosion of the capital base of the company or increases in the prudential requirements of APRA. At this time it is uncertain as to the amount or timing of any future contribution.

Superannuation

The Local Government Superannuation Scheme - Pool B (the Scheme) is a defined benefit plan that has been deemed to be a "multi-employer fund" for purposes of AASB119. Sufficient information under AASB119 is not available to account for the Scheme as a defined benefit plan, because the assets to the Scheme are pooled together for all employers.

The amount of employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2013 was \$275,338. The last valuation of the Scheme was performed by Mr Martin Stevenson BSc, FIA, FIAA on 20 February 2013 and covers the period ended 30 June 2013. However the position is monitored annually and the Actuary has estimated that as at 30th June 2013 a deficit still exists. Effective from 1 July 2013, employers are required to contribute additional contributions to assist in extinguishing this deficit. The amount of additional contributions included in the total employer contribution advised above is \$157,574.

The share of this deficit that can be broadly attributed to Singleton Council was estimated to be in the order of \$732,614 as at 30 June 2013.

Contingent Assets

Nil

SINGLETON COUNCIL

**Notes to the financial statements
for the year ended 30 June 2013**

**Note 20
Revaluation reserves and retained earnings**

Actual 2013 \$'000	Actual 2012 \$'000
--------------------------	--------------------------

(a) Retained earnings

Movements in retained earnings were as follows:

At beginning of the year	380,424	380,179
Adjustments to correct prior period errors (Note 20(d))	311	(9,462)
Net operating result for the year	15,507	9,707
At end of the year	396,242	380,424

(b) Revaluation reserves

Infrastructure, property, plant and equipment revaluation reserve
Interest in Joint Venture

Movements:

Infrastructure, property, plant and equipment revaluation reserve

At beginning of the year	231,151	212,036
Revaluations (Note 9)	11,406	10,634
Adjustments to correct prior period errors (Note 20(d))	-	8,481
At end of the year	242,557	231,151

Interest in Joint Venture revaluation reserve

At beginning of the year	80	80
Revaluation - Gross	-	-
At end of the year	80	80

(c) Nature and purpose of reserves

(i) Infrastructure, Property, Plant and Equipment Revaluation Reserve

The infrastructure, property, plant and equipment revaluation reserve is used to record increments and decrements on the revaluation of non-current assets.

Actual 2013 \$'000	Actual 2012 \$'000
--------------------------	--------------------------

(d) Correction of error in previous years

Council revalued its Buildings at 30 June 2013. The revaluation resulted in a remeasurement of where some assets sat in respect to their asset life cycle relative to what the value of accumulated depreciation in Council's financial reports. As a result, Council adjusted the accumulated depreciation for building assets against the current year balances of IPPE and Retained Earnings to correct the errors because it was found to be impractical to restate the prior year comparatives.

Depreciation Overstated/(Understated)	311	(981)
Error in revaluation reserve	-	(8,481)
	311	(9,462)

SINGLETON COUNCIL

**Notes to the financial statements
for the year ended 30 June 2013**

**Note 21
Results by Fund**

Income Statement by Fund	Actual 2013 \$'000 General⁽¹⁾	Actual 2013 \$'000 Water	Actual 2013 \$'000 Sewer
Income from continuing operations			
Revenue:			
Rates & annual charges	16,233	1,289	2,947
User charges & fees	11,649	2,974	-
Interest & investment revenues	1,774	1,881	1,025
Other revenues	3,199	69	162
Grants and contributions provided for operating purposes	6,166	37	34
Grants and contributions provided for capital purposes	10,560	1,195	1,221
Other Income:			
Net gain from disposal of assets	2,537	-	-
Total income from continuing operations	52,118	7,445	5,389
Expenses from continuing operations			
Employee benefits and on-costs	12,827	684	606
Borrowing costs	695	-	-
Materials and contracts	14,695	2,322	1,144
Depreciation and amortisation	8,988	1,745	1,073
Impairment	-	-	-
Other expenses	4,137	366	155
Net Loss from the disposal of assets	-	-	8
Total expenses from continuing operations	41,342	5,117	2,986
Operating result from continuing operations	10,776	2,328	2,403
Operating result from discontinued operations	-	-	-
Net operating result for the year	10,776	2,328	2,403
Attributable to:			
- Council	10,776	2,328	2,403
	10,776	2,328	2,403
Net operating result for the year before grants and contributions provided for capital purposes	216	1,133 ⁽²⁾	1,182 ⁽²⁾

Notes:

(1) General Funds refers to all Council activities except Water and Sewer.

(2) The relevant operating result used for Water and Sewer is the "Operating Result less Grants for Acquisition of Assets" as reported in Special Schedule 3 & 5.

This result is respectively:	\$'000
Water	2,347
Sewer	2,405

SINGLETON COUNCIL

**Notes to the financial statements
for the year ended 30 June 2013**

**Note 21 (continued)
Results by Fund**

Balance Sheet by Fund	Actual 2013 \$'000 General⁽¹⁾	Actual 2013 \$'000 Water	Actual 2013 \$'000 Sewer
ASSETS			
Current assets			
Cash & cash equivalents	8,430	-	-
Investments	24,592	16,964	8,840
Receivables	4,575	558	108
Inventories	1,481	-	95
Other	129	-	-
Total Current assets	39,207	17,522	9,043
Non-current assets			
Investments	755	9,786	6,478
Receivables	53	-	-
Inventories	3,924	-	-
Infrastructure, property, plant and equipment	487,172	56,630	31,068
Investments accounted for using the equity method	59	-	-
Total non-current assets	491,963	66,416	37,546
Total Assets	531,170	83,938	46,589
LIABILITIES			
Current liabilities			
Payables	4,180	33	-
Borrowings	887	-	-
Provisions	2,755	203	100
Total Current liabilities	7,822	236	100
Non-current liabilities			
Borrowings	7,500	-	-
Provisions	7,158	1	1
Total non-current liabilities	14,658	1	1
Total liabilities	22,480	237	101
Net assets	508,690	83,701	46,488
Equity			
Retained earnings	311,095	49,164	35,983
Revaluation reserve	197,595	34,537	10,505
Total Equity	508,690	83,701	46,488

Notes:

(1) General Funds refers to all Council activities except Water and Sewer.

SINGLETON COUNCIL

Notes to the financial statements for the year ended 30 June 2013

Note 22

Events occurring after Balance sheet date

Events that occur after the reporting date of 30 June 2013, and up to and including the date when the financial report is 'authorised for issue' have been taken into account in preparing this financial report. Council has determined that the date of the Auditors' Report as the appropriate 'authorised for issue' date relating to this General Purpose Financial Report.

Accordingly, the 'authorised for issue' date is 31 October 2013

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 reports (and figures therein) incorporate all 'adjusting events' that provided evidence of conditions that existed at 30 June 2013.

(ii) Events that have provided evidence of conditions that arose after the Reporting Date. These financial reports (and the figures therein) do not incorporate any 'non adjusting events' that have occurred after 30 June 2013 and which are only indicative of conditions that arose after 30 June 2013.

(iii) The passage of the Clean Air Legislation (Clean Energy Act 2011 and supporting legislation) will have an impact on Council's operating results going forward. Council expects to pay more for its energy usage including electricity, gas, water and fuel but will be compensated to some extent through additional rate revenue and domestic waste management charges that it proposes to raise. The operation of Council's landfill site is expected to result in Council being liable for a carbon tax on gas emissions but it is proposed to increase tipping fees to cover this additional cost.

Council also expects construction materials such as concrete and asphalt to increase in price but is unable to quantify the effect of these increases at the present time.

The financial effects of the Clean Air Legislation have not been brought to account as at 30 June 2013.

Note 23

Reinstatement, rehabilitation and restoration liabilities

Asset remediation

Council is required by law to reinstate/rehabilitate the area of the Singleton Waste Depot at the end of its useful life in 2017. Engineering estimates of this rehabilitation in 2017 is \$8.05 million which has been made based on current reinstatement standards and discounted to its present value at 3.25% over the estimated remaining life at the rates applicable to government securities. A review of Council's waste facility is currently being undertaken which will identify options to extend the life of the facility which will, in subsequent financial reports, require an adjustment to this provision.

	Actual 2013 \$'000	Actual 2012 \$'000
At Beginning of the Year	6,862	3,008
Amounts capitalised to tip asset		
- New disturbance	-	-
- Revised costs	-	3,694
- Revised life	-	-
- Revised discount rate	-	-
Amortisation of discount - Expensed to borrowing costs	223	160
At End of the Year	7,085	6,862

Critical accounting estimates and judgements

Provision for asset remediation

The council is required to estimate the future removal, restoration and rehabilitation costs of various sites including tips at the end of each reporting period. A provision is made for the estimated present value of these costs outstanding at each balance sheet date. In most instances the removal of these assets, restoration and remediation work will occur many years in the future.

The estimate of costs therefore requires management to make judgements regarding the expected date of restoration, future environmental legislation, the extent of restoration activities required and therefore the expected costs.



Singleton Council

Independent auditor's report to the Council – s417(2) Report on the general purpose financial statements

Report on the financial statements

We have audited the accompanying financial statements of Singleton Council (the Council), which comprises the statement of financial position as at 30 June 2013 and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, accompanying notes to the financial statements and the Statement by Councillors and Management in the approved form as required by Section 413(2) of the Local Government Act 1993.

Councillor's responsibility for the financial statements

The Councillors of the Council are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Local Government Act 1993 and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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 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 Councillors, as well as evaluating the overall presentation of the financial statements.

When this audit report is included in an Annual Report, our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial statements.

Our audit responsibility does not extend to the Original Budget Figures included in the Income Statement, Statement of Cash Flows and the Original Budget disclosures in notes 2(a) and 16 and the Projections disclosed in note 17 to the financial statements, nor the attached Special Schedules, and accordingly, we express no opinion on them.

