

Singleton Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2018

**Vibrant | Connected | Sustainable |
Resilient | Progressive**



Singleton Council

General Purpose Financial Statements for the year ended 30 June 2018

Contents	Page
1. Understanding Council's Financial Statements	2
2. Statement by Councillors and Management	3
3. Primary Financial Statements:	
– Income Statement	4
– Statement of Comprehensive Income	5
– Statement of Financial Position	6
– Statement of Changes in Equity	7
– Statement of Cash Flows	8
4. Notes to the Financial Statements	9
5. Independent Auditor's Reports:	
– On the Financial Statements (Sect 417 [2])	81
– On the Conduct of the Audit (Sect 417 [3])	84

Overview

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

12-14 Queen Street
SINGLETON NSW 2330

Council's guiding principles are detailed in Chapter 3 of the LGA and includes:

- principles applying to the exercise of functions generally by council,
- principles to be applied when making decisions,
- principles of community participation,
- principles of sound financial management, and
- principles for strategic planning relating to the development of an integrated planning and reporting framework.

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

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 publicly available on our website: www.singleton.nsw.gov.au.

Singleton Council

General Purpose Financial Statements for the year ended 30 June 2018

Understanding Council's financial statements

Introduction

Each year, individual local governments across New South Wales are required to present a set of audited financial statements to their council and community.

What you will find in the statements

The financial statements set out the financial performance, financial position and cash flows of Council for the financial year ended 30 June 2018.

The format of the financial statements is standard across all NSW Councils and complies with both the accounting and reporting requirements of Australian Accounting Standards and requirements as set down by the Office of Local Government.

About the Councillor/Management Statement

The financial statements must be certified by senior staff as 'presenting fairly' the Council's financial results for the year and are required to be adopted by Council – ensuring both responsibility for and ownership of the financial statements.

About the primary financial statements

The financial statements incorporate five 'primary' financial statements:

1. The Income Statement

Summarises Council's financial performance for the year, listing all income and expenses.

This statement also displays Council's original adopted budget to provide a comparison between what was projected and what actually occurred.

2. The Statement of Comprehensive Income

Primarily records changes in the fair value of Council's Infrastructure, Property, Plant and Equipment.

3. The Statement of Financial Position

A 30 June snapshot of Council's financial position indicating its assets, liabilities and "net wealth".

4. The Statement of Changes in Equity

The overall change for the year (in dollars) of Council's "net wealth".

5. The Statement of Cash Flows

Indicates where Council's cash came from and where it was spent. This statement also displays Council's original adopted budget to provide a comparison between what was projected and what actually occurred.

About the Notes to the Financial Statements

The Notes to the Financial Statements provide greater detail and additional information on the five primary financial statements.

About the Auditor's Reports

Council's annual financial statements are required to be audited by the NSW Audit Office. In NSW the auditor provides two audit reports:

1. an opinion on whether the financial statements present fairly the Council's financial performance and position, and
2. their observations on the conduct of the audit, including commentary on the Council's financial performance and financial position.

Who uses the financial statements?

The financial statements are publicly available documents and must be presented at a Council meeting between seven days and five weeks after the date of the Audit Report.

The public can make submissions to Council up to seven days subsequent to the public presentation of the financial statements.

Council is required to forward an audited set of financial statements to the Office of Local Government.

Singleton Council

General Purpose Financial Statements for the year ended 30 June 2018

Statement by Councillors and Management

made pursuant to Section 413(2)(c) of the *Local Government Act 1993 (NSW)* (as amended)

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

- the *Local Government Act 1993 (NSW)* (as amended) and the regulations made thereunder,
- the Australian Accounting Standards and other pronouncements of the Australian Accounting Standards Board
- the Local Government Code of Accounting Practice and Financial Reporting.

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

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

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

Signed in accordance with a resolution of Council made on 17 September 2018.



Mayor Sue Moore

Mayor

17 September 2018



Cr Tony Jarrett

Deputy Mayor

17 September 2018



Jason Linnane

General Manager

17 September 2018



Jeannie Hayes

Responsible Accounting Officer

17 September 2018

Singleton Council

Income Statement

for the year ended 30 June 2018

Original unaudited budget 2018	\$ '000	Notes	Actual 2018	Actual 2017
Income from continuing operations				
Revenue:				
26,114	Rates and annual charges	3a	26,013	24,733
12,674	User charges and fees	3b	14,998	14,581
2,570	Interest and investment revenue	3c	2,628	2,803
409	Other revenues	3d	726	851
8,678	Grants and contributions provided for operating purposes	3e,f	11,527	10,010
16,659	Grants and contributions provided for capital purposes	3e,f	8,261	14,072
Other income:				
120	Net gains from the disposal of assets	5	273	–
–	Net share of interests in joint ventures and associates using the equity method	14	162	3
67,224	Total income from continuing operations		64,588	67,053
Expenses from continuing operations				
17,753	Employee benefits and on-costs	4a	19,302	18,221
674	Borrowing costs	4b	583	727
14,754	Materials and contracts	4c	16,442	15,922
12,980	Depreciation and amortisation	4d	13,102	13,649
4,696	Other expenses	4e	5,264	5,135
–	Net losses from the disposal of assets	5	–	212
–	Revaluation decrement / impairment of IPP&E	4d	–	233
50,857	Total expenses from continuing operations		54,693	54,099
16,367	Operating result from continuing operations		9,895	12,954
16,367	Net operating result for the year		9,895	12,954
16,367	Net operating result attributable to Council		9,895	12,954
Net operating result for the year before grants and contributions provided for capital purposes				
(292)			1,634	(1,118)

Singleton Council

Statement of Comprehensive Income
for the year ended 30 June 2018

\$ '000	Notes	2018	2017
Net operating result for the year (as per Income Statement)		9,895	12,954
Other comprehensive income:			
Amounts that will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of IPP&E	9a	47,191	48,792
Total items which will not be reclassified subsequently to the operating result		–	48,792
Total other comprehensive income for the year		47,191	48,792
Total comprehensive income for the year		57,086	61,746
Total comprehensive income attributable to Council		57,086	61,746

Singleton Council

Statement of Financial Position
as at 30 June 2018

\$ '000	Notes	2018	2017
ASSETS			
Current assets			
Cash and cash equivalents	6a	4,351	8,553
Investments	6b	51,395	55,183
Receivables	7	3,916	4,961
Inventories	8	5,014	4,968
Other	8	468	189
Total current assets		65,144	73,854
Non-current assets			
Investments	6b	32,000	18,500
Receivables	7	102	102
Infrastructure, property, plant and equipment	9	864,926	812,787
Investments accounted for using the equity method	14	297	135
Total non-current assets		897,325	831,524
TOTAL ASSETS		962,469	905,378
LIABILITIES			
Current liabilities			
Payables	10	3,780	3,607
Income received in advance	10	530	522
Borrowings	10	1,450	1,298
Provisions	11	4,010	3,744
Total current liabilities		9,770	9,171
Non-current liabilities			
Borrowings	10	5,314	6,387
Provisions	11	9,086	8,607
Total non-current liabilities		14,400	14,994
TOTAL LIABILITIES		24,170	24,165
Net assets		938,299	881,213
EQUITY			
Accumulated surplus		478,125	468,230
Revaluation reserves		460,174	412,983
Council equity interest		938,299	881,213
Total equity		938,299	881,213

Singleton Council

Statement of Changes in Equity

for the year ended 30 June 2018

\$ '000	Notes	2018	IPP&E	Total equity	2017	IPP&E	Total equity
		Accumulated surplus	revaluation reserve		Accumulated surplus	revaluation reserve	
Opening balance		468,230	412,983	881,213	455,276	364,191	819,467
Net operating result for the year		9,895	–	9,895	12,954	–	12,954
Other comprehensive income							
– Gain (loss) on revaluation of IPP&E	9a	–	47,191	47,191	–	48,792	48,792
Other comprehensive income		–	47,191	47,191	–	48,792	48,792
Total comprehensive income (c&d)		9,895	47,191	57,086	12,954	48,792	61,746
Equity – balance at end of the reporting period		478,125	460,174	938,299	468,230	412,983	881,213

Singleton Council

Statement of Cash Flows for the year ended 30 June 2018

Original unaudited budget 2018	\$ '000	Notes	Actual 2018	Actual 2017
Cash flows from operating activities				
Receipts:				
26,106	Rates and annual charges		26,096	24,567
11,913	User charges and fees		15,415	15,157
2,564	Investment and interest revenue received		2,576	2,878
25,314	Grants and contributions		21,392	23,471
–	Bonds, deposits and retention amounts received		106	247
720	Other		3,416	2,560
Payments:				
(17,750)	Employee benefits and on-costs		(19,125)	(17,987)
(14,831)	Materials and contracts		(18,006)	(18,715)
(674)	Borrowing costs		(354)	(454)
–	Bonds, deposits and retention amounts refunded		(95)	(181)
(4,697)	Other		(7,125)	(7,865)
28,665	Net cash provided (or used in) operating activities	13b	24,296	23,678
Cash flows from investing activities				
Receipts:				
11,048	Sale of investment securities		26,191	36,865
677	Sale of real estate assets		1,083	329
560	Sale of infrastructure, property, plant and equipment		725	498
Payments:				
–	Purchase of investment securities		(36,000)	(40,723)
(37,906)	Purchase of infrastructure, property, plant and equipment		(18,687)	(22,133)
(739)	Purchase of real estate assets		(889)	(257)
(26,360)	Net cash provided (or used in) investing activities		(27,577)	(25,421)
Cash flows from financing activities				
Receipts:				
481	Proceeds from borrowings and advances		386	–
Payments:				
(1,308)	Repayment of borrowings and advances		(1,307)	(1,432)
(827)	Net cash flow provided (used in) financing activities		(921)	(1,432)
1,478	Net increase/(decrease) in cash and cash equivalents		(4,202)	(3,175)
3,361	Plus: cash and cash equivalents – beginning of year	13a	8,553	11,728
4,839	Cash and cash equivalents – end of the year	13a	4,351	8,553
Additional Information:				
plus:	Investments on hand – end of year	6b	83,395	73,683
	Total cash, cash equivalents and investments		87,746	82,236

Singleton Council

Notes to the Financial Statements

for the year ended 30 June 2018

Contents of the notes accompanying the financial statements

Note	Details	Page
1	Basis of preparation	10
2(a)	Council functions/activities – financial information	13
2(b)	Council functions/activities – component descriptions	14
3	Income from continuing operations	15
4	Expenses from continuing operations	22
5	Gains or losses from the disposal of assets	26
6(a)	Cash and cash equivalent assets	26
6(b)	Investments	27
6(c)	Restricted cash, cash equivalents and investments – details	28
7	Receivables	30
8	Inventories and other assets	32
9(a)	Infrastructure, property, plant and equipment	34
9(b)	Externally restricted infrastructure, property, plant and equipment	36
10	Payables and borrowings	37
11	Provisions	40
12	Accumulated surplus, revaluation reserves, changes in accounting	43
13	Statement of cash flows – additional information	44
14	Interests in other entities	45
15	Commitments for expenditure	47
16	Contingencies and other liabilities/assets not recognised	48
17	Financial risk management	51
18	Material budget variations	55
19	Fair value measurement	57
20	Related party transactions	67
21	Events occurring after the reporting date	69
22	Statement of developer contributions	70
23	Financial result and financial position by fund	73
24(a)	Statement of performance measures – consolidated results	75
24(b)	Statement of performance measures – by fund	76
Additional council disclosures (unaudited)		
24(c)	Statement of performance measures – consolidated results (graphs)	78
25	Council information and contact details	80

Singleton Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 1. Basis of preparation

These financial statements were authorised for issue by Council on 17 September 2018.

Council has the power to amend and reissue these financial statements.

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

Basis of preparation

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

The financial statements are presented in Australian dollars and are rounded to the nearest thousand dollars.

Full dollars have been used in Note 20 Related party disclosures in relation to the disclosure of specific related party transactions.

Unless otherwise indicated, all amounts disclosed in the financial statements are actual amounts.

Specific budgetary amounts have been included for comparative analysis (to actuals) in the following reports and notes:

- Income statement
- Statement of cash flows
- Note 18 – Material budget variations

and are clearly marked.

(a) New and amended standards adopted by Council

There have been no new (or amended) accounting standards adopted by Council in this year's financial statements which have had any material impact on reported financial position, performance or cash flows.

(b) Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities and certain classes of infrastructure, property, plant and equipment and investment property.

(c) Significant accounting estimates and judgements

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

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Council and that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

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

Singleton Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 1. Basis of preparation (continued)

of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

- (i) estimated fair values of infrastructure, property, plant and equipment – refer Note 9,
- (ii) estimated tip remediation provisions – refer Note 11,
- (iii) employee benefit provisions – refer Note 11.

Significant judgements in applying the Council's accounting policies

- (iv) Impairment of receivables

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

Monies and other assets received by Council

(a) The Consolidated Fund

In accordance with the provisions of Section 409(1) of the *Local Government Act 1993 (NSW)*, all money and other assets received by Council is held in the Council's Consolidated Fund unless it is required to be held in the Council's Trust Fund.

Cash and other assets of the following entities have been included as part of the Consolidated Fund:

- General purpose operations
- Section 355 Committees
- Water Services
- Sewerage Service

(b) The Trust Fund

In accordance with the provisions of Section 411 of the *Local Government Act 1993 (NSW)* (as amended), a separate and distinct Trust Fund is maintained to account for all money and other assets 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 other assets subject to Council's control have been included in these reports.

A separate statement of monies held in the Trust Fund is available for inspection at the Council office by any person free of charge.

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 Statement of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which that 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 2018

Note 1. Basis of preparation (continued)

New accounting standards and interpretations issued not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the current reporting period and which have not been applied.

As at the date of authorisation of these financial statements, Council considers that the standards and interpretations listed below will have an impact upon future published financial statements ranging from additional and / or revised disclosures to actual changes as to how certain transactions and balances are accounted for.

Effective for annual reporting periods beginning on or after 1 July 2018

- *AASB 9 Financial Instruments*

This replaces AASB 139 Financial Instruments: Recognition and Measurement, and addresses the classification, measurement and disclosure of financial assets and liabilities.

The standard introduces a new impairment model that requires impairment provisions to be based on expected credit losses, rather than incurred credit losses.

Based on assessments to date, Council expects a small increase to impairment losses however the standard is not expected to have a material impact overall.

Effective for annual reporting periods beginning on or after 1 July 2019

- *AASB 15 Revenue from Contracts with Customers, AASB 1058 Income of Not-for-Profit Entities and AASB 2016-8 Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities*

AASB 15 will replace AASB 118 Revenue, AASB 111 Construction Contracts and a number of Interpretations. AASB 2016-8 provides Australian requirements and guidance for not-for-profit entities in applying AASB 9 and AASB 15, and AASB 1058 will replace AASB 1004 Contributions.

Together they contain a comprehensive and robust framework for the recognition, measurement and disclosure of income including revenue from contracts with customers.

While Council is still reviewing the way that income is measured and recognised to identify whether there will be any material impact arising from these standards, these standards may affect the timing of the recognition of some grants and donations.

- *AASB 16 Leases*

Council is currently a party to leases that are not recognised in the Statement of Financial Position.

It is likely that some of these leases will need to be included in the Statement of Financial Position when this standard comes into effect.

A lease liability will initially be measured at the present value of the lease payments to be made over the lease term.

A corresponding right-of-use asset will also be recognised over the lease term.

Council has not elected to apply any pronouncements before their operative date in these financial statements.

Singleton Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 2(a). Council functions/activities – financial information

Functions/activities	Income, expenses and assets have been directly attributed to the following functions/activities. Details of these functions/activities are provided in Note 2(b).									
	Income from continuing operations		Expenses from continuing operations		Operating result from continuing operations		Grants included in income from continuing operations		Total assets held (current and non-current)	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Our Leadership	22,379	22,267	6,218	6,177	16,160	16,090	2,508	3,394	42,108	52,023
Our Places	23,508	35,432	33,519	33,280	(10,011)	2,152	4,774	13,761	792,799	728,572
Our People	1,908	2,010	4,207	4,171	(2,299)	(2,161)	397	469	17,696	20,096
Our Environment	11,642	5,660	9,834	9,261	1,808	(3,601)	146	219	89,947	89,410
Our Economy	5,151	1,684	914	1,210	4,237	474	4,755	1,035	19,919	15,277
Total functions and activities	64,588	67,053	54,693	54,099	9,895	12,954	12,579	18,878	962,469	905,378

Singleton Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 2(b). Council functions/activities – component descriptions

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

Our Leadership

Council Performance & Improvement, Strategy & Engagement, Financial Services, Governance, Contracts & Property, People & Culture, Executive Projects, Integrated Risk, Information Services, Depot & Council Fleet Services

Our Places

Roads (Infrastructure Planning & Programming), Roads Delivery, Recreation & Facilities, Emergency Services, Water Services, Sewer Services, Council Assets, Major Projects

Our People

Children Services, Library Services, Youth Services, Arts & Culture, Other Community Services

Our Environment

Environmental Services, Planning & Development Services, Regulatory Services

Our Economy

Economy & Community, Land Development and Regional Livestock Market

Singleton Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 3. Income from continuing operations

\$ '000	2018	2017
(a) Rates and annual charges		
Ordinary rates		
Residential	8,338	7,637
Farmland	1,471	1,580
Mining	6,324	6,122
Business	1,786	1,692
Less: pensioner rebates (mandatory)	(187)	(188)
Total ordinary rates	17,732	16,843
Annual charges (pursuant to s.496, s.496A, s.496B, s.501 & s.611)		
Domestic waste management services	4,179	3,832
Water supply services	1,158	1,139
Sewerage services	3,006	2,978
Stormwater management services	150	150
Less: pensioner rebates (mandatory)	(208)	(205)
Less: pensioner rebates (Council policy)	(4)	(4)
Total annual charges	8,281	7,890
TOTAL RATES AND ANNUAL CHARGES	26,013	24,733

Council has used 2016 year valuations provided by the NSW Valuer General in calculating its rates.

Accounting policy for rates and annual charges

Rates, annual charges, grants and contributions (including developer contributions) are recognised as revenue 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.

Singleton Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 3. Income from continuing operations (continued)

\$ '000	2018	2017
(b) User charges and fees		
Specific user charges (per s.502 – specific ‘actual use’ charges)		
Water supply services	5,288	4,521
Sewerage services	841	810
Total specific user charges	6,129	5,331
Other user charges and fees		
(i) Fees and charges – statutory and regulatory functions (per s.608)		
Planning and building regulation	84	84
Private works – section 67	10	3
Regulatory/ statutory fees	343	284
Registration fees	45	89
Section 149 certificates (EPA Act)	138	95
Section 603 certificates	63	50
Tapping fees	22	26
Tipping fees	1,865	1,439
Total fees and charges – statutory/regulatory	2,570	2,070
(ii) Fees and charges – other (incl. general user charges (per s.608))		
Auditorium	85	54
CBD caretaker	96	95
Cemeteries	45	41
Child care	1,498	1,495
Gym and swim	1,701	1,721
Inspection fees	89	82
Lake St Clair fees	250	232
Liquid waste	3	1
Onsite sewer management	256	259
RMS (formerly RTA) charges (state roads not controlled by Council)	1,501	2,363
Saleyards	294	346
Other	481	491
Total fees and charges – other	6,299	7,180
TOTAL USER CHARGES AND FEES	14,998	14,581

Accounting policy for user charges and fees

User charges and fees are recognised as revenue when the service has been provided.

Singleton Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 3. Income from continuing operations (continued)

\$ '000	2018	2017
(c) Interest and investment revenue (including losses)		
Interest		
– Overdue rates and annual charges (incl. special purpose rates)	64	59
– Cash and investments	2,661	2,561
Fair value adjustments		
– Fair valuation movements in investments (at fair value or held for trading)	(97)	183
<u>TOTAL INTEREST AND INVESTMENT REVENUE</u>	<u>2,628</u>	<u>2,803</u>
Interest revenue is attributable to:		
Unrestricted investments/financial assets:		
Overdue rates and annual charges (general fund)	64	59
General Council cash and investments	647	172
Restricted investments/funds – external:		
Development contributions		
– Section 7.11	133	134
– Section 64	169	272
Water fund operations	1,055	1,137
Sewerage fund operations	552	1,022
Domestic waste management operations	8	7
Total interest and investment revenue recognised	<u>2,628</u>	<u>2,803</u>

Accounting policy for interest and investment revenue

Interest income is recognised using the effective interest rate at the date that interest is earned.

Singleton Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 3. Income from continuing operations (continued)

\$ '000	2018	2017
(d) Other revenues		
Rental income – other council properties	184	146
Ex gratia rates	8	8
Fines	11	14
Legal fees recovery – rates and charges (extra charges)	105	112
Legal fees recovery – other	1	3
Commissions and agency fees	17	26
Insurance claim recoveries	36	9
Mayoral scholarship sponsorship	–	9
Risk management bonus	170	100
GST consultancy reimbursement	–	100
GST settlement contribution	–	221
Other	194	103
<u>TOTAL OTHER REVENUE</u>	<u>726</u>	<u>851</u>

Accounting policy for other revenue

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

Parking fees and fines are recognised as revenue when the service has been provided, or when the penalty has been applied, whichever occurs first.

Rental income is accounted for on a straight-line basis over the lease term.

Miscellaneous sales are recognised when physical possession has transferred to the customer which is deemed to be the point of transfer of risks and rewards.

Other income is recorded when the payment is due, the value of the payment is notified, or the payment is received, whichever occurs first.

Singleton Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 3. Income from continuing operations (continued)

\$ '000	2018 Operating	2017 Operating	2018 Capital	2017 Capital
(e) Grants				
General purpose (untied)				
Current year allocation				
Financial assistance – general component	1,152	2,167	–	–
Financial assistance – local roads component	642	1,187	–	–
Payment in advance – future year allocation				
Financial assistance – general component	1,179	1,123	–	–
Financial assistance – local roads component	649	609	–	–
Other				
Pensioners' rates subsidies – general component	103	105	–	–
Total general purpose	3,725	5,191	–	–
Specific purpose				
Pensioners' rates subsidies:				
– Water	40	43	–	–
– Sewerage	36	35	–	–
– Domestic waste management	48	47	–	–
Water supplies	–	–	137	155
Community	393	316	46	–
Floodplain management plan	–	30	–	–
Library	77	150	–	–
Resources to regions	–	–	4,704	719
Street lighting	59	58	–	–
Transport (3x3, flood works, roads to recovery)	1,067	2,329	–	9,643
Transport (other roads and bridges funding)	468	–	1,258	–
Other (Camberwell Water)	34	–	–	–
Other	71	79	416	83
Total specific purpose	2,293	3,087	6,561	10,600
Total grants	6,018	8,278	6,561	10,600
Grant revenue is attributable to:				
– Commonwealth funding	1,075	1,769	–	–
– State funding	4,939	6,495	6,561	10,600
– Other funding	4	14	–	–
	6,018	8,278	6,561	10,600

Singleton Council

Notes to the Financial Statements
for the year ended 30 June 2018

Note 3. Income from continuing operations (continued)

\$ '000	Notes	2018 Operating	2017 Operating	2018 Capital	2017 Capital
(f) Contributions					
Developer contributions:					
(s7.4 & s7.11 – EP&A Act, s64 of the LGA):					
Cash contributions					
S 7.4 – contributions using planning agreements		–	314	–	119
S 7.11 – contributions towards amenities/services		–	–	381	463
S 64 – water supply contributions		–	–	191	126
S 64 – sewerage service contributions		–	–	112	19
Total developer contributions – cash		–	314	684	727
Non-cash contributions					
S 64 – stormwater contributions		–	–	5	1,569
Total developer contributions – non-cash		–	–	5	1,569
Total developer contributions	22	–	314	689	2,296
Other contributions:					
Cash contributions					
Bushfire services		297	412	23	148
Motor vehicle leaseback		121	170	–	–
Roadworks and carparks		376	312	–	–
RMS contributions (regional roads, block grant)		–	132	–	702
Other (MTW Historic Heritage Conservation Fund)		100	–	–	–
Other (Voluntary Planning Agreements)		4,252	–	987	–
Other		363	392	–	5
Total other contributions – cash		5,509	1,418	1,010	855
Non-cash contributions					
Bushfire services		–	–	–	321
Other		–	–	1	–
Total other contributions – non-cash		–	–	1	321
Total other contributions		5,509	1,418	1,011	1,176
Total contributions		5,509	1,732	1,700	3,472
TOTAL GRANTS AND CONTRIBUTIONS		11,527	10,010	8,261	14,072

Accounting policy for contributions

Control over grants and contributions is normally obtained upon their receipt (or acquittal) and is valued at the fair value of the granted or contributed asset at the date of transfer.

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 un-discharged at reporting date, the unused grant or contribution is disclosed above.

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 reporting date.

Singleton Council

Notes to the Financial Statements
for the year ended 30 June 2018

Note 3. Income from continuing operations (continued)

\$ '000	2018	2017
(g) Unspent grants and contributions		
Certain grants and contributions are obtained by Council on condition that they be spent in a specified manner:		
Operating grants		
Unexpended at the close of the previous reporting period	3,502	1,248
Add: operating grants recognised in the current period but not yet spent	422	1,681
Add: operating grants received for the provision of goods and services in a future period	1,879	1,732
Less: operating grants recognised in a previous reporting period now spent	(3,290)	(1,159)
Unexpended and held as restricted assets (operating grants)	2,513	3,502
Capital grants		
Unexpended at the close of the previous reporting period	1,049	1,504
Add: capital grants recognised in the current period but not yet spent	88	236
Add: capital grants received for the provision of goods and services in a future period	290	–
Less: capital grants recognised in a previous reporting period now spent	(264)	(691)
Unexpended and held as restricted assets (capital grants)	1,163	1,049
Contributions		
Unexpended at the close of the previous reporting period	14,007	13,692
Add: contributions recognised in the current period but not yet spent	367	132
Add: contributions received for the provision of goods and services in a future period	5,218	2,658
Less: contributions recognised in a previous reporting period now spent	(211)	(2,475)
Unexpended and held as restricted assets (contributions)	19,381	14,007

Singleton Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 4. Expenses from continuing operations

\$ '000	Notes	2018	2017
(a) Employee benefits and on-costs			
Salaries and wages		15,569	14,607
Travel expenses		6	6
Employee leave entitlements (ELE)		1,692	1,668
Superannuation		1,564	1,617
Workers' compensation insurance		334	289
Fringe benefit tax (FBT)		148	160
Training costs (other than salaries and wages)		639	441
Other		189	104
Total employee costs		20,141	18,892
Less: capitalised costs		(839)	(671)
TOTAL EMPLOYEE COSTS EXPENSED		19,302	18,221
Number of 'full-time equivalent' employees (FTE) at year end		208	205

Accounting policy for employee benefits and on-costs

Employee benefit expenses are recorded when the service has been provided by the employee.

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.

Superannuation plans

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

Council participates in a Defined Benefit Plan under the Local Government Superannuation Scheme, however, when sufficient information to account for the plan as a defined benefit is not available and therefore Council accounts for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans, i.e. as an expense when it becomes payable – refer to Note 15 for more information.

(b) Borrowing costs		2018	2017
(i) Interest bearing liability costs			
Interest on loans		354	444
Total interest bearing liability costs		354	444
Less: capitalised costs		–	(7)
Total interest bearing liability costs expensed		354	437
(ii) Other borrowing costs			
Discount adjustments relating to movements in provisions (other than ELE)			
– Remediation liabilities	11	229	290
Total other borrowing costs		229	290
TOTAL BORROWING COSTS EXPENSED		583	727

Accounting policy for 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.