PricewaterhouseCoopers, ABN 52 780 433 757
26 Honeysuckle Drive PO Box 798 Newcastle NSW 2300 DX 77 Newcastle
T: +61 2 4925 1100, F: +61 2 4925 1199, www.pwc.com.au



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:

- (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 (the Division); and
- (b) the financial statements:
 - (i) have been presented, in all material respects, in accordance with the requirements of this Division
 - (ii) are consistent with the Council's accounting records;
 - (iii) present fairly, in all material aspects, the Council's financial position as at 30 June 2013 and its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- (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 have come to light during the course of the audit.

PricewaterhouseCoopers

PricewaterhouseCoopers

C. Mara

Caroline Mara
Partner

Newcastle
31 October 2013



The Mayor
Councillor John Martin
Singleton Council
PO Box 313
SINGLETON NSW 2330

31 October 2013

Dear Councillor Martin

Report on the conduct of the audit for year ended 30 June 2013 – Section 417(3)

We have completed our audit of the financial reports of Singleton Council for the year ended 30 June 2013 in accordance with Section 415 of the Local Government Act, 1993.

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

This report should be read in conjunction with our audit opinion on the general purpose financial statements provided under Section 417(2) of the Local Government Act, 1993.

Flowing from our audit, there are a number of comments we wish to raise concerning the trends in Council's finances. These are set out below.

Operating result

Council's operating result increased from a \$9,707k surplus in the previous year to a \$15,507k surplus in the current year. The result before capital grants and contributions was a surplus of \$2,531k compared with a surplus of \$5,475k in the previous year.

PricewaterhouseCoopers, ABN 52 780 433 757
26 Honeysuckle Drive PO Box 798 Newcastle NSW 2300 DX 77 Newcastle
T: +61 2 4925 1100, F: +61 2 4925 1199, www.pwc.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

Cash, Cash Equivalents and Investments position

Council's overall cash, cash equivalents and investments position increased from \$60,982k to \$75,845k during the period under review. The following table highlights the composition of cash:

	June 2013	June 2012
	\$'000	\$'000
Externally restricted	59,799	52,179
Internally restricted	16,046	8,803
Unrestricted	-	-
Total	75,845	60,982

Working Capital

At 30 June 2013, Council's working capital (current assets less current liabilities) stood at \$57,614k compared to \$45,770k at 30 June 2012. The total current assets that Council is expected to realise in the coming year exceeded the total current liabilities that will need to be met by this amount. This is referred to as the current asset ratio and is a measure of the liquidity of Council. The unrestricted current ratio, another measure of liquidity is also provided below. Council's cash balance has remained stable with investments increased from the prior year. Prima facie, this places Council in a sound financial position however, it must be remembered that this balance includes items which are restricted in their use as per Note 6(c) of the financial statements.

Performance Indicators

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

	June 2013	June 2012
Unrestricted Current Ratio	3.68	2.47
Debt Service Ratio	3%	3%
Rate Coverage Ratio	32%	38%
Rates and Annual Charges Outstanding Ratio	2.38%	2.26%
Building and Infrastructure Renewals Ratio	0.82	0.73

The Unrestricted Current Ratio is 3.68 and remains well above the accepted benchmark for the industry of 1.50.

The Debt Service Ratio remained stable at 3% of revenue but remains well below the industry benchmark of 10%.

The Rate Coverage Ratio was slightly lower at 32% of total revenue this year reflective of higher grants and contributions.

The Rates and Annual Charge Outstanding Ratio was stable at 2.38% of collectibles and remains better than the industry benchmark of 5%.

The Building and Infrastructure Renewals Ratio indicates that key infrastructure is being renewed at 82% of the rate at which it is depreciating.

The above indicators show that Council is in a sound and stable financial position. All indicators remain better than accepted industry benchmarks with the exception of building and infrastructure renewals which has improved.



General

The books of accounts and records inspected by us have been kept in an accurate and conscientious manner.

We thank the General Manager and her staff for the cooperation and courtesy extended to us during the course of the audit.

Yours faithfully

PricewaterhouseCoopers

PricewaterhouseCoopers

C. Mara

Caroline Mara
Partner

Newcastle
31 October 2013



Singleton Council

Special Purpose
Financial Statements

For the year ended 30 June 2013

SINGLETON COUNCIL

Special purpose financial statements for the year ended 30 June 2013

Contents

Page

Statement by Councillors and Management

1

Special purpose financial statements

Income statement for the Water Supply business activity

2

Income statement for the Sewerage business activity

3

Income statement of Other business activities

4

Balance sheet of the Water Supply business activity

5

Balance sheet of the Sewerage business activity

6

Balance sheet of Other business activities

7

Notes to the Special purpose financial statements

8

Auditor's report

SINGLETON COUNCIL

General purpose financial statements for the year ended 30 June 2013

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:

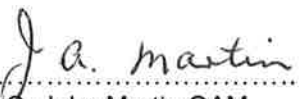
- The Local Government Act 1993 (as amended) and the Regulations made thereunder.
- The Australian Accounting Standards and professional pronouncements.
- The Local Government Code of Accounting Practice and Financial Reporting.

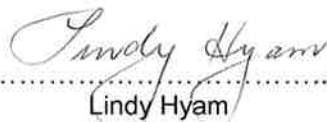
To the best of our knowledge and belief, these Statements:

- presents 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 this Report false or misleading in any way.

Signed in accordance with a resolution of Council made on 14th October, 2013.


Cr John Martin OAM
Mayor


Lindy Hyam
General Manager


Cr Godfrey Adamthwaite
Councillor


Damien Jenkins
Responsible Accounting Officer



ABN 52 877 492 396

Address all
correspondence to
the General Manager:

PO Box 314
SINGLETON
NSW 2330

DX 7063
SINGLETON

Administration Centre
located at:
Queen Street
Singleton

Ph: (02) 6578 7290

Fax: (02) 6572 4197

Email:

ssc@singleton.nsw.gov.au

Website:

www.singleton.nsw.gov.au



*"Singleton.
A progressive
community of
excellence and
sustainability."*

*Printed on
Recycled Stock.*

SINGLETON COUNCIL

**Income statement for the Water Supply business activity
for the year ended 30 June 2013**

	Actual 2013 \$'000	Actual 2012 \$'000	Actual 2011 \$'000
Income from continuing operations			
Access charges	1,289	1,226	1,294
User charges	2,974	2,320	2,414
Fees	-	-	-
Interest	1,881	939	973
Grants and contributions provided for non capital purposes	37	38	38
Profit from the sale of assets	-	-	-
Other income	69	121	90
Total income from continuing operations	6,250	4,644	4,809
Expenses from continuing operations			
Employee benefits and on-costs	684	684	594
Borrowing costs	-	-	-
Materials and contracts	2,322	1,596	1,705
Depreciation and impairment	1,745	1,749	1,497
Water purchase charges	169	169	239
Loss on sale of assets	-	11	27
Calculated taxation equivalents	19	19	19
Debt guarantee fee	-	-	-
Other expenses	178	178	175
Total expenses from continuing operations	5,117	4,406	4,256
Surplus (deficit) from continuing operations before capital amounts	1,133	238	553
Grants & contributions provided for capital purposes	1,195	1,120	546
Surplus (deficit) from continuing operations after capital amounts	2,328	1,358	1,099
Surplus (deficit) from discontinued operations	-	-	-
Surplus (deficit) from all operations before tax	2,328	1,358	1,099
Less Corporate Taxation Equivalent (30%) [Based on Surplus results before capital]	340	71	166
Surplus (deficit) after tax	1,988	1,287	933
Opening retained profits	50,340	48,963	47,845
Adjustments for amounts unpaid			
Taxation equivalent payments	19	19	19
Debt guarantee fees	-	-	-
Corporate taxation equivalent	340	71	166
Less: TER dividend paid	-	-	-
Surplus dividend paid	-	-	-
Closing retained profits	52,687	50,340	48,963
Return on Capital (%)	2.00%	0.42%	1.11%
Subsidy from Council	1,416	1,411	1,244
Expected Return on Capital (%) before Council Subsidy	2.50%	2.50%	2.50%
Calculation of Dividend Payable:			
Surplus (deficit) after tax	1,988	1,287	933
Less: Capital grants & contributions (excluding developer contributions)	1,195	1,120	546
Surplus for dividend calculation	793	167	387
Dividend calculated from surplus	397	84	194

SINGLETON COUNCIL

**Income statement for the Sewerage Business activity
for the year ended 30 June 2013**

	Actual 2013 \$'000	Actual 2012 \$'000	Actual 2011 \$'000
Income from continuing operations			
Access charges	2,947	2,682	2,561
User charges	-	-	-
Liquid Trade Waste	76	64	46
Fees	-	-	-
Interest	1,025	683	685
Grants and contributions provided for non capital purposes	34	34	35
Profit from the sale of assets	-	-	-
Other income	86	79	90
Total income from continuing operations	4,168	3,542	3,417
Expenses from continuing operations			
Employee benefits and on-costs	606	606	616
Borrowing costs	-	-	-
Materials and contracts	1,144	869	966
Depreciation and impairment	1,073	933	947
Water purchase charges	-	-	-
Loss on sale of assets	8	12	21
Calculated taxation equivalents	2	2	2
Debt guarantee fee	-	-	-
Other expenses	153	153	126
Total expenses from continuing operations	2,986	2,575	2,678
Surplus (deficit) from continuing operations before capital amounts	1,182	967	739
Grants & contributions provided for capital purposes	1,221	725	509
Surplus (deficit) from continuing operations after capital amounts	2,403	1,692	1,248
Surplus (deficit) from discontinued operations	-	-	-
Surplus (deficit) from all operations before tax	2,403	1,692	1,248
Less Corporate Taxation Equivalent (30%) [Based on Surplus results before capital]	355	290	222
Surplus (deficit) after tax	2,048	1,402	1,026
Opening retained profits	37,381	35,687	34,437
Adjustments for amounts unpaid			
Taxation equivalent payments	2	2	2
Debt guarantee fees	-	-	-
Corporate taxation equivalent	355	290	222
Less: TER dividend paid	-	-	-
Surplus dividend paid	-	-	-
Closing retained profits	39,786	37,381	35,687
Return on Capital (%)	3.80%	3.23%	2.59%
Subsidy from Council	-	-	-
Expected Return on Capital (%) before Council Subsidy	2.50%	2.50%	2.50%
Calculation of Dividend Payable:			
Surplus (deficit) after tax	2,048	1,402	1,026
Less: Capital grants & contributions (excluding developer contributions)	1,221	725	509
Surplus for dividend calculation	827	677	517
Dividend calculated from surplus	414	339	259