Singleton Council

Notes to the Financial Statements
for the year ended 30 June 2018

Note 4. Expenses from continuing operations (continued)

\$ '000	2018	2017
(c) Materials and contracts		
Raw materials and consumables	13,199	12,996
Contractor and consultancy costs	2,324	2,019
Development consultants	48	–
Auditors remuneration ⁽¹⁾	108	182
Legal expenses:		
– Legal expenses: planning and development	97	34
– Legal expenses: debt recovery	98	112
– Legal expenses: other	43	45
– Computers	329	339
– Other	196	195
<u>TOTAL MATERIALS AND CONTRACTS</u>	<u>16,442</u>	<u>15,922</u>

1. Auditor remuneration

During the year the following fees were paid or payable for services provided by the auditor of Council, related practices and non-related audit firms

Auditors of the Council – NSW Auditor-General:**(i) Audit and other assurance services**

Audit and review of financial statements	85	76
Remuneration for audit and other assurance services	85	76
Total Auditor-General remuneration	85	76

Non NSW Auditor-General audit firms:**(i) Audit and other assurance services**

Audit and review of financial statements	–	14
Other assurance services	23	53
Remuneration for audit and other assurance services	23	67

(ii) Non-assurance services

Tax compliance services	–	39
Remuneration for non-assurance services	–	39

Total remuneration of non NSW Auditor-General audit firms	23	106
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Total Auditor remuneration	108	182
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Singleton Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 4. Expenses from continuing operations (continued)

\$ '000	Notes	2018	2017
(d) Depreciation, amortisation and impairment			
Depreciation and amortisation			
Plant and equipment		1,294	1,348
Office equipment		15	17
Furniture and fittings		111	50
Land improvements (depreciable)		126	101
Infrastructure:			
– Buildings		854	1,689
– Other structures		168	737
– Roads, bridges and footpaths, other ro		4,349	5,808
– Bridges		551	–
– Footpaths		159	–
– Other road assets		172	–
– Stormwater drainage		1,045	1,077
– Water supply network		2,407	1,669
– Sewerage network		979	978
– Swimming pools		58	–
– Other open space/recreational assets		622	–
Other assets:			
– Library books		73	65
Reinstatement, rehabilitation and restoration assets:			
– Tip assets	9 & 11	160	160
Total gross depreciation and amortisation costs		13,143	13,699
Less: capitalised costs		(41)	(50)
Total depreciation and amortisation costs		13,102	13,649
Impairment / revaluation decrement of IPP&E			
Land under Roads		–	233
Total IPP&E impairment / revaluation decrement costs / (reversals)		–	233
TOTAL DEPRECIATION, AMORTISATION AND IMPAIRMENT / REVALUATION DECREMENT COSTS EXPENSED			
		13,102	13,882

Accounting policy for depreciation, amortisation and impairment expenses

Depreciation and amortisation

Depreciation and amortisation are calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives. Useful lives are included in Note 9 for IPPE assets.

Impairment of non-financial assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Impairment losses for revalued assets are firstly offset against the amount in the revaluation surplus for the class of asset, with only the excess to be recognised in the Income Statement.

Singleton Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 4. Expenses from continuing operations (continued)

\$ '000	2018	2017
(e) Other expenses		
Bad and doubtful debts	197	14
Contributions/levies to other levels of government		
– Department of planning levy	44	43
– Emergency services levy (includes FRNSW, SES, and RFS levies)	572	562
– Waste levy	1,002	1,008
Councillor expenses – mayoral fee	42	25
Councillor expenses – councillors' fees	193	113
Councillors' expenses (incl. mayor) – other (excluding fees above)	85	87
Donations, contributions and assistance to other organisations (Section 356)	229	204
Electricity and heating	1,133	818
GST settlement	–	447
Gym and swim management fee	100	106
Insurance	826	854
Operating lease rentals	55	83
Street lighting	484	477
Telephone and communications	212	179
Other	90	115
Total other expenses	5,264	5,135
<u>TOTAL OTHER EXPENSES</u>	<u>5,264</u>	<u>5,135</u>

Accounting policy for other expenses

Other expenses are recorded on an accruals basis as the Council receives the goods or services.

Singleton Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 5. Gains or losses from the disposal of assets

\$ '000	Notes	2018	2017
Plant and equipment	9		
Proceeds from disposal – plant and equipment		725	498
Less: carrying amount of plant and equipment assets sold/written off		(643)	(388)
Net gain/(loss) on disposal		82	110
Infrastructure	9		
Less: carrying amount of infrastructure assets sold/written off		–	(393)
Net gain/(loss) on disposal		–	(393)
Real estate assets held for sale	8		
Proceeds from disposal – real estate assets		1,083	329
Less: carrying amount of real estate assets sold/written off		(892)	(258)
Net gain/(loss) on disposal		191	71
Financial assets	6		
Proceeds from disposal/redemptions/maturities – financial assets		26,191	36,865
Less: carrying amount of financial assets sold/redeemed/matured		(26,191)	(36,865)
Net gain/(loss) on disposal		–	–
NET GAIN/(LOSS) ON DISPOSAL OF ASSETS		273	(212)

Accounting policy for disposal of assets

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

Note 6(a). Cash and cash equivalent assets

\$ '000	2018	2017
Cash and cash equivalents		
Cash on hand and at bank	137	429
Cash-equivalent assets		
– Deposits at call	4,214	8,124
– Short-term deposits	–	–
Total cash and cash equivalents	4,351	8,553

Accounting policy for cash and cash equivalents

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

Singleton Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 6(b). Investments

\$ '000	2018	2018	2017	2017
	Current	Non-current	Current	Non-current
Investments				
a. 'At fair value through the profit and loss'				
– 'Held for trading'	29,895	–	30,010	–
b. 'Held to maturity'	21,500	32,000	25,173	18,500
Total investments	51,395	32,000	55,183	18,500
TOTAL CASH ASSETS, CASH EQUIVALENTS AND INVESTMENTS				
	55,746	32,000	63,736	18,500
Financial assets at fair value through the NCD's, FRN's (with maturities > 3 months)				
	29,895	–	30,010	–
Total	29,895	–	30,010	–
Held to maturity investments				
Long term deposits	21,500	32,000	25,173	18,500
Total	21,500	32,000	25,173	18,500

Accounting policy for investments

Classification

Council classifies its financial assets 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.

(a) 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. Assets in this category are held at fair value with changes in value taken through profit or loss at each reporting period.

(b) Held to maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that Council's management has the positive intention and ability to hold to maturity. Assets in this category are measured at amortised cost.

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. Investments 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.

Singleton Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 6(c). Restricted cash, cash equivalents and investments – details

\$ '000	2018	2018	2017	2017
	Current	Non-current	Current	Non-current
Total cash, cash equivalents and investments	55,746	32,000	63,736	18,500
attributable to:				
External restrictions (refer below)	39,393	32,000	51,633	18,500
Internal restrictions (refer below)	16,353	–	12,103	–
Unrestricted	–	–	–	–
	55,746	32,000	63,736	18,500

External Restrictions - are those imposed on Council by legislation or government agencies.

Internal Restrictions - funds that Council, by council resolution, restricts money for a particular purpose.

\$ '000	2018	2017
Details of restrictions		
External restrictions – included in liabilities		
Specific purpose unexpended loans – general	459	459
External restrictions – included in liabilities	459	459
External restrictions – other		
Developer contributions – general	4,769	4,313
Developer contributions – water fund	6,187	5,918
Developer contributions – sewer fund	3,462	3,255
Specific purpose unexpended grants	1,604	2,557
Water supplies	26,819	25,990
Sewerage services	18,424	18,364
Domestic waste management	8,818	8,642
Employee leave entitlements – water and sewer	443	396
Stormwater management	308	239
Other	100	–
External restrictions – other	70,934	69,674
Total external restrictions	71,393	70,133

Singleton Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 6(c). Restricted cash, cash equivalents and investments – details (continued)

\$ '000	2018	2017
Internal restrictions		
Plant and vehicle replacement	78	158
Employees leave entitlement	722	694
Asset management	–	21
Auditorium kitchen upgrade	5	18
Carbon pricing	1,384	1,384
Community enhancement contribution	227	228
Contributions	582	245
DIPNR – synptic plan review	–	5
Financial assistance grant	2,075	1,994
GIS mapping	6	20
Insurance claims – buildings	–	11
Interest on unexpended loans	695	681
Land bank development	355	322
Land development (developer cont.)	2,092	2,161
Local government elections	35	–
Mayoral scholarship	20	20
Ravensworth VPA	529	529
Roads and bridges	2,178	2,056
Rural fire services	123	123
Section 355 committees	65	76
Section 94 plan revision	36	28
Sedgefield cemetery	239	226
Sinking funds	8	246
Social plan review	13	13
Special variation – storm water	4	4
Stormwater replacement	65	65
Tidy towns	27	12
Uncompleted works	756	727
Waste management	–	36
Mt Thorley Warkworth VPA	4,034	–
Total internal restrictions	16,353	12,103
TOTAL RESTRICTIONS	87,746	82,236

Singleton Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 7. Receivables

\$ '000	2018		2017	
	Current	Non-current	Current	Non-current
Purpose				
Rates and annual charges	524	82	605	84
Interest and extra charges	144	7	133	5
User charges and fees	1,305	–	862	–
Private works	5	–	5	–
Accrued revenues				
– Interest on investments	812	–	676	–
Deferred debtors	–	13	–	13
Australian taxation office	117	–	117	–
Government grants and subsidies	377	–	1,428	–
Net GST receivable	369	–	555	–
Rent – council properties	17	–	1	–
Road/bridge maintenance contributions	–	–	81	–
Other debtors	487	–	556	–
Total	4,157	102	5,019	102
Less: provision for impairment				
Rates and annual charges	(8)	–	(8)	–
User charges and fees	(233)	–	(50)	–
Total provision for impairment – receivables	(241)	–	(58)	–
TOTAL NET RECEIVABLES	3,916	102	4,961	102
Externally restricted receivables				
Water supply				
– Rates and availability charges	46	–	31	–
– Other	949	–	599	–
Sewerage services				
– Rates and availability charges	86	–	83	–
– Other	495	–	243	–
Domestic waste management	123	–	113	–
Stormwater management	4	–	7	–
Total external restrictions	1,703	–	1,076	–
Unrestricted receivables	2,213	102	3,885	102
TOTAL NET RECEIVABLES	3,916	102	4,961	102
Movement in provision for impairment of receivables			2018	2017
Balance at the beginning of the year			58	133
+ new provisions recognised during the year			205	14
– amounts already provided for and written off this year			(14)	(89)
– amounts provided for but recovered during the year			(8)	–
Balance at the end of the year			241	58

Singleton Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 7. Receivables (continued)

Accounting policy for receivables

Recognition and measurement

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

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

Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Impairment

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.

Collectability of receivables is reviewed on an on-going basis. Debts that 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. When a receivable for which an impairment allowance had been recognised becomes uncollectable 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.

Singleton Council

Notes to the Financial Statements
for the year ended 30 June 2018

Note 8. Inventories and other assets

\$ '000	2018		2017	
	Current	Non-current	Current	Non-current
(a) Inventories				
Inventories at cost				
Real estate for resale (refer below)	4,741	–	4,744	–
Stores and materials	273	–	224	–
Total inventories at cost	5,014	–	4,968	–
<u>TOTAL INVENTORIES</u>	<u>5,014</u>	<u>–</u>	<u>4,968</u>	<u>–</u>
(b) Other assets				
Prepayments	468	–	189	–
<u>TOTAL OTHER ASSETS</u>	<u>468</u>	<u>–</u>	<u>189</u>	<u>–</u>
Externally restricted assets				
Sewerage				
Stores and materials	87	–	82	–
Total sewerage	87	–	82	–
Total externally restricted assets	87	–	82	–
Total unrestricted assets	5,395	–	5,075	–
TOTAL INVENTORIES AND OTHER ASSETS	<u>5,482</u>	<u>–</u>	<u>5,157</u>	<u>–</u>

Singleton Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 8. Inventories and other assets (continued)

\$ '000	Notes	2018		2017	
		Current	Non-current	Current	Non-current
Other disclosures					
(a) Details for real estate development					
Residential		3,974	—	3,977	—
Industrial/commercial		767	—	767	—
Total real estate for resale		4,741	—	4,744	—
(Valued at the lower of cost and net realisable value)					
Represented by:					
Acquisition costs		3,436	—	3,439	—
Development costs		1,125	—	1,125	—
Borrowing costs		14	—	14	—
Other holding costs		166	—	166	—
Total real estate for resale		4,741	—	4,744	—
Movements:					
Real estate assets at beginning of the year		4,744	—	4,744	—
– Purchases and other costs		889	—	258	—
– WDV of sales (expense)	5	(892)	—	(258)	—
Total real estate for resale		4,741	—	4,744	—

(b) Current assets not anticipated to be settled within the next 12 months

The following inventories and other assets, even though classified as current are not expected to be recovered in the next 12 months;

	2018	2017
Real estate for resale	3,883	3,883
	3,883	3,883

Accounting policy

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. 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.

Inventory held for distribution

Inventory held for distribution is held at cost, adjusted where applicable for any loss of service potential.

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.

Singleton Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 9(a). Infrastructure, property, plant and equipment

Asset class \$ '000	as at 30/6/2017			Asset movements during the reporting period								as at 30/6/2018		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
Capital work in progress	2,979	–	2,979	1,418	2,027	–	–	(2,361)	(47)	–	–	4,016	–	4,016
Plant and equipment	15,260	10,930	4,330	1,059	–	(610)	(1,294)	–	6	–	–	13,680	10,189	3,491
Office equipment	1,455	1,382	73	–	–	(4)	(15)	–	–	–	–	762	708	54
Furniture and fittings	1,797	1,355	442	21	–	–	(111)	–	–	–	–	1,721	1,369	352
Land:														
– Operational land	34,180	–	34,180	–	–	–	–	–	–	(14,590)	–	19,590	–	19,590
– Community land	14,078	–	14,078	–	–	–	–	–	–	–	–	14,078	–	14,078
– Land under roads (post 30/6/08)	7	–	7	–	–	–	–	–	–	–	–	7	–	7
Land improvements – non-depreciable	2,540	–	2,540	–	–	–	–	–	–	–	–	2,540	–	2,540
Land improvements – depreciable	3,927	2,075	1,852	–	–	–	(126)	–	–	–	–	3,926	2,200	1,726
Infrastructure:														
– Buildings	69,389	26,321	43,068	509	4,134	–	(854)	1,295	–	–	4,075	63,669	11,442	52,227
– Other structures	8,666	2,729	5,937	–	2,324	–	(168)	–	–	–	238	11,263	2,932	8,331
– Roads	246,759	39,071	207,688	3,059	2,330	–	(4,349)	–	–	–	19,583	276,743	48,432	228,311
– Bridges	48,869	16,288	32,581	128	366	–	(551)	–	–	(171)	–	49,357	17,004	32,353
– Footpaths	9,523	3,907	5,616	120	206	–	(159)	–	–	(45)	–	9,849	4,111	5,738
– Other road assets	9,023	3,616	5,407	–	28	–	(172)	–	–	–	179	9,051	3,609	5,442
– Bulk earthworks (non-depreciable)	219,798	–	219,798	–	–	–	–	–	–	–	32,714	252,512	–	252,512
– Stormwater drainage	95,435	15,214	80,221	–	–	–	(1,045)	–	–	–	–	95,395	16,219	79,176
– Water supply network	154,011	64,286	89,725	317	51	–	(2,407)	1,047	–	–	1,834	158,661	68,094	90,567
– Sewerage network	73,664	27,975	45,689	65	118	–	(979)	11	–	–	939	75,405	29,562	45,843
– Swimming pools	1,667	533	1,134	–	–	–	(58)	–	–	–	2,414	4,421	931	3,490
– Other open space/recreational assets	24,639	13,198	11,441	73	81	–	(622)	8	–	–	13	24,816	13,822	10,994
Other assets:														
– Library books	1,520	1,140	380	74	–	(27)	(73)	–	–	–	–	878	524	354
– Art collection	417	–	417	–	1	(1)	–	–	–	–	8	425	–	425
Reinstatement, rehabilitation and restoration assets (refer Note 11):														
– Tip assets	6,032	2,828	3,204	–	–	–	(160)	–	265	–	–	6,299	2,990	3,309
TOTAL INFRASTRUCTURE, PROPERTY, PLANT AND EQUIP.	1,045,635	232,848	812,787	6,843	11,666	(642)	(13,143)	–	224	(14,806)	61,997	1,099,064	234,138	864,926

Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

Singleton Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 9(a). Infrastructure, property, plant and equipment (continued)

Accounting policy for infrastructure, property, plant and equipment

Infrastructure, property, plant and equipment are held at fair value. Independent valuations are performed at least every 5 years, however the carrying amount of assets is assessed at each reporting date to confirm that it is not materially different from current fair value.