SINGLETON COUNCIL

**Income statement of Other business activities
for the year ended 30 June 2013**

	Actual 2013 Hunter Councils Ltd (Cat. 2) \$'000	Actual 2013 Singleton Regional Livestock Markets (Cat. 2) \$'000	Actual 2013 Singleton Swim & Gym (Cat. 2) \$'000	Actual 2012 Hunter Councils Ltd (Cat. 2) \$'000	Actual 2012 Singleton Regional Livestock Markets (Cat. 2) \$'000	Actual 2012 Singleton Swim & Gym (Cat. 2) \$'000
Income from continuing operations						
Access charges	-	-	-	-	-	-
User charges	55	-	-	56	-	-
Fees	-	260	2,063	-	265	1,695
Interest	-	-	-	-	-	-
Grants and contributions provided for non capital purposes	-	-	-	-	-	-
Profit from the sale of assets	-	-	-	-	-	-
Other income	4	12	-	4	28	-
Total income from continuing operations	59	272	2,063	60	293	1,695
Expenses from continuing operations						
Employee benefits and on-costs	-	68	478	19	66	648
Borrowing costs	6	-	26	7	-	28
Materials and contracts	35	268	1,867	12	284	1,591
Depreciation and impairment	7	74	310	7	76	241
Loss on sale of assets	-	-	-	-	3	-
Calculated taxation equivalents	-	2	1	-	2	1
Debt guarantee fee	1	-	4	1	-	4
Other expenses	3	37	276	3	29	191
Total expenses from continuing operations	52	449	2,962	49	460	2,704
Surplus (deficit) from continuing operations before capital amounts	7	(177)	(899)	11	(167)	(1,009)
Grants & contributions provided for capital purposes	-	-	-	-	-	-
Surplus (deficit) from continuing operations. after capital amounts	7	(177)	(899)	11	(167)	(1,009)
Surplus (deficit) from discontinued operations	-	-	-	-	-	-
Surplus (deficit) from all operations before tax	7	(177)	(899)	11	(167)	(1,009)
Less Corporate Taxation Equivalent (30%) [Based on Surplus results before capital]	2	-	-	3	-	-
Surplus (deficit) after tax	5	(177)	(899)	8	(167)	(1,009)
Dividend Payment (5% on Surplus after tax)	0	-	-	-	-	-
Surplus after dividend payment	5	(177)	(899)	8	(167)	(1,009)
Opening Retained Profits	-	664	149	1	829	1,153
Subsidy from Council	-	-	-	-	-	-
Adjustments for Amounts Unpaid						
Taxation Equivalent Payments	-	2	1	-	2	1
Debt Guarantee Fees	1	-	4	1	-	4
Corporate Taxation Equivalent	2	-	-	3	-	-
Dividend Payment	0	-	-	-	-	-
Closing Retained Profits	8	489	(745)	13	664	149
Return on Capital (%)	N/A	N/A	N/A	N/A	N/A	N/A
Subsidy from Council	-	-	-	-	-	-

SINGLETON COUNCIL

**Balance sheet of the Water Supply business activity
for the year ended 30 June 2013**

	Actual 2013 \$'000	Actual 2012 \$'000
ASSET		
Current assets		
Cash and cash equivalents	-	-
Investments	16,964	16,975
Receivables	558	448
Inventories	-	-
Other	-	-
Non-current assets held for sale	-	-
Total current assets	17,522	17,423
Non-current assets		
Investments	9,786	7,378
Receivables	-	-
Inventories	-	-
Infrastructure, Property, Plant and Equipment	56,630	56,442
Investments accounted for using the equity method	-	-
Investment Property	-	-
Intangible Assets	-	-
Other	-	-
Total non-current assets	66,416	63,820
Total assets	83,938	81,243
LIABILITIES		
Current liabilities		
Payables	33	42
Borrowings	-	-
Provisions	203	214
Total current liabilities	236	256
Non-current liabilities		
Payables	-	-
Borrowings	-	-
Provisions	1	4
Total non-current liabilities	1	4
Total liabilities	237	260
Net assets	83,701	80,983
EQUITY		
Retained earnings	49,164	47,418
Revaluation reserve	34,537	33,565
Council equity interest	-	-
Minority equity interest	-	-
Total equity	83,701	80,983

SINGLETON COUNCIL

**Balance sheet of the Sewerage Business activity
for the year ended 30 June 2013**

	Actual 2013 \$'000	Actual 2012 \$'000
ASSETS		
Current Assets		
Cash and cash equivalents	-	-
Investments	8,840	8,850
Receivables	108	135
Inventories	95	95
Other	-	-
Non-current assets held for sale	-	-
Total current assets	9,043	9,080
Non-current assets		
Investments	6,478	5,118
Receivables	-	-
Inventories	-	-
Infrastructure, Property, Plant and Equipment	31,068	29,931
Investments accounted for using the equity method	-	-
Investment Property	-	-
Intangible Assets	-	-
Other	-	-
Total non-current assets	37,546	35,049
Total assets	46,589	44,129
LIABILITIES		
Current liabilities		
Payables	-	-
Borrowings	-	-
Provisions	100	110
Total current liabilities	100	110
Non-current liabilities		
Payables	-	-
Borrowings	-	-
Provisions	1	1
Total non-current liabilities	1	1
Total liabilities	101	111
Net assets	46,488	44,018
EQUITY		
Retained earnings	35,983	34,732
Revaluation reserve	10,505	9,286
Council equity interest	-	-
Minority equity interest	-	-
Total equity	46,488	44,018

SINGLETON COUNCIL

Balance sheet of other business activities
for the year ended 30 June 2013

	Actual 2013 Hunter Councils Ltd (Cat. 2) \$'000	Actual 2013 Singleton Regional Livestock Markets (Cat. 2) \$'000	Actual 2013 Singleton Swim & Gym (Cat. 2) \$'000	Actual 2012 Hunter Councils Ltd (Cat. 2) \$'000	Actual 2012 Singleton Regional Livestock Markets (Cat. 2) \$'000	Actual 2012 Singleton Swim & Gym (Cat. 2) \$'000
ASSETS						
Current assets						
Cash and cash equivalents	9	-	-	10	-	-
Investments	-	-	-	-	-	-
Receivables	9	49	153	10	37	129
Inventories	-	-	-	-	-	-
Other	-	-	-	-	-	-
Non-current assets held for sale	-	-	-	-	-	-
Total current assets	18	49	153	20	37	129
Non-current assets						
Investments	-	-	-	-	-	-
Receivables	-	-	-	-	-	-
Inventories	-	-	-	-	-	-
Infrastructure, property, plant and equipment	181	3,233	10,047	180	3,304	10,357
Investments accounted for using the equity method	-	-	-	-	-	-
Investment property	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total non-current assets	181	3,233	10,047	180	3,304	10,357
Total assets	199	3,282	10,200	200	3,341	10,486
LIABILITIES						
Current liabilities						
Payables	5	-	-	5	-	-
Borrowings	3	-	33	11	-	31
Provisions	10	-	-	3	-	-
Other	4	-	-	3	-	-
Total current liabilities	22	-	33	22	-	31
Non-current liabilities						
Payables	-	-	-	-	-	-
Borrowings	118	-	338	128	-	372
Provisions	-	-	-	-	-	-
Total non-current liabilities	118	-	338	128	-	372
Total liabilities	140	-	371	150	-	403
Net assets	59	3,282	9,829	50	3,341	10,083
EQUITY						
Retained earnings	(21)	938	1,372	(30)	997	1,626
Revaluation reserve	80	2,344	8,457	80	2,344	8,457
Council equity interest	-	-	-	-	-	-
Minority equity interest	-	-	-	-	-	-
Total equity	59	3,282	9,829	50	3,341	10,083

SINGLETON COUNCIL

Special purpose financial statements for the year ended 30 June 2013

Contents of the notes to the financial statements

	Page
Note 1 Significant accounting policies	9
Note 2 Water Supply Business best practice management disclosure requirements	12
Note 3 Sewerage Business best practice management disclosure requirements	13
Note 4 Events occurring after balance sheet date	15

SINGLETON COUNCIL

Notes to the Special Purpose Financial Statements for the year ended 30 June 2013

Note 1 Significant Accounting Policies

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

The figures presented in these special purpose financial statements have been prepared in accordance with the recognition criteria of applicable Australian Accounting Standards, other authoritative pronouncements of the AASB and Australian Accounting Interpretation. The disclosures in these special purpose financial statements have been prepared in accordance with the Local Government Act and Regulation and the Local Government Code of Accounting Practice and Financial Reporting.

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

National Competition Policy

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

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

Declared Business Activities

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

Category 1

Name	Brief Description of Activity
Water Supplies	Provision of water for the communities of Singleton, Mount Thorley, Broke and Jerry's Plains.
Sewerage Services	Provision of sewerage treatment and disposal for the community of Singleton.