Water and sewerage network assets are indexed at each reporting period in accordance with the Rates Reference Manual issued by Crown Lands and Water (CLAW).

Increases in the carrying amounts arising on revaluation are credited to the asset revaluation reserve. To the extent that the increase reverses a decrease previously recognising profit or loss relating to that asset class, the increase is first recognised as 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 class; all other decreases are charged to the Income Statement.

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

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

Plant and equipment	Years	Other equipment	Years
Office equipment	5 to 10	Playground equipment	5 to 25
Office furniture	10 to 20	Benches, seats etc.	10 to 35
Vehicles	5 to 8	Buildings	
Heavy plant/road making equipment	5 to 8	Buildings: masonry	50 to 100
Other plant and equipment	5 to 15	Buildings: other	20 to 80
Water and sewer assets		Stormwater assets	
Dams and reservoirs	80 to 100	Drains	80 to 100
Bores	20 to 40	Culverts	70 to 80
Reticulation pipes: PVC	70 to 80	Flood control structures	50 to 80
Reticulation pipes: other	25 to 75		
Pumps and telemetry	15 to 20		
Transportation assets		Other infrastructure assets	
Sealed roads: surface	15 to 25	Bulk earthworks	infinite
Sealed roads: structure	50 to 60	Swimming pools	50 to 100
Unsealed roads	20 to 30	Other open space/recreational assets	20 to 50
Bridge: concrete	100	Other infrastructure	20 to 50
Bridge: other	60		
Road pavements	60		
Kerb, gutter and footpaths	40		

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Income statement.

Land under roads

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

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

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

Singleton Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 9(a). Infrastructure, property, plant and equipment (continued)

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 to the reserves are recognised within Council's Income Statement.

Rural Fire Service assets

Under section 119 of the *Rural Fire Services Act 1997 (NSW)*, "all fire fighting equipment purchased or constructed wholly or from money to the credit of the Fund is to be vested in the council of the area for or on behalf of which the fire fighting equipment has been purchased or constructed".

Until such time as discussions on this matter have concluded and the legislation changed, Council will recognise rural fire service assets including land, buildings, plant and vehicles.

Note 9(b). Externally restricted infrastructure, property, plant and equipment

\$ '000 Class of asset	2018			2017		
	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount
Water supply						
WIP	638	—	638	1,353	—	1,353
Plant and equipment	648	352	296	759	435	324
Office equipment	—	—	—	59	59	—
Furniture and fittings	—	—	—	8	8	—
Land						
— Operational land	1,635	—	1,635	1,729	—	1,729
— Community land	94	—	94	94	—	94
— Improvements — depreciable	680	317	363	680	298	382
Buildings	2,797	597	2,200	1,039	472	567
Other structures	620	213	407	620	201	419
Infrastructure	158,661	68,093	90,568	154,011	64,286	89,725
Total water supply	165,773	69,572	96,201	160,352	65,759	94,593
Sewerage services						
WIP	1,562	—	1,562	58	—	58
Plant and equipment	487	369	118	493	389	104
Office equipment	—	—	—	23	23	—
Furniture and fittings	—	—	—	11	11	—
Land						
— Operational land	2,413	—	2,413	1,942	—	1,942
— Improvements — depreciable	3	—	3	3	—	3
Buildings	355	80	275	300	160	140
Other structures	475	190	285	475	184	291
Infrastructure	75,405	29,562	45,843	73,664	27,975	45,689
Total sewerage services	80,700	30,201	50,499	76,969	28,742	48,227
Domestic waste management						
Plant and equipment	1,243	803	440	874	623	251
Office equipment	10	9	1	12	12	—
Furniture and fittings	5	4	1	5	3	2
Land						
— Operational land	661	—	661	389	—	389
— Improvements — depreciable	250	134	116	1,774	3	1,771
Buildings	1,106	87	1,019	96	25	71
Other structures	4,611	576	4,035	2,801	51	2,750
Total DWM	7,886	1,613	6,273	5,951	717	5,234
TOTAL RESTRICTED IPP&E	254,359	101,386	152,973	243,272	95,218	148,054

Singleton Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 10. Payables and borrowings

\$ '000	2018		2017	
	Current	Non-current	Current	Non-current
Payables				
Goods and services – operating expenditure	2,913	–	2,783	–
Accrued expenses:				
– Salaries and wages	474	–	431	–
– Other expenditure accruals	42	–	53	–
Security bonds, deposits and retentions	351	–	340	–
Other	–	–	–	–
Total payables	3,780	–	3,607	–
Income received in advance				
Payments received in advance	530	–	522	–
Total income received in advance	530	–	522	–
Borrowings				
Loans – secured ¹	1,450	5,314	1,298	6,387
Total borrowings	1,450	5,314	1,298	6,387
TOTAL PAYABLES AND BORROWINGS	5,760	5,314	5,427	6,387

(a) Payables and borrowings relating to restricted assets

	2018		2017	
	Current	Non-current	Current	Non-current
Externally restricted assets				
Water	66	–	64	–
Payables and borrowings relating to externally restricted assets	66	–	64	–
Total payables and borrowings relating to restricted assets	66	–	64	–
Total payables and borrowings relating to unrestricted assets	5,694	5,314	5,363	6,387
TOTAL PAYABLES AND BORROWINGS	5,760	5,314	5,427	6,387

¹ Loans are secured over the general rating income of Council

Disclosures on liability interest rate risk exposures, fair value disclosures and security can be found in Note 17.

Singleton Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 10. Payables and borrowings (continued)

\$ '000	2018	2017
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(b) Current payables and borrowings not anticipated to be settled within the next twelve months

The following payables and borrowings, even though classified as current, are not expected to be settled in the next 12 months.

Payables – security bonds, deposits and retentions	246	238
	246	238

(c) Changes in liabilities arising from financing activities

Class of borrowings	2017	Non-cash changes				2018
	Opening balance as at 1/7/17	Cash flows	Acquisition	Fair value changes	Other non-cash movements	Closing balance as at 30/6/18
Loans – secured	7,685	(1,307)	386	–	–	6,764
TOTAL	7,685	(1,307)	386	–	–	6,764

\$ '000	2018	2017
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(d) Financing arrangements**(i) Unrestricted access was available at balance date to the following lines of credit:**

Bank overdraft facilities ⁽¹⁾	1,000	1,000
Credit cards/purchase cards	100	100
Asset finance - leasing facility	1,000	1,000
Total financing arrangements	2,100	2,100

Undrawn facilities as at balance date:

– Bank overdraft facilities	1,000	1,000
– Credit cards/purchase cards	100	100
– Asset finance - lease facility	1,000	1,000
Total undrawn financing arrangements	2,100	2,100

1. The bank overdraft facility may be drawn at any time and may be terminated by the bank without notice.

Singleton Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 10. Payables and borrowings (continued)

Accounting policy for payables and borrowings

Payables

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

Borrowings

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

Borrowings are removed from the Statement of Financial Position 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 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 2018

Note 11. Provisions

\$ '000	2018		2017	
	Current	Non-current	Current	Non-current
Provisions				
Employee benefits:				
Annual leave	1,491	–	1,344	–
Long service leave	2,519	164	2,400	179
Sub-total – aggregate employee benefits	4,010	164	3,744	179
Asset remediation/restoration:				
Asset remediation/restoration (future works)	–	8,922	–	8,428
Sub-total – asset remediation/restoration	–	8,922	–	8,428
<u>TOTAL PROVISIONS</u>	<u>4,010</u>	<u>9,086</u>	<u>3,744</u>	<u>8,607</u>

(a) Provisions relating to restricted assets

	2018		2017	
	Current	Non-current	Current	Non-current
Externally restricted assets				
Water	314	16	268	10
Sewer	106	8	111	8
Domestic waste management	–	8,922	–	8,428
Provisions relating to externally restricted assets	420	8,946	379	8,446
Total provisions relating to restricted assets	420	8,946	379	8,446
Total provisions relating to unrestricted assets	3,590	140	3,365	161
TOTAL PROVISIONS	<u>4,010</u>	<u>9,086</u>	<u>3,744</u>	<u>8,607</u>

\$ '000	2018	2017
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(b) Current provisions not anticipated to be settled within the next twelve months

The following provisions, even though classified as current, are not expected to be settled in the next 12 months.

Provisions – employees benefits	2,716	2,573
	<u>2,716</u>	<u>2,573</u>

Singleton Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 11. Provisions (continued)

\$ '000

(c) Description of and movements in provisions

2018	ELE provisions		Total
	Annual leave	Long service leave	
At beginning of year	1,344	2,579	3,923
Additional provisions	1,176	478	1,654
Amounts used (payments)	(1,029)	(405)	(1,434)
Receipts from other Councils	–	31	31
Total ELE provisions at end of year	1,491	2,683	4,174
2017			
At beginning of year	1,277	2,423	3,700
Additional provisions	1,179	489	1,668
Amounts used (payments)	(1,112)	(436)	(1,548)
Receipts from other Councils	–	103	103
Total ELE provisions at end of year	1,344	2,579	3,923

2018	Other provisions	
	Asset remediation	Total
At beginning of year	8,428	8,428
Changes to provision:		
Reassessment of costs	265	265
Unwinding of discount	229	229
Total other provisions at end of year	8,922	8,922
2017		
At beginning of year	8,138	8,138
Changes to provision:		
Unwinding of discount	290	290
Total other provisions at end of year	8,428	8,428

Nature and purpose of non-employee benefit provisions

Asset remediation

Council has a legal/public obligation to make, restore, rehabilitate and reinstate the council waste management facility.

Singleton Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 11. Provisions (continued)

Accounting policy for provisions

Provisions are recognised when Council has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

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

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

Employee benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be wholly 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.

Other long-term employee benefit obligations

The liability for long service leave and annual leave that is not expected to be wholly settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method.

Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the Statement of Financial Position if the Council does not have an unconditional right to defer settlement for at least 12 months after the reporting date, regardless of when the actual settlement is expected to occur.

Provisions for close-down and restoration, and environmental clean-up costs – waste management facility.

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.

Singleton Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 11. Provisions (continued)

Provisions for close-down and restoration, and environmental clean-up costs – waste management facility. (continued)

Restoration (continued)

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

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

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

As noted above, the ultimate cost of environmental remediation is uncertain and cost estimates can vary in response to many factors including changes to the relevant legal requirements, the emergence of new restoration techniques or experience at other locations. The expected timing of expenditure can also change, for example in response to changes in quarry reserves or production rates. As a result there could be significant adjustments to the provision for close down and restoration and environmental clean up, which would affect future financial results.

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.

Close down and restoration costs are a normal consequence of tip and quarry operations, and the majority of close down and restoration expenditure is incurred at the end of the life of the operations. Although the ultimate cost to be incurred is uncertain, Council estimates the respective costs based on feasibility and engineering studies using current restoration standards and techniques.

Note 12. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors

Nature and purpose of reserves

Infrastructure, property, plant and equipment revaluation reserve

The infrastructure, property, plant and equipment revaluation reserve is used to record increments / decrements of non-current asset values due to their revaluation.

Singleton Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 13. Statement of cash flows – additional information

\$ '000	Notes	2018	2017
(a) Reconciliation of cash assets			
Total cash and cash equivalent assets	6a	4,351	8,553
Balance as per the Statement of Cash Flows		4,351	8,553
(b) Reconciliation of net operating result to cash provided from operating activities			
Net operating result from Income Statement		9,895	12,954
Adjust for non-cash items:			
Depreciation and amortisation		13,102	13,649
Net losses/(gains) on disposal of assets		(273)	212
Non-cash capital grants and contributions		(6)	(1,860)
Reversal of prior year IPP&E revaluation decrements / impairment previously costed direct to the P&L		–	233
Losses/(gains) recognised on fair value re-measurements through the P&L:			
– Investments classified as 'at fair value' or 'held for trading'		97	–
Discounts and premiums recognised on financial investment transactions		–	(183)
Unwinding of discount rates on reinstatement provisions		229	–
Share of net (profits) or losses of associates/joint ventures		(162)	(3)
+/- Movement in operating assets and liabilities and other cash items:			
Decrease/(increase) in receivables		862	(595)
Increase/(decrease) in provision for doubtful debts		183	(75)
Decrease/(increase) in inventories		(49)	3
Decrease/(increase) in other assets		(279)	(105)
Increase/(decrease) in payables		130	(1,113)
Increase/(decrease) in other accrued expenses payable		32	(17)
Increase/(decrease) in other liabilities		19	65
Increase/(decrease) in employee leave entitlements		251	223
Increase/(decrease) in other provisions		265	290
Net cash provided from/(used in) operating activities from the Statement of Cash Flows		24,296	23,678
(c) Non-cash investing and financing activities			
Bushfire grants		–	321
Developer contributions 'in kind'		5	1,538
Other - Civic Art Collection		1	1
Total non-cash investing and financing activities		6	1,860

Singleton Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 14. Interests in other entities

\$ '000

	Council's share of net income		Council's share of net assets	
	2018	2017	2018	2017
Joint ventures	162	3	297	135
Total	162	3	297	135

(a) Joint arrangements

(i) Joint ventures

(a) Summarised financial information for individually immaterial joint ventures

Council has an interest in Strategic Services Australia Limited which is not considered material. The table below summarises the financial information of the joint venture.