Category 2

Name	Brief Description of Activity
Singleton Regional Livestock Markets	The provision of livestock market facilities for the Singleton District.
Singleton Gym & Swim	Provision of aquatic and gym facilities
Hunter Councils Limited	Hunter Council Limited has been established to improve the quality and efficiency of local government service throughout the Hunter Region, via resource sharing.

SINGLETON COUNCIL

Notes to the Special Purpose Financial Statements for the year ended 30 June 2013

Note 1 (continued) Significant Accounting Policies

Monetary Amounts

Amounts shown in the financial statements are in Australian currency and rounded to the nearest one thousand dollars, with the exception of Note 2 (Water Supply Best Practice Management Disclosures A513) and Note 3 (Sewerage Best Practice Management Disclosures A514). As required by the NSW Office of Water, Department of Environment, Climate Change and Water, the amounts shown in Notes 2 and Note 3 are shown in whole dollars.

(i) Taxation Equivalent Payments

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

	<i>Notional Rate Applied %</i>
Corporate Tax Rate	30.00%
Land Tax	1.6% where land value is more than \$387,000 plus \$ 100.00. A premium land tax marginal rate of 2% applies on the total taxable land value above the premium threshold of \$2,366,000.
Stamp Duty	Statutory rates as published by the Office of State Revenue.
Payroll Tax	5.50% where total labour payments for the individual business activity exceed \$658,000
Other Taxes or Charges	Debt Guarantee Fee 1.00%

In accordance with the guidelines for Best Practice Management of Water Supply and Sewerage, a payment for the amount calculated as the annual tax equivalent charges (excluding income tax) must be paid from Water Supply and Sewerage Business activities. The payment of taxation equivalent charges, referred in the Best Practice Management of Water Supply and Sewerage Guides to as a "Dividend for Taxation equivalent", may be applied for any purpose allowed under the Local Government Act, 1993. Achievement of substantial compliance against the guidelines for Best Practice Management of Water Supply and Sewerage is not a prerequisite for the payment of the tax equivalent charges; however the payment must not exceed \$3 per assessment.

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 the taxation equivalent is notional, that is, it is payable to the

SINGLETON COUNCIL

Notes to the Special Purpose Financial Statements for the year ended 30 June 2013

Note 1 (continued) Significant Accounting Policies

“Council” as the owner of business operations, it represents an internal payment and has no effect on the operations of the council.

Accordingly, there is no need for disclosure of internal charges in the GPFR. 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.

Local Government Rates & Charges

A calculation of the equivalent rates and charges for all Category 1 businesses have been applied to all 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.

(ii) Subsidies

Government policy requires that subsidies provided to customers and the funding of those subsidies must be explicitly disclosed. Subsidies occur where council provides services on a less than cost recovery basis. This option is exercised on a range of services in order for council to meet its community service obligations. The overall effect of subsidies is contained within the 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 comparable to rates of return for private businesses operating in a similar field”. Funds are subsequently available for meeting commitments or financing future investment strategies. The rate of return is disclosed for each of council’s business activities on the Income Statement.

(iv) Dividends

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

Local Government Water Supply and Sewerage Businesses are permitted to pay an annual dividend from its water supply or sewerage business surplus. The dividend, calculated and approved in accordance with the Best Practice Management Guidelines, must not exceed 50% of this surplus in any one year, or the number of water supply or sewerage assessments at 30 June 2011 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with the guidelines for Best Practice Management of Water Supply and Sewerage, a Dividend Payment form, Statement of Compliance, Unqualified Independent Financial Audit Report and Compliance Audit Report are submitted to the NSW Office of Water.

SINGLETON COUNCIL

**Notes to the special purpose financial statements
for the year ended 30 June 2013**

Note 2

Water Supply Business best practice management disclosure requirements

2013

Calculation and Payment of Tax-Equivalents

(i)	Calculated Tax-Equivalents	\$	19,000
(ii)	No. of assessments multiplied by \$3/assessment	\$	20,424
(iii)	Amounts payable for Tax-Equivalents (lesser of (i) and (ii))	\$	19,000
(iv)	Tax-Equivalents paid	\$	-

Dividend from Surplus

(i)	50% of Surplus before Dividends <i>(Calculated in accordance with Best Practice Management for Water Supply and Sewerage Guidelines)</i>	\$	396,500
(ii)	No. of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment	\$	185,240
(iii)	Cumulative Surplus before Dividends for the 3 years to 30 June 2013, less the cumulative Dividends Paid for the 2 years to 30 June 2012.	\$	1,347,000
(iv)	Maximum Dividend from Surplus (least of (i), (ii) and (iii))	\$	185,240
(v)	Dividend paid from Surplus	\$	-

Required Outcomes for 6 Criteria

(i)	Completion of Strategic Business Plan (including Financial Plan)	Yes
(ii)	Full cost-recovery, without significant cross subsidies (Item 2(a) in Table 1 on page 18 of the Best Practice Guidelines) Complying charges (Item 2(b) in Table 1) DSP with Commercial Developer Charges (Item 2(e) in Table 1) If Dual Water Supplies, Complying Charges (Item 2(g), in Table 1)	Yes
(iii)	Sound Water Conservation & Demand Management Implemented	Yes
(iv)	Sound Drought Management Implemented	Yes
(v)	Complete Performance Reporting Form (by 15 September each year)	Yes
(vi)	a. Complete Integrated Water Cycle Management Evaluation b. Complete and implemented Integrated Water Cycle Management Strategy	Yes
		No

National Water Initiative (NWI) Financial Performance Indicators

NWI F1	Total Revenue (Water) = Total income (W13) - Grants for acquisition of assets (w11a) - Interest Income (w9)	\$'000	5,583
NWI F4	Residential Revenue from Usage Charges (Water) = Revenue from Residential Usage Charges (w6b) x 100 divided by sum of [Residential Usage Charges (w6a) + Residential Access Charges (w6b) + Environmental Levies for Water Supply]	%	65.32
NWI F9	Written Down Replacement Costs of Fixed Assets (Water) = Written down current cost of system assets (w47)	\$'000	56,448
NWI F11	Operating Cost (OMA) (Water) = Management expenses (w1) + Operation and maintenance expenses (w2)	\$'000	3,136
NWI F14	Capital Expenditure (Water) = Acquisitions of fixed assets (w16)	\$'000	935
NWI F17	Economic Real Rate of Return (Water) = (Total income (w13) - Interest income (w9) - Grants for acquisition of assets (w11a) - Operating cost (NWI F11) - Current cost depreciation (w3)) X 100 divided by Written down current cost of system assets (w47) + Plant and equipment (w33b)).	%	1.24
NWI F26	Capital Works Grants (Water) = Grants for Acquisition of Assets (w11a)	\$'000	-

Notes

- 1 References to w (eg. w12) refer to item numbers in Special Schedules Nos. 3 and 4 of each Council's Annual Financial Statements.
- 2 The NWI performance indicators are based on the National Performance Framework handbook for Urban Performance Reporting Indicators and Definitions.
The NWI indicators are to be calculated using the formulae shown above.

SINGLETON COUNCIL

Notes to the special purpose financial statements for the year ended 30 June 2013

Note 3

Sewerage business best practice management disclosure requirements

2013

Calculation and Payment of Tax-Equivalents

(i)	Calculated Tax-Equivalents	\$	2,000
(ii)	No. of assessments multiplied by \$3/assessment	\$	17,112
(iii)	Amounts payable for Tax-Equivalents (lesser of (i) and (ii))	\$	2,000
(iv)	Tax Equivalents paid	\$	-

Dividend from Surplus

(i)	50% of Surplus before Dividends (Calculated in accordance with Best Practice Management for Water Supply and Sewerage Guidelines)	\$	207,000
(ii)	No. of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment	\$	169,120
(iii)	Cumulative Surplus before Dividends for the 3 years to 30 June 2013, less the cumulative Dividends Paid for the 2 years to 30 June 2012	\$	2,455,000
(iv)	Maximum Dividend from Surplus (least of (i), (ii) and (iii))	\$	169,120
(v)	Dividend paid from Surplus	\$	-

Required Outcomes for 4 Criteria

(i)	Completion of Strategic Business Plan (including Financial Plan)	Yes
(ii)	Pricing with full cost-recovery, without significant cross subsidies (Item 2(a) in Table 1 on page 18 of the Best Practice Guidelines)	Yes
	Complying charges	
	(a) Residential (Item 2(c) in Table 1)	Yes
	(b) Non-Residential (Item 2(c) in Table 1)	Yes
	(c) Trade Waste (Item 2(d) in Table 1)	Yes
	DSP with Commercial Developer Charges (Item 2(e) in Table 1)	Yes
	Liquid Trade Waste Approvals and Policy (Item 2(f) in Table 1)	Yes
(iii)	Complete Performance Reporting Form (by 15 September each year)	Yes
(iv)	a. Complete Integrated Water Cycle Management Evaluation	Yes
	b. Complete and implement Integrated Water Cycle Management Strategy	No

National Water Initiative (NWI) Financial Performance Indicators

NWI F2	Total Revenue (Sewerage) = Total income (s14) - Grants for acquisition of assets (s12a) - Interest Income (s10)	\$'000	4,372
NWI F10	Written Down Replacement Cost of Fixed Assets (Sewerage) = Written down current cost of system assets (s48)	\$'000	30,987
NWI F12	Operating Cost (Sewerage) = Management expenses (s1) + Operation and maintenance expenses (s2)	\$'000	1,659
NWI F15	Capital Expenditure (Sewerage) = Acquisitions of fixed assets (s17)	\$'000	977
NWI F18	Economic Real Rate of Return (Sewerage) = ((Total income (s14) - Interest Income (s10) - Grants for acquisition of assets (s12a) - Operating cost (NWI F12) - Current cost depreciation (s3) x 100 divided by Written down current cost (WDCC) of system assets (s48) + Plant and equipment (s34b)).	%	5.28
NWI F27	Capital Works Grants (Sewerage) = Grants for Acquisition of Assets (s12a)	\$'000	-
NWI F3	Total Income (Water and Sewerage) = Total income (w13+s14)+ Gain/loss on disposal of assets (w14+s15) - Grants for acquisition of assets (w11a+s12a)- Interest income (w9+s10)	\$'000	9,947
NWI F19	Revenue from Community Service Obligations (Water and Sewerage) = Community service obligations (NWI F25) x 100 divided by Total income (NWI F3)	%	0.71
NWI F13	Operating Cost (OMA) (Water and Sewerage) = Operating cost (Water and Sewerage) (NWI F11+ NWI F12)	\$'000	4,795
NWI F16	Capital Expenditure (Water and Sewerage) = Acquisition of Fixed Assets (w16 + s17)	\$'000	1,912
NWI F19	Economic Real Rate of Return (Water and Sewerage) = (Total Revenue (w13 + s14) - Interest Income (w9 + s10) - Grants for Assets (w11a + s12a) - Total Cost (NWI F11 + NWI F12) - Depreciation (w3 + s3)) x 100 divided by (WDRC of operational assets (NWIF9 + NWIF10) + Plant & Equipment (w33b + s33b))	%	2.67
NWI F20	Dividend (Water and Sewerage) = Dividend paid from surplus (2(v) of Note 2 + 2(v) of Note 3)	\$'000	-
NWI F21	Dividend Payout Ratio (Water and Sewerage) = Dividend (NWI F20) x 100 divided Net profit after tax (NWI F24)	%	-
NWI F22	Net Debt to Equity (Water and Sewerage) = (Overdraft (w36 + s37) + Borrowings (w38 + s39) - Cash and Investments (w30 + s31)) x 100 divided by (Total Assets (w35 + s36) - Total Liabilities (w40 + s41))	%	(32.31)

SINGLETON COUNCIL

Notes to the special purpose financial statements for the year ended 30 June 2013

Note 3

Sewerage business best practice management disclosure requirements (continued)

		2013
NWI F23	Interest Cover (Water and Sewerage) = $EBIT/NI$ Earnings before Interest and Tax (EBIT) = Operating result (w15a+s16a) = Interest expense (w4a+s4a) - Interest income (w9+s10) - Gain/loss on disposal of assets (w14 + s15) Net Interest (NI) = Interest expense (w4a+s4a) - Interest income (w9+s10) Note: If EBIT >0 AND Net Interest <=0 Then Interest Cover is to be reported as ">100" If EBIT <0 THEN Interest Cover = 0	% <input type="text" value="-"/>
NWI F24	Net Profit After Tax (Water and Sewerage) = (Surplus before Dividends less Tax Paid(w15a + s16a) - Tax paid (1(iv) of Note 2 + 1(iv) of Note 3))	\$'000 <input type="text" value="4,752"/>
NWI F25	Community Service Obligations (Water and Sewerage) = Grants for Pensioner Rebates (w11b + s12b)	\$'000 <input type="text" value="71"/>

Notes:

- References to s (eg. s12) refer to item numbers in Special Schedules Nos. 5 and 6 of each Council's Annual Financial Statements.
- The NWI performance indicators are based on the National Performance Framework handbook for Urban Performance Reporting Indicators and Definitions.
The NWI indicators are to be calculated using the formulae shown above.

SINGLETON COUNCIL

Notes to the special purpose financial statements for the year ended 30 June 2013

Note 4

Events occurring after balance sheet date

Events that occur after the reporting date of 30 June 2013, and up to and including the date when the financial report is 'authorised for issue' have been taken into account in preparing this financial report. Council has determined that the date of the Auditors' Report as the appropriate 'authorised for issue' date relating to this Special Purpose Financial Statements.

Accordingly, the 'authorised for issue' date is the 31 October 2013.

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 reports (and figures therein) incorporate all 'adjusting events' that provided evidence of conditions that existed at 30 June 2013.

(ii) Events that have provided evidence of conditions that arose after the Reporting Date. These financial reports (and the figures therein) do not incorporate any 'non adjusting events' that have occurred after 30 June 2013 and which are only indicative of conditions that arose after 30 June 2013.

(iii) Council is unaware of any material or significant 'non adjusting events' that warrant disclosure.



Singleton Council

Independent auditor's report Report on the special purpose financial report

Report on the financial report

We have audited the accompanying financial report, being a special purpose financial report, of Singleton Council (the Council), which comprises the Statement of Financial Position by Business Activity for the year ended 30 June 2013, the Income Statements by Business Activity for the year then ended, Notes to the financial report for the business activities identified by Council and the Statement by Councillors and Management for Council for the year ended 30 June 2013.

Councillor's responsibility for the financial report

The Councillors of the Council are responsible for the preparation and fair presentation of the financial report and have determined that the accounting policies described in note 1 to the financial statements which form part of the financial report, are appropriate to meet the requirements of the Local Government Code of Accounting Practice and Financial Reporting. The Councillor's responsibility also includes such internal control as the Councillors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to error or fraud.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report 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 report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, 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 report 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 Councillors, as well as evaluating the overall presentation of the financial report.

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

PricewaterhouseCoopers, ABN 52 780 433 757
26 Honeysuckle Drive PO Box 798 Newcastle NSW 2300 DX 77 Newcastle
T: +61 2 4925 1100, F: +61 2 4925 1199, www.pwc.com.au

Liability limited by a scheme approved under Professional Standards Legislation.



Auditor's opinion

In our opinion, the financial report presents fairly, in all material respects, the financial position by Business Activities of Singleton Council as of 30 June 2013 and its financial performance by Business Activities for the year then ended in accordance with the requirement of those applicable Accounting Standards detailed in Note 1 to the financial report, and the Local Government Code of Accounting Practice and Financial Reporting.

Basis of Accounting and Restriction on Distribution and Use

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the Council's financial reporting responsibilities under the Local Government Code of Accounting Practice and Financial Reporting. As a result, the financial report may not be suitable for another purpose. Our report is intended solely for the Council.

PricewaterhouseCoopers

PricewaterhouseCoopers

C. Mara

Caroline Mara
Partner

Newcastle
31 October 2013



Singleton Council

Special Schedules

For the year ended 30 June 2013

SINGLETON COUNCIL

Special schedules for the year ended 30 June 2013

CONTENTS

Page

Special Schedules (*Not Audited*)

Special Schedule 1	Net cost of services	1
Special Schedule 2(a)	Statement of long term debt (all purpose)	3
Special Schedule 2(b)	Statement of internal loans	4
Special Schedule 3	Water Supply Income Statement	5
Special Schedule 4	Water Supply - Balance Sheet	8
Special Schedule 5	Sewerage Income Statement	9
Special Schedule 6	Sewerage Services - Balance Sheet	12
Special Schedule 3 and 5	Notes to Special Schedules 3 and 5	13
Special Schedule 7	Condition of public works	14
Special Schedule 8	Financial projections	18

SINGLETON COUNCIL

Special Schedule No. 1

**Net cost of services
for the year ended 30 June 2013**

Function or Activity	Expenses from continuing operations \$'000	Income from continuing operations (non capital) \$'000	Income from continuing operations (capital) \$'000	Net cost of services \$'000
Administration	4,890	731	6	4,153
Public Order & Safety				
Fire Service Levy, Fire Protection, Emergency Services	1,478	647	207	624
Beach Control	-	-	-	-
Enforcement of Regs	-	1		(1)
Animal Control	8	36	-	(28)
Other	2	1	-	1
Total Public Order & Safety	1,488	685	207	596
Health	192	111	-	81
Environment				
Noxious Plants and Insect/Vermin Control	72	-	-	72
Other Environmental Protection	49	-	-	49
Solid Waste Management	4,988	6,083	-	(1,095)
Street Cleaning	-	-	-	-
Drainage	-	-	-	-
Stormwater Management	701	142	481	78
Total Environment	5,810	6,225	481	(896)
Community Services & Education				
Administration & Education	384	72	-	312
Social Protection (welfare)	-	-	-	-
Aged Persons & Disabled	8	-	-	8
Childrens Services	2,095	1,445	6	644
Total Community Services & Education	2,487	1,517	6	964
Housing & Community Amenities				
Public Cemeteries	51	52	-	(1)
Public Conveniences	-	-	-	-
Street Lighting	452	38	-	414
Town Planning	2,930	1,092	-	1,838
Other Community Amenities	217	-	180	37
Total Housing & Community Amenities	3,650	1,182	180	2,288
Water Supplies	4,871	6,592	474	(2,195)
Sewerage Services	2,824	4,154	1,018	(2,348)
Recreation & Culture				
Public Libraries	1,853	128	-	1,725
Museums	7	-	-	7
Art Galleries	-	-	-	-
Community Centres and Halls	684	110	-	574
Performing Arts Venues	-	-	-	-
Other Performing Arts	-	-	-	-
Other Cultural Services	15	6	-	9
Sporting Grounds and Venues	1,077	13	-	1,064
Swimming Pools	2,951	2,063	-	888
Parks & Gardens (Lakes)	1,032	436	1,510	(914)
Other Sport & Recreation	12	1	-	11
Total Recreation & Culture	7,631	2,757	1,510	3,364
Fuel & Energy	-	-	-	-