Individually immaterial joint ventures	2018	2017
Aggregate carrying amount of individually immaterial joint ventures	297	135
Aggregate amounts of Council's share of individually immaterial:		
Profit/(loss) from continuing operations	162	3
Total comprehensive income – individually immaterial joint ventures	162	3

Immaterial Joint Ventures

Council has an interest in Strategic Services Australia Limited, along with other Member Councils of Hunter Councils. The activities of this organisation are not controlled by any one Council.

Strategic Services Limited has been established to improve the quality and efficiency of local government service throughout the Hunter Region. One such service is the establishment and provision of a Record Repository Centre for the use of the Member Councils and to outsource this service to other organisations.

Singleton Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 14. Interests in other entities (continued)

\$ '000

(b) Summarised financial information for joint ventures

			Strategic Australia	
			2018	2017
Statement of comprehensive income				
Income	7,454	6,212	405	341
Depreciation and amortisation	(177)	(221)	(10)	(12)
Interest expense	(128)	(97)	(7)	(5)
Other expenses	(6,623)	(5,929)	(360)	(321)
Profit/(loss) from continuing operations			28	3
Profit/(loss) from discontinued operations	526	(35)	134	–
Profit/(loss) for period			162	3
Total comprehensive income			162	3
Share of income – Council (%)	5.4%	5.4%	100.0%	100.0%
Profit/(loss) – Council (\$)			162	3
Total comprehensive income – Council (\$)			162	3

Joint ventures

Interests in joint ventures are accounted for using the equity method in accordance with AASB128 Investments in *Associates and Joint Ventures*. Under this method, the investment is initially recognised as a cost and the carrying amount is increased or decreased to recognise the Council's share of the profit or loss and other comprehensive income of the joint venture after the date of acquisition.

If the Council's share of losses of a joint venture equals or exceeds its interest in the joint venture, the Council discontinues recognising its share of further losses.

The Council's share in the joint venture's gains or losses arising from transactions between itself and its joint venture are eliminated.

Adjustments are made to the joint venture's accounting policies where they are different from those of the Council for the purpose of the consolidated financial statements.

Singleton Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 15. Commitments for expenditure

\$ '000	2018	2017
(a) Capital commitments (exclusive of GST)		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Property, plant and equipment		
Buildings	1,732	5,929
Plant and equipment	404	–
Water Assets	106	136
Roads and Bridges	–	284
Total commitments	2,242	6,349
These expenditures are payable as follows:		
Within the next year	2,242	6,349
Total payable	2,242	6,349
Sources for funding of capital commitments:		
Unrestricted general funds	–	1,021
Future grants and contributions	–	4,802
Sect 64 and 94 funds/reserves	1,066	–
Unexpended grants	–	45
Externally restricted reserves	340	–
Internally restricted reserves	816	–
New loans (to be raised)	–	481
Other funding (Sale of plant)	20	–
Total sources of funding	2,242	6,349
Details of capital commitments		
John Street Riverside Park - Kiosk and Playground installation \$1.732m		
Design & Construction of UV Disinfection System at Singleton's Sewerage Treatment Works \$64k.		
Civil works associated with Dry Bed Modifications at Singleton's Sewerage Treatment Works \$42k.		
Purchase of two Hino trucks for Water Infrastructure \$228k.		
Purchase of Hino Tipper truck for Infrastructure Delivery \$177k.		
(b) Operating lease commitments (non-cancellable)		
a. Commitments under non-cancellable operating leases at the reporting date, but not recognised as liabilities are payable:		
Within the next year	640	486
Later than one year and not later than 5 years	1,100	929
Total non-cancellable operating lease commitments	1,740	1,415
b. Non-cancellable operating leases include the following assets:		
Council has entered into non-cancellable operating leases for various items of computer equipment, gym equipment and items of plant.		
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.		
Escalation clauses do not exist in relation to these leases.		
Conditions relating to operating leases:		
– All operating lease agreements are secured only against the leased asset.		
– No lease agreements impose any financial restrictions on Council regarding future debt etc.		

Singleton Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 16. Contingencies and other liabilities/assets not recognised

The following assets and liabilities do not qualify for recognition in the Statement of Financial Position, but their knowledge and disclosure is considered relevant to the users of Council's financial report.

LIABILITIES NOT RECOGNISED:

1. Guarantees

(i) Defined benefit superannuation contribution plans

Council participates in an employer-sponsored defined benefit superannuation scheme, and makes contributions as determined by the superannuation scheme's trustees.

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

The schemes most recent full actuarial review indicated that the net assets of the scheme were not sufficient to meet the accrued benefits of the schemes defined benefit member category with member councils required to make significantly higher contributions in future years.

The Local Government Superannuation Scheme however is unable to provide Council with an accurate estimate of its share of the net deficit and accordingly Council has not recorded any net liability from its defined benefit scheme obligations in accordance with AASB 119.

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

Member councils are treated as Pooled Employers for the purposes of AASB119. Pooled Employers are required to pay standard employer contributions and additional lump sum contributions to the Fund.

The standard employer contributions were determined using the new entrant rate method under which a contribution rate sufficient to fund the total benefits over the working life-time of a typical new entrant is calculated. The current standard employer contribution rates are:

Division B	1.9 times employee contributions
Division C	2.5% salaries
Division D	1.64 times employee contributions

The additional lump sum contribution for each Pooled Employer is a share of the total additional contributions of \$40.0 million per annum from 1 July 2017 for 4 years to 30 June 2021, apportioned according to each employer's share of the accrued liabilities as at 30 June 2017. These additional lump sum contributions are used to fund the deficit of assets to accrued liabilities as 30 June 2017.

The adequacy of contributions is assessed at each triennial actuarial investigation and monitored annually between triennials.

As stated above, each sponsoring employer is exposed to the actuarial risks associated with current and former employees of other sponsoring employers and hence shares in the associated gains and losses.

However, there is no relief under the Fund's trust deed for employers to walk away from their defined benefit obligations. Under limited circumstances, an employer may withdraw from the plan when there are no active members, on full payment of outstanding additional contributions. There is no provision for allocation of any surplus which may be present at the date of withdrawal of the entity.

There are no specific provisions under the Fund's trust deed dealing with deficits or surplus on wind-up.

Singleton Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 16. Contingencies and other liabilities/assets not recognised (continued)

There is no provision for the allocation of any surplus which may be present at the date of withdrawal of an employer.

The plan is a defined benefit plan. However, each sponsoring employer is exposed to the actuarial risks associated with current and former employees of other sponsoring employers and hence shares in the associated gains and losses (to the extent that they are not borne by members). As such, there is not sufficient reliable information to allow each sponsoring employer to account for its proportionate share of the defined benefit obligation, sub-group assets and costs associated with the sub-group in the same way as it would for a single employer sponsored defined benefit plan.

The amount of employer contributions to the defined benefit section of the Fund and recognised as an expense for the year ending 30 June 2018 was \$162,668.72. The last valuation of the Fund was by the Actuary, Mr Richard Boyfield, FIAA on 12 December, relating to the period ended 30 June 2017.

The expected contributions to the Fund for the next annual reporting period are \$214,590.52.

The estimated employer reserves financial position for the Pooled Employers at 30 June 2018 is:

Employer reserves only *	\$millions	Asset Coverage
Assets	1,817.8	
Past Service Liabilities	1,787.5	101.7%
Vested Benefits	1,778.0	102.2%

(*) Excluding member accounts and reserves in both assets and liabilities

The key economic long term assumptions used to calculate the present value of accrued benefits are:

Investment return	6.0% per annum
Safety inflation *	3.5% per annum
Increase in CPI	2.5% per annum

(*) Plus promotional increases

The contribution requirements may vary from the current rates if the overall sub-group experience is not in line with the actuarial assumptions in determining the funding program; however, any adjustment to the funding program would be the same for all sponsoring employers in the Pooled Employers group. Please note that the estimated employer reserves financial position above is a preliminary calculation, and once all the relevant information has been received by the Funds Actuary, the 2018 triennial review will be completed around December 2018.

Council's additional lump sum contribution is around 0.25% of the total additional lump sum contributions for all Pooled Employers (of \$40m each year from 1 July 2017 to 30 June 2021) provides an indication of the level of participation of Council compared with other employers in the Pooled Employer sub-group.

(ii) Statewide Limited

Council is a member of Statewide Mutual, a mutual pool scheme providing liability insurance to local government.

Membership includes the potential to share in either the net assets or liabilities of the fund depending on its past performance. Council's share of the net assets or liabilities reflects Council's contributions to the pool and the result of insurance claims within each of the fund years.

Singleton Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 16. Contingencies and other liabilities/assets not recognised (continued)

The future realisation and finalisation of claims incurred but not reported to 30 June this year may result in future liabilities or benefits as a result of past events that Council will be required to fund or share in respectively.

(iii) StateCover Limited

Council is a member of StateCover Mutual Limited and holds a partly paid share in the entity.

StateCover is a company providing workers compensation insurance cover to the NSW local government industry and specifically Council.

Council has a contingent liability to contribute further equity in the event of the erosion of the company's capital base as a result of the company's past performance and/or claims experience or as a result of any increased prudential requirements from APRA.

These future equity contributions would be required to maintain the company's minimum level of net assets in accordance with its licence requirements.

(iv) Other guarantees

Council has provided no other guarantees other than those listed above.

2. Other liabilities

(i) Third party claims

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

Council believes that it is appropriately covered for all claims through its insurance coverage and does not expect any material liabilities to eventuate.

ASSETS NOT RECOGNISED:

(i) Land under roads

As permitted under AASB 1051, Council has elected not to bring to account land under roads that it owned or controlled up to and including 30/6/08.

(ii) Infringement notices/fines

Fines and penalty income, the result of Council issuing infringement notices is followed up and collected by the Infringement Processing Bureau.

Council's revenue recognition policy for such income is to account for it as revenue on receipt.

Accordingly, at year end, there is a potential asset due to Council representing issued but unpaid infringement notices.

Due to the limited information available on the status, value and duration of outstanding notices, Council is unable to determine the value of outstanding income.

Singleton Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 17. Financial risk management

\$ '000

Risk management

Council's activities expose it to a variety of financial risks including **(1)** price risk, **(2)** credit risk, **(3)** liquidity risk and **(4)** interest rate risk.

The Council's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Council.

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

Financial risk management is carried out by Council's finance section under policies approved by the Council.

A comparison by category of the carrying amounts and fair values of Council's financial assets and financial liabilities recognised in the financial statements is presented below.

	Carrying value		Fair value	
	2018	2017	2018	2017
Financial assets				
Cash and cash equivalents	4,351	8,553	8,351	8,553
Investments				
– 'Held for trading'	29,895	30,010	25,895	30,010
– 'Held to maturity'	53,500	43,673	53,500	43,673
Receivables	4,018	5,063	4,218	5,063
Total financial assets	91,764	87,299	91,964	87,299
Financial liabilities				
Payables	3,780	3,607	3,780	3,607
Loans/advances	6,764	7,685	6,764	7,685
Total financial liabilities	10,544	11,292	10,544	11,292

Fair value is determined as follows:

- **Cash and cash equivalents, receivables, payables** – are estimated to be the carrying value that approximates market value.
- **Borrowings and held-to-maturity investments** – are based upon estimated future cash flows discounted by the current mkt interest rates applicable to assets and liabilities with similar risk profiles, unless quoted market prices are available.
- Financial assets classified (i) '**at fair value through profit and loss**' or (ii) '**available-for-sale**' – are based upon quoted market prices (in active markets for identical investments) at the reporting date or independent valuation.

Singleton Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 17. Financial risk management (continued)

\$ '000

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

Council's finance area manages the cash and Investments portfolio with the assistance of independent advisors.

Council has an investment policy which complies with the *Local Government Act 1993* and Ministerial Investment Order 625. This policy is regularly reviewed by Council and its staff and a monthly Investment report is provided to Council setting out the make-up and performance of the portfolio as required by Local Government regulations.

The risks associated with the investments held are:

- **Price risk** – the risk that the capital value of Investments may fluctuate due to changes in market prices, whether there changes are caused by factors specific to individual financial instruments or their issuers or are caused by factors affecting similar instruments traded in a market.
- **Interest rate risk** – the risk that movements in interest rates could affect returns and income.
- **Credit risk** – the risk that the investment counterparty will not complete their obligations particular to a financial instrument, resulting in a financial loss to Council – be it of a capital or income nature.

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

Council also seeks advice from independent advisers before placing any funds in cash equivalents and investments.

(a) Market risk – price risk and interest rate risk

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

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

	Increase of values/rates		Decrease of values/rates	
	Profit	Equity	Profit	Equity
2018				
Possible impact of a 10% movement in market values	2,989	2,989	(2,989)	(2,989)
Possible impact of a 1% movement in interest rates	877	877	(877)	(877)
2017				
Possible impact of a 10% movement in market values	3,001	3,001	(3,001)	(3,001)
Possible impact of a 1% movement in interest rates	822	822	(822)	(822)

Singleton Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 17. Financial risk management (continued)

\$ '000

(b) Credit risk

Council's major receivables comprise (i) rates and annual charges and (ii) user charges and fees.

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

Council manages this risk by monitoring outstanding debt and employing stringent debt recovery procedures. It also encourages ratepayers to pay their rates by the due date through incentives.