SINGLETON COUNCIL

Special Schedule No. 1

**Net cost of services (continued)
for the year ended 30 June 2013**

Function or Activity	Expenses from continuing operations \$'000	Income from continuing operations (non capital) \$'000	Income from continuing operations (capital) \$'000	Net cost of services \$'000
Agriculture	-	-	-	-
Mining, Manufacturing & Construction				
Building Control	250	35	-	215
Other Mining, Manufacturing & Construction	-	-	-	-
Total Mining, Manufacturing & Construction	250	35	-	215
Transport & Communication				
Urban Roads (UR) - Local	1,980	-	1,330	650
Urban Roads - Regional	2,155	-	-	2,155
Sealed Rural Roads (SRR) - Local	3,088	1,192	3,835	(1,939)
Sealed Rural Roads (SRR) - Regional	1,137	695	78	364
Unsealed Rural Roads (URR) - Local	702	-	-	702
Unsealed Rural Roads (URR) - Regional	-	-	-	-
Bridges on UR - Local	44	-	-	44
Bridges on SRR - Local	538	115	-	423
Bridges on URR - Local	19	-	-	19
Bridges on Regional Roads	-	-	405	(405)
Parking Areas	17	-	-	17
Footpaths	276	77	-	199
Aerodromes	-	-	-	-
Other Transport & Communication	2,635	3,231	-	(596)
Total Transport & Communication	12,591	5,310	5,648	1,633
Economic Affairs				
Camping Areas and Caravan Parks	-	-	-	-
Other Economic Affairs	2,753	7,991	1,449	(6,687)
Total Economic Affairs	2,753	7,991	1,449	(6,687)
Totals – Functions	49,437	37,290	10,979	1,168
General Purpose Revenues ⁽²⁾				16,675
Share of interests in joint ventures and associates using the equity method⁽¹⁾				-
Net operating result for the year⁽¹⁾				15,507

Note:

(1) As reported on the Income statement

(2) Includes:

Rate and annual charges (including ex-gratia but excluding water & sewer)

Non-capital general purpose grants

Interest on investments

SINGLETON COUNCIL

Special Schedule No. 2(a)

**Statement of long - term debt (all purpose)
for the year ended 30 June 2013**

(\$'000)

Classification of Debt	Principal outstanding at beginning of year			New loans raised during the year	Debt redemption during the year		Transferred to sinking funds	Interest applicable for year	Principal outstanding at end of year		
	Current	Non-current	Total		From revenue	Sinking funds			Current	Non-current	Total
LOANS (By Source)											
Commonwealth Government	-	-	-	-	-	-	-	-	-	-	-
Treasury Corporation	132	1,144	1,276	-	132	-	-	68	139	1,005	1,144
Other State Government	-	-	-	-	-	-	-	-	-	-	-
Public Subscription	-	-	-	-	-	-	-	-	-	-	-
Financial Institutions	533	5,125	5,658	2,200	434	181	194	447	748	6,495	7,243
Other	-	-	-	-	-	-	-	-	-	-	-
TOTAL LOANS	665	6,269	6,934	2,200	566	181	194	515	887	7,500	8,387
OTHER LONG TERM DEBT											
Ratepayers' Advances	-	-	-	-	-	-	-	-	-	-	-
Government Advances	-	-	-	-	-	-	-	-	-	-	-
Finance Leases	-	-	-	-	-	-	-	-	-	-	-
Deferred Payment	-	-	-	-	-	-	-	-	-	-	-
TOTAL LONG TERM DEBT	665	6,269	6,934	2,200	566	181	194	515	887	7,500	8,387

SINGLETON COUNCIL

Special Schedule No. 2(b)

**Statement of internal loans (Section 410(3) LGA 1993)
for the year ended 30 June 2013**

(\$'000)

Summary of internal loans

Borrower (by purpose)	Amount originally raised	Total repaid during the year principal and interest	Principal outstanding at end of year
General	-	-	-
Water	-	-	-
Sewer	-	-	-
Domestic Waste Management	-	-	-
Other	-	-	-
Totals	-	-	-

Details Of Individual Internal Loans

Borrower (by purpose)	Lender (by purpose)	Date of Minister's approval	Date raised	Term years	Date of maturity	Rate of interest	Amount originally raised	Total repaid during the year principal and interest	Principal outstanding at end of year
Totals							-	-	-

SINGLETON COUNCIL

Special Schedule No. 3
Water Supply Income Statement
(Gross Including Internal Transactions)
for the year ended 30 June 2013

A. Expenses and Income	2013	2012
<u>Expenses</u>	<u>\$'000</u>	<u>\$'000</u>
1 Management expenses		
a. Administration	479	465
b. Engineering and Supervision	419	470
2 Operation and Maintenance		
Dams and Weirs		
a. Operation expenses	-	-
b. Maintenance expenses	-	-
Mains		
c. Operation expenses	454	279
d. Maintenance expenses	168	157
Reservoirs		
e. Operation expenses	1	2
f. Maintenance expenses	12	21
Pumping Stations		
g. Operation expenses (excluding energy costs)	9	12
h. Energy costs	243	80
i. Maintenance expenses	55	76
Treatment		
j. Operation expenses (excluding chemical costs)	658	575
k. Chemical costs	97	84
l. Maintenance expenses	116	94
Other		
m. Operation expenses	296	259
n. Maintenance expenses	-	-
o. Purchase of water	129	15
3 Depreciation		
a. System assets	1,683	1,713
b. Plant and equipment	62	36
4 Miscellaneous expenses		
a. Interest expenses	-	-
b. Revaluation decrements	-	-
c. Other expenses	217	38
5 Total expenses	5,098	4,376
<u>Income</u>		
6 Residential charges		
a. Access (including rates)	959	922
b. Usage charges	1,806	1,371
7 Non-residential charges		
a. Access (including rates)	330	304
b. Usage charges	1,168	949
8 Extra charges	19	18
9 Interest income	1,862	921
10 Other income	69	121
11 Grants		
a. Grants for acquisition of assets	-	-
b. Grants for pensioner rebates	37	38
c. Other grants	-	-
12 Contributions		
a. Developer charges	579	560
b. Developer provided assets	156	43
c. Other contributions	460	517
13 Total income	7,445	5,764
14 Gain or loss on disposal of assets	-	(11)
15 Operating result	2,347	1,377
15a. Operating result (less grants for acquisition of assets)	2,347	1,377

SINGLETON COUNCIL

Special Schedule No. 3 (Cont'd)
Water Supply Income Statement
(Gross Including Internal Transactions)
for the year ended 30 June 2013

<u>B. Capital transactions</u>		2013	2012
		\$'000	\$'000
<u>Non-operating expenditures</u>			
16 Acquisition of fixed assets			
a. New Assets for Improved Standards	-	-	
b. New assets for growth	790	599	
c. Renewals	22	41	
d. Plant and equipment	123	67	
	<u>935</u>	<u>707</u>	
17 Repayment of debt			
a. Loans	-	-	
b. Advances	-	-	
c. Finance leases	-	-	
	<u>-</u>	<u>-</u>	
18 Transfer to sinking funds	-	-	
	<u>-</u>	<u>-</u>	
19 <u>Totals</u>	<u>935</u>	<u>707</u>	
<u>Non-Operating funds employed</u>			
20 Proceeds from disposal of assets	-	49	
21 Borrowings utilised			
a. Loans	-	-	
b. Advances	-	-	
c. Finance leases	-	-	
	<u>-</u>	<u>-</u>	
22 Transfers from sinking funds	-	-	
	<u>-</u>	<u>-</u>	
23 <u>Totals</u>	<u>-</u>	<u>49</u>	
<u>C. Rates and charges</u>			
24 Number of assessments			
a. Residential (occupied)	5,849		
b. Residential (unoccupied ie vacant land)	170		
c. Non-residential (occupied)	681		
d. Non-residential (unoccupied ie vacant land)	108		
25 Number of ETs for which developer charges were received	110.0	ET	
26 Total amount of pensioner rebates	\$ 68,061.07		

SINGLETON COUNCIL

**Special Schedule No. 3 (Cont'd)
Water Supply - Cross-subsidies
as at 30 June 2013**

	<u>Yes</u>	<u>No</u>	<u>Amount</u> \$'000
D. Best practice annual charges and developer charges[#]			
27 Annual charges			
a. Does Council have best-practice water supply annual charges and usage charges*?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
If Yes. Go to 28a.			
If No, please report if Council has removed land value from access charges (i.e. rates)?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
<p>* Such charges for both residential customers and non-residential customers comply with section 3.2 of 'Water Supply, Sewerage and Trade Waste Pricing Guidelines', NSW Office of Water, December, 2002. Such charges do not involve significant cross-subsidies.</p>			
b. Cross-subsidy from residential customers using less than allowance (page 25 of Guidelines)			-
c. Cross-subsidy to non-residential customers (page 24 of Guidelines)			-
d. Cross-subsidy to large connections in unmetered supplies (page 26 of Guidelines)			-
28 Developer charges			
a. Has Council completed a water supply Development Servicing** Plan?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
b. Total cross-subsidy in water supply developer charges for 2012/13 (page 47 of Guidelines)			-
			\$3,249 per lot
<p>** In accordance with page 9 of <i>Developer Charges Guidelines for Water Supply, Sewerage and Stormwater</i>, NSW Office of Water, December, 2002</p>			
29 Disclosure of cross-subsidies			
Total of cross-subsidies (27b + 27c + 27d + 28b)			-

[#] Councils which have not yet implemented best-practice water supply pricing should disclose cross-subsidies in items 27b, 27c and 27d above.

However, disclosure of cross-subsidies is **not** required where a council has implemented best-practice pricing and is phasing-in such pricing over a period of three years.