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

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

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

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

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

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

	2018 Rates and annual charges	2018 Other receivables	2017 Rates and annual charges	2017 Other receivables
(i) Ageing of receivables – %				
Current (not yet overdue)	0%	60%	0%	81%
Overdue	100%	40%	100%	19%
	100%	100%	100%	100%
(ii) Ageing of receivables – value				
Rates and annual charges			2018	2017
< 1 year overdue			606	689
			606	689
Other receivables				
Current			2,267	3,573
0 – 30 days overdue			347	207
31 – 60 days overdue			146	7
61 – 90 days overdue			69	377
> 91 days overdue			824	268
			3,653	4,432

Singleton Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 17. Financial risk management (continued)

\$ '000

(c) Liquidity risk

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

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

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

Borrowings are also subject to interest rate risk – the risk that movements in interest rates could adversely affect funding costs and debt servicing requirements. Council manages this risk by borrowing long term and fixing the interest rate on a 4-year renewal basis. The Finance Section regularly reviews interest rate movements to determine if it would be advantageous to refinance or renegotiate part or all of the loan portfolio.

The contractual undiscounted cash outflows (ie. principal and interest) of Council's payables and borrowings are set out in the maturity table below:

\$ '000	Weighted average interest rate	Subject to no maturity	≤ 1 Year	payable in:		Total cash outflows	Actual carrying values
				1 – 5 Years	> 5 Years		
2018							
Trade/other payables		–	3,780	–	–	3,780	3,780
Loans and advances	4.84%	–	1,136	4,270	1,358	6,764	6,764
Total financial liabilities		–	4,916	4,270	1,358	10,544	10,544
2017							
Trade/other payables		–	3,607	–	–	3,607	3,607
Loans and advances	4.90%	–	1,297	4,330	2,058	7,685	7,685
Total financial liabilities		–	4,904	4,330	2,058	11,292	11,292

Singleton Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 18. Material budget variations

\$ '000

Council's original financial budget for 17/18 was adopted by the Council on 15 May 2017 and is not required to be audited.

While the Income Statement included in this General Purpose Financial Report must disclose the original budget adopted by Council, the *Local Government Act 1993* requires Council to review its financial budget on a quarterly basis, so that it is able to manage the various variations between actuals versus budget that invariably occur throughout the year.

This note sets out the details of **material variations** between Council's original budget and its actual results for the year as per the Income Statement – even though such variations may have been adjusted for during each quarterly budget review.

Note that for variations* of budget to actual :

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

F = Favourable budget variation, **U** = Unfavourable budget variation

\$ '000	2018 Budget	2018 Actual	2018 ----- Variance* -----	
REVENUES				
Rates and annual charges	26,114	26,013	(101)	(0%) U
Delay in valuations for three rate assessments including one mining company. Council is awaiting further advice from the Valuer General.				
User charges and fees	12,674	14,998	2,324	18% F
Revenue from water usage charges have largely contributed to the increase in overall revenue for this area by \$1.6m; RMS programmed works contributed to an increase of \$679k.				
Interest and investment revenue	2,570	2,628	58	2% F
Other revenues	409	726	317	78% F
Risk Management O&H Incentive bonus was greater than budgeted by \$155k; other sundry income increased by \$123k.				
Operating grants and contributions	8,678	11,527	2,849	33% F
The following monies were received during 2017/18 financial year and were not budgeted therefore posting a favourable variance:				
* Mt Thorley Warkworth voluntary planning agreement \$2.0m; Mt Thorley Warkworth Historic Heritage Fund \$100k; Roads to Recovery program \$552k; Financial Assistance Grant adjustment \$214k; Mt Owen voluntary planning agreement \$58k and Bulga voluntary planning agreement \$50k				
Capital grants and contributions	16,659	8,261	(8,398)	(50%) U
The following capital programs were cancelled or delayed and therefore no capital grant or contribution was received: John Street - stage 2 \$3.5m; Brookers Bridge \$1.7m; Gresford Road \$1.45m; Camberwell Water Supply \$1.1m and the Bulga Water Supply \$1.09m.				
The following capital monies were received though were not budgeted during the same period:				
Mt Owen Voluntary Planning Agreement - Rose Point Park \$177k and Building Stronger Communities All Abilities Playground - Rose Point Park \$290k.				
Net gains from disposal of assets	120	273	153	128% F
Disposal of plant and equipment has been greater than budgeted.				
Joint ventures and associates - net profits	–	162	162	100% F
The sale of the records business as part of Strategic Services Australia Limited contributed to a higher net profit.				

Singleton Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 18. Material budget variations (continued)

\$ '000	2018 Budget	2018 Actual	2018 ----- Variance* -----	
EXPENSES				
Employee benefits and on-costs	17,753	19,302	(1,549)	(9%) U
Borrowing costs	674	583	91	14% F
A loan for the Regional Saleyards of \$482k was budgeted to be taken out earlier in the financial year. The loan was drawn at the end of June for \$386k therefore contributing to lower borrowing costs for the period.				
Materials and contracts	14,754	16,442	(1,688)	(11%) U
Road Maintenance Council Contract works of \$852k were not budgeted and expenditure in the Parks & Gardens area exceeded budget by \$528k; higher legal expenses of \$73k and animal management facility maintenance of \$64k.				
Depreciation and amortisation	12,980	13,102	(122)	(1%) U
Other expenses	4,696	5,264	(568)	(12%) U
Increasing the provision for bad and doubtful debts in the waste area by \$197k; higher electricity expenses \$273k; increase in mayoral allowance and members' fees and allowances by \$94k contributed to the unfavourable variation.				

Budget variations relating to Council's Cash Flow Statement include:

Cash flows from operating activities	28,665	24,296	(4,369)	(15.2%) U
Increased costs in materials and contracts contributed to higher spending in the operational area of Council than budgeted by \$7m though partially offset by higher revenues received, particularly from user fees and charges.				
Cash flows from investing activities	(26,360)	(27,577)	(1,217)	4.6% U
Lower capital expenditure contributed to the favourable variation in the net cash flow from investing activities.				
Cash flows from financing activities	(827)	(921)	(94)	11.4% U
Loan borrowings for the upgrade of Regional Livestock Market of \$481k in the budget did not occur until the end of June. The amount borrowed was \$386k.				

Singleton Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 19. Fair value measurement

\$ '000

The Council measures the following asset and liability classes at fair value on a recurring basis:

- Infrastructure, property, plant and equipment
- Financial assets

The fair value of assets and liabilities must be estimated in accordance with various accounting standards for either recognition and measurement requirements or for disclosure purposes.

AASB 13 Fair Value Measurement requires all assets and liabilities measured at fair value to be assigned to a 'level' in the fair value hierarchy as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(1) The following table presents all assets and liabilities that have been measured and recognised at fair values:

Fair value measurement hierarchy					
Level 1	Level 2	Level 3	Total		
Quoted prices in active mkts	Significant observable inputs	Significant unobservable inputs			
2018					
Recurring fair value measurements					
Financial assets					
Investments					
– ‘Held for trading’	30/06/18	–	25,895	–	25,895
Total financial assets		–	25,895	–	25,895
Infrastructure, property, plant and equipment					
Plant and equipment	Various	–	–	3,491	3,491
Office equipment	Various	–	–	54	54
Furniture and fittings	Various	–	–	352	352
Land - operational	30/06/18	–	–	19,590	19,590
Land - community	30/06/17	–	–	14,078	14,078
Land under roads	30/06/17	–	–	7	7
Non depreciable land improvements	30/06/16	–	–	2,540	2,540
Depreciable land improvements	30/06/16	–	–	1,726	1,726
Buildings	30/06/18	–	–	52,227	52,227
Other structures	30/06/16	–	–	8,331	8,331
Roads	30/06/18	–	–	228,311	228,311
Bridges	30/06/15	–	–	32,353	32,353
Footpaths	30/06/15	–	–	5,738	5,738
Other road assets	30/06/15	–	–	5,442	5,442
Bulk earthworks (non deprec.)	30/06/18	–	–	252,512	252,512
Stormwater drainage	30/06/15	–	–	79,176	79,176
Water supply network	30/06/18	–	–	90,567	90,567
Sewerage network	30/06/18	–	–	45,843	45,843
Swimming Pools	30/06/18	–	–	3,490	3,490
Other open space/recreational assets	30/06/16	–	–	10,994	10,994
Library books	Various	–	–	354	354
Art Collection	30/06/18	–	–	425	425
Tip asset	30/06/14	–	–	3,309	3,309
Total infrastructure, property, plant and equipment		–	–	860,910	860,910

Singleton Council

Notes to the Financial Statements
for the year ended 30 June 2018

Note 19. Fair value measurement (continued)

\$ '000

(1) The following table presents all assets and liabilities that have been measured and recognised at fair values (continued):

		Fair value measurement hierarchy			
2017		Level 1	Level 2	Level 3	Total
	Date of latest valuation	Quoted prices in active mkts	Significant observable inputs	Significant unobservable inputs	
Recurring fair value measurements					
Financial assets					
Investments					
– ‘Held for trading’	30/06/17	–	30,010	–	30,010
Total financial assets		–	30,010	–	30,010
Infrastructure, property, plant and equipment					
Plant and equipment	Various	–	–	4,330	4,330
Office equipment	Various	–	–	73	73
Furniture and fittings	Various	–	–	442	442
Land - operational	30/06/13	–	–	34,180	34,180
Land - community	30/06/17	–	–	14,078	14,078
Land under roads	30/06/17	–	–	7	7
Non depreciable land improvements	30/06/16	–	–	2,540	2,540
Depreciable land improvements	30/06/16	–	–	1,852	1,852
Buildings	30/06/13	–	–	43,068	43,068
Other structures	30/06/16	–	–	5,937	5,937
Roads	30/06/15	–	–	207,688	207,688
Bridges	30/06/15	–	–	32,581	32,581
Footpaths	30/06/15	–	–	5,616	5,616
Other road assets	30/06/15	–	–	5,407	5,407
Bulk earthworks (non deprec.)	30/06/15	–	–	219,798	219,798
Stormwater drainage	30/06/15	–	–	80,221	80,221
Water supply network	30/06/17	–	–	89,725	89,725
Sewerage network	30/06/17	–	–	45,689	45,689
Swimming Pools	30/06/16	–	–	1,134	1,134
Other open space/recreational assets	30/06/16	–	–	11,441	11,441
Library books	Various	–	–	380	380
Art Collection	30/06/15	–	–	417	417
Tip asset	30/06/13	–	–	3,204	3,204
Total infrastructure, property, plant and equipment		–	–	809,808	809,808

(2) Transfers between level 1 and level 2 fair value hierarchies

During the year, there were no transfers between level 1 and level 2 fair value hierarchies for recurring fair value measurements.

Singleton Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 19. Fair value measurement (continued)

(3) Valuation techniques used to derive level 2 and level 3 fair values

Where Council is unable to derive fair valuations using quoted market prices of identical assets (i.e. level 1 inputs), Council instead utilises a spread of both observable inputs (level 2 inputs) and unobservable inputs (level 3 inputs).

The fair valuation techniques Council has employed while utilising level 2 and level 3 inputs are as follows:

Property, Plant & Equipment, Furniture & Fittings

Council's Plant & Equipment, Furniture Fittings Incorporates

- Major plants – Truck , tractors, street sweepers
- Fleet Vehicles - Cars, vans, utes etc.
- Minor Plant - Chainsaws, brush cutters, mowers, concrete mixers.
- Furniture & Fittings - Desks, chairs, display systems
- Items leases

Plant equipment, office equipment and furniture & fittings are valued at cost but are disclosed at fair value in the notes. Council assumes that the carrying amount reflects the fair value of the asset due to the nature of the items as shown above

The unobservable Level 3 inputs used include:

- Pattern of Consumption
- Useful life
- Asset Condition
- Residual Value
- Gross replacement cost.

There has been no change to the valuation process during the reporting period.

Operational Land

Council's "Operational" land by definition has no special restriction other than those that may apply to any piece of land.

Council obtains its fair values for operational land from an external valuer every 5 years (last valuation being 2018) using Level 3 inputs.

Generally, fair value is the most advantageous price reasonably obtainable by the seller and the most advantageous price reasonably obtained by the buyer. This is not necessarily the market selling price of the asset rather, it is regarded as the maximum value that Council would rationally pay to acquire the asset if it did not hold it, taking into account quoted market price in an active and liquid market, the current market price of the same or similar asset, the cost of replacing the asset, if management intend to replace the asset, the remaining useful life and condition of the asset and cash flows from the future use and disposal

The unobservable Level 3 inputs used include:

- Rate per square Metre
- Description of Land

The 'Market Approach' is used to value Operational Land. There has been no change to the valuation process during

Singleton Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 19. Fair value measurement (continued)

Community Land

Council's "Community" land (including owned by Council, the Crown and various other Government Agencies that is managed by Council) by definition is land intended for public access and use or where other restrictions applying to the land create some obligation to maintain public access (such as a trust deed, dedication under section 94 of the Environment Planning and Assessment Act 1979) This gives rise to the restrictions in the Act, intended to preserve the qualities of the land.

Community Land:

- Cannot be sold
- Cannot be leased, licensed, or any other estate granted over the land for more than 21 years and
- Must have a plan of management for it.

In relation to Community Land the Office of Local Government has reviewed its positions on the use of the Valuer General's Valuations of community land and in association with the Local Government Accounting Advisory Group; the Office has determined that community land may be valued as follows.

- The NSW Valuer General's valuations may be used under the revaluation model to represent fair value for the revaluation of community land under clause 31 of AASB 116.

Council fair values community land using unbearable Level 3 inputs based on inputs on either the UCV (Unimproved Capital Value) provided by the Valuer General or an average unit rate based on the UCV and allocated by Council against those properties where the Valuer General did not provide a UCV. The last valuation undertaken was base dated 1 July 2016.

The 'Market Approach' is used to value Community Land. There has been no change to the valuation process during the reporting period.

Land Improvements

Council's Land improvements incorporates: Land reserves, Wetlands, Gardens, Grass/turf mulch

Council carries fair values of land reserves using level 3 inputs.

The unobservable Level 3 inputs used include:

- Gross replacement cost
- Asset Condition
- Residual value
- Remaining useful life

The cost approach is used to value the land improvements. There has been no change to the valuation process during the reporting period

Property- Buildings (Specialised and non-Specialised)

Council Buildings incorporates Libraries, Public Amenities, Sporting Club Houses, Kiosks and Amenities, Depot Buildings and workshops, Community Centres and Rural Fire Service Buildings.

Council carries fair values building using level 3 inputs. Valuations are generally carried out by an external valuer, Scott Fullerton using the cost approach. This approach estimates the replacement cost for each building by componentising the building (for complex structures) into significant parts with different useful life

Singleton Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 19. Fair value measurement (continued)

and taking in to account a range of factors. Buildings are physically inspected and unit although rates based on square meters could be supported from the market evidence, extensive professional judgement, and condition and consumption rates etc. impact significantly on the final value determination of fair value.

As such these assets are classified as having being valued using Level 3 inputs.

The unobservable Level 3 inputs used include:

- Consumption rate
- Future Economic Benefits
- Condition
- Useful Life of an asset

The 'Cost Approach' is used to value specialised buildings. There has been no change to the valuation process during the reporting period.

Other Structures

Council's other structures incorporates the following classes of assets;

- Significant single assets such as playgrounds, floodlighting system irrigation Systems, tennis courts, tennis shelters, artificial turf playing surfaces etc. and
- Aggregated lower value assets such as recreational / park infrastructures (picnic tables, seats, bollards, fences BBQs etc.)

Council carries fair value of other structures assets (non-componentised) using Level 3 inputs. Such valuations are under taken by Council Staff or by an external valuer depending on the structure.

The unobservable Level 3 inputs used include:

- Pattern of Consumption
- Residual Value
- Asset Condition
- Residual value

The "Cost Approach" is used to value other structures. There has been no change to the valuation process during the reporting period

Roads, Bridges & Footpaths

This asset class comprises the Road Carriageway, Bus Shelters, Car parks, Guardrails, Kerb and Guttering, Bridges, Footpaths, and Traffic Facilities

The road carriageway is defined as the trafficable portion of a road, between but not including the kerb and gutter, and would include any paved markers parking places along roadside.

Council's Asset Information Management System (AIMS) contains detailed dimensions and specification for all Council roads. Valuations for the road carriageway, comprising surface, pavement and formation were based on calculations carried out in 2015 utilising the in house Asset management system for detailed pavement information residing in Council's AIMS –

Council fair values, road infrastructure assets using, Level 3 inputs at a component level.

Singleton Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 19. Fair value measurement (continued)

The 'Cost Approach' is used to value roads by componentising the assets into significant parts and then rolling up these component values to provide an overall road valuation (for each road segment) within Council's Asset System.

The level of componentisation adopted by Council is in accordance with AASB 116, OLG Circular 09-09 and the Institute of Public Works Engineers International Infrastructure Management Manual (IIMM)

The unobservable Level 3 inputs used include:

- Pattern of Consumption
- Useful life
- Asset Condition
- Remaining Life of Carriageway
- Gross replacement cost.

The 'Cost Approach' is used to value roads assets. There were no changes in valuation technique from prior year.

Stormwater Drainage

Council's Drainage Assets comprises pits, pipes, culverts, open channels, headwalls and various type of water quality device used to collect, store and remove stormwater.

Council carries fair value drainage assets (non-componentised) using Level 3 inputs.

The unobservable Level 3 inputs used include:

- Pattern of Consumption
- Asset Condition
- Gross replacement cost.

The 'Cost Approach' is used to value drainage assets. There has been no change to the valuation during the reporting period.

Water Supply Network

Council's water supply network comprises reservoirs, pumping stations and water pipelines.

The 'Cost Approach' estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on linear metres of certain diameter pipes and prices per pit or similar may be supported from market evidence (Level 2) other inputs (such as estimates of pattern of consumption, residual value, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value. Additionally due to limitations in the historical records of very long lived assets there is uncertainty regarding the actual design, specifications and dimensions of some assets. These assets are indexed each year in line with the NSW Reference Rates Manual as published by the Department of Primary Industries Water.

There has been no change to the valuation process during the reporting period.

Singleton Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 19. Fair value measurement (continued)

Sewerage Supply Network

Assets within this class comprise treatment works, pumping stations and, sewerage mains. The 'Cost Approach' estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on linear metres of certain diameter pipes and prices per pit or similar may be supported from market evidence (Level 2) other inputs (such as estimates of pattern of consumption, residual value, asset condition and useful life) required extensive professional judgement and impacted significantly on the final determination of fair value. Additionally due to limitations in the historical records of very long lived assets there is uncertainty regarding the actual design, specifications and dimensions of some assets.

These assets are indexed each year in line with the NSW Reference Rates Manual as publish by the Department of Primary Industries Water.

There has been no change to the valuation process during the reporting period.

Other Assets

Council's Other Assets comprises library books, reference materials, CD's & DVD's and art collections. Council carries fair values of other assets using level 3 inputs.

Council library books are disclosed at fair value in the notes. Council assumes that the carrying amount reflects the fair value of the asset due to the nature of the items.

The unobservable Level 3 inputs used include:

- Pattern of Consumption
- Useful life
- Asset Condition
- Residual Value
- Gross replacement cost.

There has been no change to the valuation process during the reporting period.

Singleton Council

Notes to the Financial Statements
for the year ended 30 June 2018

Note 19. Fair value measurement (continued)

\$ '000

(4). Fair value measurements using significant unobservable inputs (level 3)

a. The following tables present the changes in level 3 fair value asset classes.

	IPP&E	Total
Opening balance – 1/7/16	737,997	737,997
Additions	21,626	21,626
Transfers from/(to) another asset class	16,151	16,151
Purchases (GBV)	(781)	(781)
Depreciation and impairment	(13,699)	(13,699)
Revaluation Increments	48,559	48,559
Closing balance – 30/6/17	809,853	809,853
Purchases (GBV)	17,374	17,374
Disposals (WDV)	(642)	(642)
Depreciation and impairment	(13,143)	(13,143)
FV gains – Income Statement ¹	265	265
Revaluation Increments	62,004	62,004
Revaluation decrements	(14,807)	(14,807)
Other movement	6	6
Closing balance – 30/6/18	860,910	860,910

Singleton Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 19. Fair value measurement (continued)

(4). Fair value measurements using significant unobservable inputs (level 3)

b. Significant unobservable valuation inputs used (for level 3 asset classes) and their relationship to fair value.

The following table summarises the quantitative information relating to the significant unobservable inputs used in deriving the various level 3 asset class fair values.

I, PP&E

Class	Fair value (30/6/18) \$'000	Valuation technique/s	Unobservable inputs
Plant & Equipment	3,491	Level 3	Gross Replacement Cost Remaining useful life of asset Residual Value
Office Equipment	54	Level 3	Gross Replacement Cost Remaining useful life of asset Residual Value
Furniture & Fittings	352	Level 3	Gross Replacement Cost Remaining useful life of asset Residual Value
Operational Land	19,590	Level 3	Price per square metre
Community Land	14,078	Level 3	Average Unit rate based on Unimproved capital value per square metre
Land Improvements	4,266	Level 3	Gross Replacement Cost Remaining useful life of asset Residual Value Asset Condition
Buildings	52,227	Level 3	Gross Replacement Cost Remaining useful life of asset Residual Value Asset Condition
Other Structures	8,331	Level 3	Gross Replacement Cost Remaining useful life of asset Asset Condition
Roads	228,311	Level 3	Gross Replacement Cost Remaining useful life of asset Asset Condition
Bridges	32,353	Level 3	Gross Replacement Cost Remaining useful life of asset Asset Condition
Footpaths	5,738	Level 3	Gross Replacement Cost Remaining useful life of asset Asset Condition
Other Road Assets	5,442	Level 3	Gross Replacement Cost Remaining useful life of asset Asset Condition
Bulk Earthworks	252,512	Level 3	Gross Replacement Cost Remaining useful life of asset Asset Condition
Stormwater Drainage	79,176	Level 3	Gross Replacement Cost Remaining useful life of asset Asset Condition

Singleton Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 19. Fair value measurement (continued)

Class	Fair value (30/6/18) \$'000	Valuation technique/s	Unobservable inputs
Water Network	90,567	Level 3	Gross Replacement Cost Remaining useful life of asset Asset Condition
Sewer Network	45,843	Level 3	Gross Replacement Cost Remaining useful life of asset Asset Condition
Swimming Pools	3,490	Level 3	Gross Replacement Cost Remaining useful life of asset Asset Condition
Other open space/recreational assets	10,994	Level 3	Gross Replacement Cost Remaining useful life of asset Asset Condition
Other Assets	779	Level 3	Gross Replacement Cost Remaining useful life of asset Residual Value Asset Condition

(5). Highest and best use

All of Council's non-financial assets are considered to being utilised for their highest and best use.

Singleton Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 20. Related party transactions

\$ '000

a. Key management personnel

Key management personnel (KMP) of the Council are those persons having the authority and responsibility for planning, directing and controlling the activities of the council, directly or indirectly.

The aggregate amount of KMP compensation included in the Income Statement is:

Compensation:	2018	2017
Short-term benefits	2,408	2,802
Post-employment benefits	235	231
Other long-term benefits	96	153
Termination benefits	—	253
Total	2,739	3,439

b. Other transactions with KMP and their related parties

Council has determined that transactions at arm's length between KMP and Council as part of Council delivering a public service objective (e.g. access to library or Council swimming pool by KMP) will not be disclosed.

Singleton Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 20. Related party transactions (continued)

c. Other related party transactions

Nature of the transaction	Value of transactions during year	Outstanding balance (incl. loans and commitments)	Terms and conditions	Provisions for doubtful debts outstanding	Doubtful debts expense recognised
	Actual \$	Actual \$		Actual \$	Actual \$
2018					
Legal Services Pty Ltd* - legal services	97,572	—	7 day account	—	—
Local Government Training Institute* - training services	44,175	—	7 day account	—	—
Hunter Council Inc.* - training services	34,189	—	7 day account	—	—
Hunter Resource Recovery - kerbside recycling service	523,085	—	7 day account	—	—
2017					
Legal Services Pty Ltd* - Legal Services	74,720	—	7 day account	—	—
Local Government Training Institute* - Training Services	52,784	—	7 day account	—	—
Hunter Council Inc.* - Training Services	33,324	—	7 day account	—	—
Hunter Resource Recovery - Kerbside Recycling Service	544,108	—	7 day account	—	—

* Entities of Strategic Services Australia

Strategic Services Australia Limited

Council has an interest in Strategic Services Australia Limited, along with other member councils. The activities of the organisation are not controlled by any one Council. Strategic Services Australia Limited as has been established to improve the quality and efficiency of local government service throughout the Hunter.

Hunter Resource Recovery

Hunter Resource Recovery Pty Ltd (HRR) is the contract manager of kerbside collection, sorting and marketing of dry recyclables for Council. Singleton, Maitland, Cessnock and Lake Macquarie City Councils jointly own and operate the service.

Singleton Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 21. Events occurring after the reporting date

Council is aware of the following 'non-adjusting events' that merit disclosure:

Singleton Council sold part of Wallaby Scrub Road, Bulga to Warkworth Mining Limited and Miller Pohang Coal Company on 7 September 2018. This sale followed the publication of the notices of road closures in the NSW Gazette. The sale price was \$27.5 million dollars (including GST). The funds will be held in an internal restricted reserve for the road network in the Singleton local government area.

Singleton Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 22. Statement of developer contributions

\$ '000

Under the *Environmental Planning and Assessment Act 1979*, Council has significant obligations to provide Section 7.11 (contributions towards provision or improvement of amenities or services) infrastructure in new release areas.

It is possible that the funds contributed may be less than the cost of this infrastructure, requiring Council to borrow or use general revenue to fund the difference.

SUMMARY OF CONTRIBUTIONS AND LEVIES

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Drainage	5	–	5	–	–	–	5	–
Roads	720	207	–	27	–	–	954	–
Parking	381	51	–	12	–	–	445	–
Open space	687	29	–	19	(36)	–	700	–
Community facilities	1,442	35	–	42	(8)	–	1,511	–
Bushfire facilities	1,017	–	–	30	(10)	–	1,037	–
Waste facilities	35	59	–	1	–	–	95	–
S7.11 contributions – under a plan	4,287	381	5	132	(54)	–	4,746	–
Total S7.11 and S7.12 revenue under plans	4,287	381	5	132	(54)	–	4,746	–
S7.11 not under plans	20	–	–	1	–	–	21	–
S64 contributions	9,179	303	–	169	–	–	9,651	–
Total contributions	13,486	684	5	302	(54)	–	14,418	–

Singleton Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 22. Statement of developer contributions (continued)

\$ '000

S7.11 CONTRIBUTIONS – UNDER A PLAN

Contribution Plan - No. 1

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Drainage	5	–	–	–	–	–	5	–
Roads	323	–	–	10	–	–	333	–
Parking	10	–	–	–	–	–	10	–
Open space	108	–	–	3	–	–	111	–
Community facilities	727	–	–	20	(8)	–	739	–
Total	1,173	–	–	33	(8)	–	1,198	–

Singleton Development Contributions Plan 2005

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Roads	180	–	–	5	–	–	185	–
Open space	70	–	–	1	(36)	–	35	–
Community facilities	260	–	–	8	–	–	268	–
Bushfire facilities	161	–	–	4	(10)	–	155	–
Waste facilities	31	–	–	1	–	–	32	–
Total	702	–	–	19	(46)	–	675	–

Singleton Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 22. Statement of developer contributions (continued)

\$ '000

S7.11 CONTRIBUTIONS – UNDER A PLAN

Singleton Development Contributions Plan 2008

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Roads	217	207	–	12	–	–	436	–
Parking	370	52	–	13	–	–	435	–
Open space	509	29	–	15	–	–	553	–
Community facilities	455	35	–	14	–	–	504	–
Bushfire facilities	856	58	–	26	–	–	940	–
Waste facilities	4	–	–	–	–	–	4	–
Total	2,411	381	–	80	–	–	2,872	–

S7.11 CONTRIBUTIONS – NOT UNDER A PLAN

PURPOSE	Opening balance	Contributions received during the year		Interest earned in year	Expenditure during year	Internal borrowing (to)/from	Held as restricted asset	Cumulative internal borrowings due/(payable)
		Cash	Non-cash					
Roads	13	–	–	–	–	–	13	–
Community facilities	7	–	–	–	–	–	7	–
Total	20	–	–	–	–	–	20	–

Singleton Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 23. Financial result and financial position by fund

Income Statement by fund			
\$ '000	2018	2018	2018
Continuing operations	Water	Sewer	General¹
Income from continuing operations			
Rates and annual charges	1,141	3,020	21,852
User charges and fees	5,502	935	8,561
Interest and investment revenue	1,128	647	853
Other revenues	1	9	716
Grants and contributions provided for operating purposes	85	85	11,357
Grants and contributions provided for capital purposes	333	112	7,816
Other income			
Net gains from disposal of assets	6	–	267
Share of interests in joint ventures and associates using the equity method	–	–	162
Total income from continuing operations	8,196	4,808	51,584
Expenses from continuing operations			
Employee benefits and on-costs	714	461	18,127
Borrowing costs	–	–	583
Materials and contracts	2,893	1,621	11,928
Depreciation and amortisation	2,554	1,013	9,535
Other expenses	504	260	4,500
Total expenses from continuing operations	6,665	3,355	44,673
Operating result from continuing operations	1,531	1,453	6,911
Net operating result attributable to each council fund	1,531	1,453	6,911
Net operating result for the year before grants and contributions provided for capital purposes	1,198	1,341	(905)

¹ General fund refers to all Council's activities other than Water and Sewer.