SINGLETON COUNCIL

**Special Schedule No. 4
Water Supply - Balance sheet
(Gross Including Internal Transactions)
as at 30 June 2013**

<u>ASSETS</u>	Current \$'000	Non- current \$'000	Total \$'000
30 Cash and investments			
a. - Developer charges	102	3,976	4,078
b. - Specific purpose grants	-	-	-
c. - Accrued leave	203	1	204
d. - Unexpended loans	-	-	-
e. - Sinking funds	-	-	-
f. - Other	16,659	5,809	22,468
31 Receivables			
a. - Specific purpose grants	-	-	-
b. - Rates and charges	292	-	292
c. - Other	266	-	266
32 Inventories	-	-	-
33 Property, plant and equipment			
a. - System assets	-	56,448	56,448
b. - Plant and equipment	-	182	182
34 Other assets	-	-	-
35 Total assets	17,522	66,416	83,938
<u>LIABILITIES</u>			
36 Bank overdraft	-	-	-
37 Creditors	33	-	33
38 Borrowings			
a. - Loans	-	-	-
b. - Advances	-	-	-
c. - Finance leases	-	-	-
39 Provisions			
a. - Tax equivalents	-	-	-
b. - Dividend	-	-	-
c. - Other	203	1	204
40 Total liabilities	236	1	237
41 Net assets committed	17,286	66,415	83,701
<u>EQUITY</u>			
42 Accumulated surplus	17,286	31,878	49,164
43 Asset revaluation reserve	-	34,537	34,537
44 Total equity	17,286	66,415	83,701

Note to system assets:

45 Current replacement cost of system assets	<u>100,096</u>
46 Accumulated current cost depreciation of system assets	<u>43,648</u>
47 Written down current cost of system assets	<u>56,448</u>

SINGLETON COUNCIL

**Special Schedule No. 5
Sewerage Income Statement
(Gross Including Internal Transactions)
for the year ended 30 June 2013**

<u>A. Expenses and income</u>	2013 \$'000	2012 \$'000
<u>Expenses</u>		
1 Management expenses		
a. Administration	250	238
b. Engineering and supervision	290	289
2 Operations and Maintenance		
- Mains		
a. Operation expenses	148	89
b. Maintenance expenses	316	327
- Pumping Stations		
c. Operation expenses (excluding energy costs)	1	17
d. Energy costs	4	3
e. Maintenance expenses	68	78
- Treatment		
f. Working expenses (excluding chemical, energy, effluent and biosolids management costs)	314	257
g. Chemical costs	3	2
h. Energy costs	153	138
i. Effluent management	-	-
j. Biosolids management	-	-
k. Maintenance expenses	102	128
- Other		
l. Operation expenses	10	(13)
m. Maintenance expenses	-	-
3 Depreciation		
a. System assets	1,054	929
b. Plant and equipment	19	4
4 Miscellaneous		
a. Interest expenses	-	-
b. Revaluation decrements	-	-
c. Other expenses	244	75
5 Total expenses	2,976	2,561
<u>Income</u>		
6 Residential charges (including rates)	2,296	2,096
7 Non-residential charges		
a. Access (including rates)	651	586
b. Usage charges	-	-
8 Trade Waste Charges		
a. Annual fees	76	64
b. Usage fees	-	-
c. Excess mass charges	-	-
d. Re-inspection fees	-	-
9 Extra charges	8	7
10 Interest income	1,017	676
11 Other income	86	79
12 Grants		
a. Grants for acquisition of assets	-	-
b. Grants for pensioner rebates	34	34
c. Other grants	-	-
13 Contributions		
a. Developer charges	391	341
b. Developer provided assets	783	114
c. Other contributions	47	270
14 Total income	5,389	4,267
15 Gain or loss on disposal of assets	(8)	(12)
16 Operating result	2,405	1,694
16a Operating result (less grants for acquisition of assets)	2,405	1,694

SINGLETON COUNCIL

Special Schedule No. 5 (Cont'd)
Sewerage Income Statement
(Gross Including Internal Transactions)
for the year ended 30 June 2013

<u>B. Capital transactions</u>	2013 \$'000	2012 \$'000
<u>Non-operating expenditures</u>		
17 Acquisition of fixed assets		
a. New Assets for Improved Standards	-	-
b. New assets for growth	881	463
c. Renewals	32	50
d. Plant and equipment	64	71
	<u>977</u>	<u>584</u>
18 Repayment of debt		
a. Loans	-	-
b. Advances	-	-
c. Finance Leases	-	-
	<u>-</u>	<u>-</u>
19 Transfer to sinking funds	-	-
	<u>-</u>	<u>-</u>
20 <u>Totals</u>	<u>977</u>	<u>584</u>
<u>Non-operating funds employed</u>		
21 Proceeds from disposal of assets	18	21
22 Borrowings utilised		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
	<u>-</u>	<u>-</u>
23 Transfers from sinking funds	-	-
	<u>-</u>	<u>-</u>
24 <u>Totals</u>	<u>18</u>	<u>21</u>
<u>C. Rates and charges</u>		
25 Number of assessments		
a. Residential (occupied)	5,159	
b. Residential (unoccupied ie vacant land)	83	
c. Non-residential (occupied)	435	
d. Non-residential (unoccupied ie vacant land)	27	
26 Number of ETs for which developer charges were received	110.0	ET
27 Total amount of pensioner rebates	\$ 62,081.14	

SINGLETON COUNCIL

**Special Schedule No. 5 (Cont'd)
Sewerage - Cross-subsidies
as at 30 June 2013**

	<u>Yes</u>	<u>No</u>	<u>Amount</u> \$'000
D. Best practice annual charges & developer charges[#]			
28 Annual Charges			
a. Does Council have best-practice sewerage annual charges, usage charges and trade waste fees and charges*?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
If Yes. Go to 29a.			
If No, please report if Council has removed land value from access charges (i.e. rates)?	<input type="checkbox"/>	<input type="checkbox"/>	
<p>* Such charges for both residential customers and non-residential customers and trade waste dischargers comply with section 4.2 of <i>Water Supply, Sewerage and Trade Waste Pricing Guidelines</i>, NSW Office of Water, December, 2002.</p> <p>Such charges do not involve significant cross-subsidies.</p>			
b. Cross-subsidy to non-residential customers (page 45 of Guidelines)			-
c. Cross-subsidy to trade waste dischargers (page 46 of Guidelines)			-
29 Developer charges			
a. Has Council completed a sewerage Development Servicing** Plan?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	-
b. Total cross-subsidy in sewerage supply developer charges for 2012/13 (page 47 of Guidelines) \$0 per lot			-
<p>** In accordance with page 9 of <i>Developer Charges Guidelines for Water Supply, Sewerage and Stormwater</i>, NSW Office of Water, December, 2002</p>			
30 Disclosure of cross-subsidies			
Total of cross-subsidies (28b + 28c + 29b)			-
<p>[#] Councils which have not yet implemented best-practice sewerage pricing and liquid trade waste pricing should disclose cross-subsidies in items 28b and 28c above.</p>			-

However, disclosure of cross-subsidies is **not** required where a council has implemented best-practice pricing and is phasing-in such pricing over a period of three years.

SINGLETON COUNCIL

**Special Schedule No. 6
Sewerage Services - Net Assets Committed
(Gross Including Internal Transactions)
as at 30 June 2013**

<u>Assets</u>	Current \$'000	Non- current \$'000	Total \$'000
31 Cash and investments			
a. - Developer charges	1,500	732	2,232
b. - Specific purpose grants	-	-	-
c. - Accrued leave	100	1	101
d. - Unexpended loans	-	-	-
e. - Sinking funds	-	-	-
f. - Other	7,240	5,745	12,985
32 Receivables			
a. - Specific purpose grants	-	-	-
b. - Rates and charges	104	-	104
c. - Other	4	-	4
33 Inventories	95	-	95
34 Property, plant and equipment			
a. - System assets	-	30,987	30,987
b. - Plant and equipment	-	81	81
35 Other assets	-	-	-
36 Total assets	9,043	37,546	46,589
<u>Liabilities</u>			
37 Bank overdraft	-	-	-
38 Creditors	-	-	-
39 Borrowings			
a. - Loans	-	-	-
b. - Advances	-	-	-
c. - Finance leases	-	-	-
40 Provisions			
a. - Tax equivalents	-	-	-
b. - Dividend	-	-	-
b. - Other	100	1	101
41 Total liabilities	100	1	101
42 Net assets committed	8,943	37,545	46,488
<u>Equity</u>			
43 Accumulated surplus	8,943	27,040	35,983
44 Asset revaluation reserve	-	10,505	10,505
45 Total equity	8,943	37,545	46,488
Note to system assets:			
46 Current replacement cost of system assets			<u>66,763</u>
47 Accumulated current cost depreciation of system assets			<u>35,776</u>
48 Written down current cost of system assets			<u>30,987</u>

SINGLETON COUNCIL

Notes to Special Schedules Nos. 3 & 5 for the year ended 30 June 2013

Administration (item 1a of Special Schedules 3 & 5) comprises the following:

- Administration Staff
 - o Salaries and Allowance
 - o Travelling Expenses
 - o Accrual of Leave Entitlements
 - o Employment Overheads
- Meter Reading
- Bad and Doubtful Debts
- Other Administrative/Corporate Support Services

Engineering and Supervision (item 1b of Special Schedules 3 & 5) comprises the following:

- Engineering Staff
 - o Salaries and Allowance
 - o Travelling Expenses
 - o Accrual of Leave Entitlements
 - o Employment Overheads
- Other Technical and Supervision Staff
 - o Salaries and Allowance
 - o Travelling Expenses
 - o Accrual of Leave Entitlements
 - o Employment Overheads

Operation Expenses (item 2 of Special Schedules 3 & 5) comprise the day to day operational expenses excluding maintenance expenses.

Maintenance Expenses (item 2 of Special Schedules 3 and 5) comprise the day to day repair maintenance expenses. (Refer to Section 5 of the Local Government Asset Accounting Manual regarding capitalisation principles and the distinction between capital and maintenance expenditure).

Other Expenses (item 4b of Special Schedules 3 & 5) include all expenses not recorded elsewhere.

Residential Charges (items 6a, 6b and item 6 of Special Schedules 3 and 5 respectively) include all income from residential charges. Item 6 of Schedule 3 should be separated into 6a Access Charges (including rates if applicable) and 6b User Charges. Exclude non-residential charges.

Non-residential Charges (items 7a, 7b of Special Schedules 3 and 5) include all income from non-residential charges separated into 7a Access Charges (including rates if applicable) and 7b User Charges. Exclude non-residential charges.

Trade Waste Charges (item 8 of Special Schedule 5) include all income from trade waste charges separated into 8a Annual Fees, 8b Usage Charges and 8c Excess Mass Charges and 8d Re-inspection Fees.

Other Incomes (items 10 and 11 of Special Schedules 3 and 5 respectively) include all income not recorded elsewhere.

Other Contributions (items 12c and 13c of Special Schedules 3 and 5 respectively) including capital contributions for water supply or sewerage services received by Council under Section 565 of the Local Government Act.

SINGLETON COUNCIL

**Special Schedule No. 7
Condition of public works
as at 30 June 2013**

Asset Class	Asset Category	Depreciation Rate (%)	Depreciation Expense	Cost	Valuation	Accumulated Depreciation, Amortisation & Impairment	WDV	Asset Condition ⁽⁴⁾	Estimated cost to bring to a satisfactory standard ⁽¹⁾	Required annual maintenance ⁽²⁾	Current annual maintenance ⁽³⁾
			\$'000	\$'000	\$'000	\$'000	\$'000		\$'000	\$'000	\$'000
		Per Note 9	Per Note 4		Per Note 9			Local Government Act 1993, Section 428 (2d)			
Buildings	Council Offices	2.64%	201	-	7,604	2,567	5,037	2	50	90	91
	Council Works Depot	2.65%	55	-	2,078	667	1,411	3	-	15	30
	Council Halls	2.63%	111	-	4,227	1,634	2,593	3	43	32	61
	Council Houses	0.00%	-	-	1,581	755	826	3	1	10	-
	Recreation	2.44%	451	-	18,482	7,200	11,282	3	359	121	15
	Library	2.98%	178	-	5,969	911	5,058	2	-	22	-
	Childcare Centre	3.07%	77	-	2,510	836	1,674	2	12	9	13
	Community	2.57%	170	-	6,602	2,221	4,381	4	179	23	66
	Amenities	2.64%	70	-	2,652	832	1,820	3	500	165	103
	Emergency Services	2.64%	95	-	3,600	928	2,672	2	-	39	8
	Dog Pound	1.45%	1	-	69	9	60	3	8	3	2
	Saleyards	2.24%	34	-	1,518	837	681	4	800	2	20
	Council Waste Depot	3.13%	3	-	96	18	78	3	-	10	3
	Council Treatment Works	2.00%	6	-	300	127	173	2	200	-	6
	Council Water Depot	2.58%	10	-	388	186	202	4	-	-	4
	<i>Sub Total</i>		1,462	-	57,676	19,728	37,948	3	2,152	541	422
Public Roads	Sealed Roads	2.56%	3,797	-	148,237	33,448	114,789	2	3,647	3,637	2,748
	Unsealed Roads	3.42%	154	-	4,499	2,405	2,094	3	443	546	591
	Bridges	0.93%	375	-	40,189	5,819	34,370	2	2,459	170	102
	Footpaths	1.14%	55	-	4,834	1,339	3,495	3	30	45	51
	Car Parks	3.08%	14	-	454	93	361	2	8	9	5
	Bus Shelters	1.50%	4	-	266	44	222	1	-	3	-
	Traffic Facilities	1.44%	27	-	1,881	520	1,361	3	-	27	-
	<i>Sub Total</i>		4,426	-	200,360	43,668	156,692		6,587	4,437	3,497

SINGLETON COUNCIL

Special Schedule No. 7 (Cont'd)
Condition of public works
as at 30 June 2013

Asset Class	Asset Category	Depreciation Rate (%)	Depreciation Expense	Cost	Valuation	Accumulated Depreciation, Amortisation & Impairment	WDV	Asset Condition ⁽⁴⁾	Estimated cost to bring to a satisfactory standard ⁽¹⁾	Required annual maintenance ⁽²⁾	Current annual maintenance ⁽³⁾
		Per Note 9	\$'000 Per Note 4	\$'000	Per Note 9	\$'000	\$'000		\$'000	\$'000	\$'000
Local Government Act 1993, Section 428 (2d)											
Other Structures	Cycleway	0.77%	6	-	776	44	732	2	45	27	6
	Pool	1.21%	20	-	1,653	453	1,200	4	1,200	33	136
	Park Shelters	1.32%	10	-	756	80	676	3	30	-	-
	Saleyards/Pens	1.25%	27	-	2,162	1,548	614	4	1,313	22	60
	Fencing	1.57%	33	-	2,100	658	1,442	2	30	11	2
	Monuments	0.88%	5	-	570	40	530	2	-	4	-
	Paved Areas	1.18%	121	-	10,212	1,348	8,864	2	-	-	-
	Playground Equipment	3.87%	101	-	2,607	686	1,921	2	-	83	38
	Weighbridges	1.60%	2	-	125	25	100	2	-	16	-
	Wheelwash	0.00%	-	-	5	-	5	1	-	10	-
	Cattle Crush	2.63%	1	-	38	6	32	4	200	1	-
	Signs	1.83%	7	-	382	64	318	1	-	15	-
	Park Furniture	1.54%	27	-	1,750	459	1,291	2	-	8	-
	Power / Lighting	1.33%	22	-	1,651	373	1,278	2	-	12	-
	Sport / Recreation										
	Grounds	3.20%	63	-	1,970	565	1,405	2	-	647	186
	Landscaping / Irrigation	1.25%	8	-	639	118	521	2	-	72	26
<i>Sub Total</i>			453	-	27,396	6,467	20,929	2	2,818	961	454

SINGLETON COUNCIL

Special Schedule No. 7 (Cont'd)
Condition of public works
as at 30 June 2013

Asset Class	Asset Category	Depreciation Rate (%)	Depreciation Expense	Cost	Valuation	Accumulated Depreciation, Amortisation & Impairment	WDV	Asset Condition ⁽⁴⁾	Estimated cost to bring to a satisfactory standard ⁽¹⁾	Required annual maintenance ⁽²⁾	Current annual maintenance ⁽³⁾
			\$'000	\$'000		\$'000	\$'000		\$'000	\$'000	\$'000
		Per Note 9	Per Note 4		Per Note 9			Local Government Act 1993, Section 428 (2d)			
Water	Treatment Plants	2.40%	418	-	17,401	8,557	8,844	2	686	607	375
	Reticulated Mains	1.54%	777	-	50,458	21,738	28,720	3	1,263	261	451
	Trunk Mains	1.72%	337	-	19,562	9,122	10,440	1	102	180	12
	Reservoirs	1.04%	85	-	8,145	3,260	4,885	3	742	200	11
	Pump Station	1.56%	21	-	1,350	971	379	2	713	61	27
	<i>Sub Total</i>		1,638	-	96,916	43,648	53,268	2	3,506	1,309	876
Sewerage	Pump Stations	2.14%	178	-	8,317	5,471	2,846	3	60	93	65
	Reticulation Mains	1.42%	592	-	41,782	21,985	19,797	4	3,330	697	464
	Manholes	1.14%	75	-	6,570	3,388	3,182	4	162	83	-
	Treatment Works	2.57%	197	-	7,668	4,931	2,737	3	180	256	323
	<i>Sub Total</i>		1,042	-	64,337	35,775	28,562	4	3,732	1,129	852
Drainage Works	Culverts	0.87%	84	-	9,644	634	9,010	2	-	45	28
	Headwalls	1.07%	44	-	4,099	911	3,188	3	72	51	19
	Kerb & Gutter	0.82%	78	-	9,515	2,280	7,235	3	85	51	21
	Gross Pollutant Traps	1.36%	23	-	1,690	251	1,439	2	-	79	35
	Pipes	1.34%	235	-	17,579	3,471	14,108	2	303	54	40
	Pits	1.36%	75	-	5,495	1,556	3,939	3	72	46	47
	<i>Sub Total</i>		539	-	48,022	9,103	38,919	3	532	326	190
Total - Classes	Total - All Assets		9,560	-	494,707	158,389	336,318		19,327	8,703	6,291

SINGLETON COUNCIL

Special Schedule No. 7 (Cont'd)
Condition of public works
as at 30 June 2013

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 "enhancement(s) 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.
4. The following condition codes have been used in this Schedule.

- 1** Excellent - No work required (normal maintenance).
- 2** Good - Only minor maintenance work required.
- 3** Average - Maintenance work required.
- 4** Poor - Renewal required.
- 5** Very Poor - Urgent renewal/upgrading required.

SINGLETON COUNCIL

**Special Schedule No. 8
Financial projections**

	2013 \$'000	2014 \$'000	2015 \$'000	2016 \$'000
Recurrent budget	⁽¹⁾			
Income from continuing operations	64,944	44,632	47,220	48,440
Expenses from continuing operations	49,437	45,341	45,357	46,608
Operating result from continuing operations	15,507	(709)	1,863	1,832
Capital Budget				
New capital works ⁽²⁾	3,324	4,801	5,842	3,420
	3,324	4,801	5,842	3,420
<i>Funded by</i>				
- Loans	2,000	4,000	-	1,320
- Asset Sales	-	-	-	-
- Reserves	537	301	4,216	1,100
- Grants/Contributions	787	500	1,626	1,000
- Recurrent revenue	-	0	(0)	0
- Other	-	-	-	-
	3,324	4,801	5,842	3,420

Notes:

(1) From Income statement.

(2) New Capital Works are major non-recurrent projects.