NB. All amounts disclosed above are gross – that is, they include internal charges and recoveries made between the funds.

Singleton Council

Notes to the Financial Statements as at 30 June 2018

Note 23. Financial result and financial position by fund (continued)

Statement of Financial Position by fund			
\$ '000	2018	2018	2018
ASSETS	Water	Sewer	General¹
Current assets			
Cash and cash equivalents	–	–	4,351
Investments	22,683	14,631	14,081
Receivables	995	580	2,341
Inventories	–	87	4,927
Other	–	–	468
Total current assets	23,678	15,298	26,168
Non-current assets			
Investments	13,100	8,463	10,437
Receivables	–	–	102
Infrastructure, property, plant and equipment	96,201	50,499	718,227
Investments accounted for using the equity method	–	–	297
Total non-current assets	109,301	58,962	729,063
TOTAL ASSETS	132,979	74,260	755,231
LIABILITIES			
Current liabilities			
Payables	66	–	3,714
Income received in advance	–	–	530
Borrowings	–	–	1,450
Provisions	314	106	3,590
Total current liabilities	380	106	9,284
Non-current liabilities			
Borrowings	–	–	5,314
Provisions	16	8	9,062
Total non-current liabilities	16	8	14,376
TOTAL LIABILITIES	396	114	23,660
Net assets	132,583	74,146	731,571
EQUITY			
Accumulated surplus	59,374	43,577	375,175
Revaluation reserves	73,209	30,569	356,396
Total equity	132,583	74,146	731,571

¹ General Fund refers to all Council's activities other than Water and Sewer.

NB. All amounts disclosed above are gross – that is, they include internal receivables and payables between the funds.

Singleton Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 24(a). Statement of performance measures – consolidated results

\$ '000	Amounts 2018	Indicator 2018	Prior periods		Benchmark
			2017	2016	
Local government industry indicators – consolidated					
1. Operating performance ratio					
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions less operating expenses	1,296	2.31%	-1.63%	-4.04%	> 0.00%
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions	55,989				
2. Own source operating revenue ratio					
Total continuing operating revenue ⁽¹⁾ excluding all grants and contributions	44,462	69.20%	63.99%	40.30%	> 60.00%
Total continuing operating revenue ⁽¹⁾	64,250				
3. Unrestricted current ratio					
Current assets less all external restrictions ⁽²⁾	20,078	3.18x	2.90x	2.33x	> 1.5x
Current liabilities less specific purpose liabilities ^(3, 4)	6,322				
4. Debt service cover ratio					
Operating result ⁽¹⁾ before capital excluding interest and depreciation/impairment/amortisation	14,981	7.93x	6.26x	5.65x	> 2x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	1,890				
5. Rates, annual charges, interest and extra charges outstanding percentage					
Rates, annual and extra charges outstanding	749	2.77%	3.20%	2.73%	< 10% regional & rural
Rates, annual and extra charges collectible	27,001				
6. Cash expense cover ratio					
Current year's cash and cash equivalents plus all term deposits	57,851	15.09 mths	13.4 mths	15.4 mths	> 3 mths
Payments from cash flow of operating and financing activities	3,834				

Notes

⁽¹⁾ Excludes fair value adjustments and reversal of revaluation decrements, net gain/(loss) on sale of assets and the net share of interests in joint ventures and associates.

⁽²⁾ Refer Notes 6-8 inclusive.

Also excludes any real estate and land for resale not expected to be sold in the next 12 months.

⁽³⁾ Refer to Notes 10 and 11.

⁽⁴⁾ Refer to Note 10(b) and 11(b) – excludes all payables and provisions not expected to be paid in the next 12 months (incl. ELE).

Singleton Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 24(b). Statement of performance measures – by fund

\$ '000	General indicators ⁵		Water indicators		Sewer indicators		Benchmark
	2018	2017	2018	2017	2018	2017	
Local government industry indicators – by fund							
1. Operating performance ratio							
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions							
less operating expenses							
<hr/>							
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions	-2.81%	-10.54%	14.98%	23.62%	28.47%	34.81%	> 0.00%
2. Own source operating revenue ratio							
Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions							
<hr/>							
Total continuing operating revenue ⁽¹⁾	63.60%	57.46%	87.93%	88.75%	96.92%	98.92%	> 60.00%
3. Unrestricted current ratio							
Current assets less all external restrictions ⁽²⁾							
<hr/>							
Current liabilities less specific purpose liabilities ^(3, 4)	3.18x	2.90x	47.86x	80.19x	116.97x	150.27x	> 1.5x

Notes

^{(1) - (4)} Refer to Notes at Note 23a above.⁽⁵⁾ General fund refers to all of Council's activities except for its water and sewer activities which are listed separately.

Singleton Council

Notes to the Financial Statements

for the year ended 30 June 2018

Note 24(b). Statement of performance measures – by fund (continued)

\$ '000	General indicators ⁵		Water indicators		Sewer indicators		Benchmark
	2018	2017	2018	2017	2018	2017	
Local government industry indicators – by fund (continued)							
4. Debt service cover ratio							
Operating result ⁽¹⁾ before capital excluding interest and depreciation/impairment/amortisation	4.72x	3.74x	0.00x	0.00x	0.00x	0.00x	> 2x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
5. Rates, annual charges, interest and extra charges outstanding percentage							
Rates, annual and extra charges outstanding	2.70%	3.20%	3.97%	3.98%	2.84%	2.94%	< 10% regional & rural
Rates, annual and extra charges collectible							
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus all term deposits	15.09	3.57	0.00	56.63	0.00	121.77	> 3 months
Payments from cash flow of operating and financing activities	months	months	months	months	months	months	

Notes

(1) Refer to Notes at Note 23a above.

(5) General fund refers to all of Council's activities except for its water and sewer activities which are listed separately.

Singleton Council

Notes to the Financial Statements for the year ended 30 June 2018

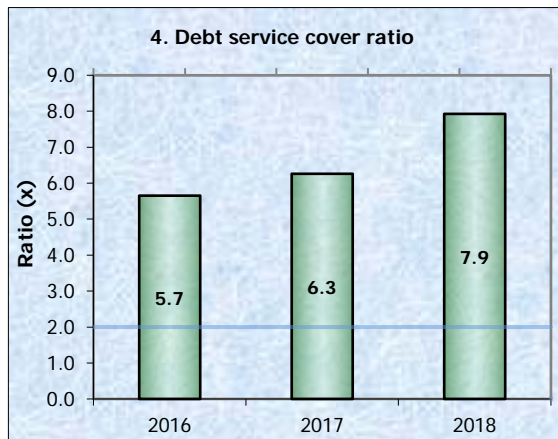
Note 24(c). Statement of performance measures – consolidated results (graphs)

<p>1. Operating performance ratio</p> <p>Benchmark: — Minimum $\geq 0.00\%$ Source for benchmark: Code of Accounting Practice and Financial Reporting #26</p>	<p>Purpose of operating performance ratio</p> <p>This ratio measures Council's achievement of containing operating expenditure within operating revenue.</p>	<p>Commentary on 2017/18 result</p> <p>2017/18 ratio 2.31%</p> <p>Council's operating performance of 2.66% has improved through is slightly below the industry benchmark of 3%. This result compares favourably with a negative 2% in 2017.</p>
<p>2. Own source operating revenue ratio</p> <p>Benchmark: — Minimum $\geq 60.00\%$ Source for benchmark: Code of Accounting Practice and Financial Reporting #26</p>	<p>Purpose of own source operating revenue ratio</p> <p>This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions.</p>	<p>Commentary on 2017/18 result</p> <p>2017/18 ratio 69.20%</p> <p>Council's own source of operating revenue was almost 69% which exceeded the OLG benchmark of 60%.</p>
<p>3. Unrestricted current ratio</p> <p>Benchmark: — Minimum ≥ 1.50 Source for benchmark: Code of Accounting Practice and Financial Reporting #26</p>	<p>Purpose of unrestricted current ratio</p> <p>To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.</p>	<p>Commentary on 2017/18 result</p> <p>2017/18 ratio 3.18x</p> <p>Council's unrestricted current ratio increased to 3.3 and has exceeded the benchmark by more than two times.</p>

Singleton Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 24(c). Statement of performance measures – consolidated results (graphs)



Benchmark: — Minimum ≥ 2.00

Source for benchmark: Code of Accounting Practice and Financial Reporting #26

Purpose of debt service cover ratio

This ratio measures the availability of operating cash to service debt including interest, principal and lease payments

Commentary on 2017/18 result

2017/18 ratio 7.93x

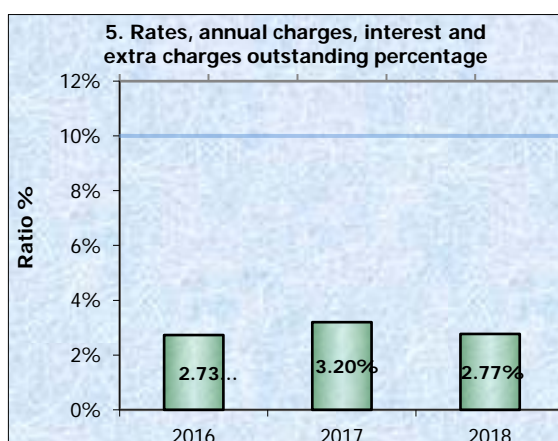
Council's debt service cover ratio was 8.03%. The improvement was principally due to the better operating result before capital grants and contributions.



Ratio achieves benchmark



Ratio is outside benchmark



Benchmark: — Maximum $< 10.00\%$

Source for Benchmark: Code of Accounting Practice and Financial Reporting #26

Purpose of rates and annual charges outstanding ratio

To assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.

Commentary on 2017/18 result

2017/18 ratio 2.77%

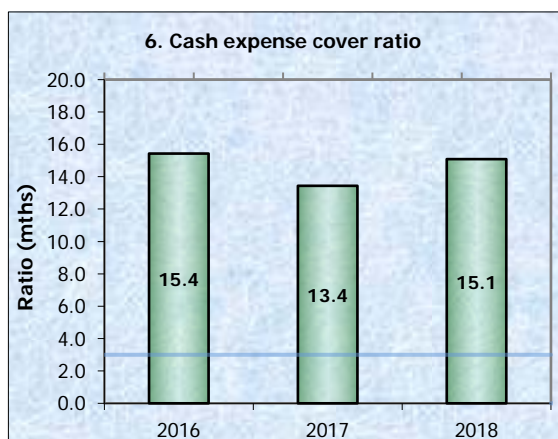
The rates and annual charges outstanding were 2.77% as at 30 June 2018 compared to 3.20% for the 2017 financial year. This is a better result than industry benchmark of below 10%.



Ratio is within Benchmark



Ratio is outside Benchmark



Benchmark: — Minimum ≥ 3.00

Source for benchmark: Code of Accounting Practice and Financial Reporting #26

Purpose of cash expense cover ratio

This liquidity ratio indicates the number of months a Council can continue paying for its immediate expenses without additional cash inflow.

Commentary on 2017/18 result

2017/18 ratio 15.09 mths

Council's cash expense cover ratio over 16 months and exceeds the benchmark of three months.



Ratio achieves benchmark



Ratio is outside benchmark

Singleton Council

Notes to the Financial Statements for the year ended 30 June 2018

Note 25. Council information and contact details

Principal place of business:

12-14 Queen Street
SINGLETON NSW 2330

Contact details

Mailing address:

PO Box 314
SINGLETON NSW 2330

Opening hours:

Monday to Friday, 8 am to 4.30 pm

Telephone: 02 6578 7290

Facsimile: 02 6572 4197

Internet: www.singleton.nsw.gov.au

Email: ssc@singleton.nsw.gov.au

Officers

GENERAL MANAGER

Jason Linnane

RESPONSIBLE ACCOUNTING OFFICER

Jeannie Hayes

PUBLIC OFFICER

Anthony Egan

AUDITORS

Audit Office of New South Wales
Level 15, 1 Margaret Street
SYDNEY NSW 2000

Elected members

MAYOR

Mayor Sue Moore

COUNCILLORS

Cr John Martin OAM

Cr Godfrey Adamthwaite

Cr Sarah Lukeman

Cr Hollee Jenkins

Cr Sue George

Cr Tony McNamara

Cr Tony Jarrett

Cr Val Scott

Cr Danny Thompson

Other information

ABN: 52 877 492 396



INDEPENDENT AUDITOR'S REPORT

Report on the general purpose financial report

Singleton Council

To the Councillors of Singleton Council

Opinion

I have audited the accompanying financial report of Singleton Council (the Council), which comprise the Income Statement and Statement of Comprehensive Income for the year ended 30 June 2018, the Statement of Financial Position as at 30 June 2018, the Statement of Changes in Equity and Statement of Cash Flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by Councillors and Management.

In my opinion,

- 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)
- the financial report:
 - has been presented, in all material respects, in accordance with the requirements of this Division
 - is consistent with the Council's accounting records
 - presents fairly, in all material respects, the financial position of the Council as at 30 June 2018, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- all information relevant to the conduct of the audit has been obtained
- no material deficiencies in the accounting records or financial report have come to light during the audit.

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Report' section of my report.

I am independent of the Council in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of councils
- precluding the Auditor-General from providing non-audit services.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Other Information

Other information comprises the information included in the Council's annual report for the year ended 30 June 2018, other than the financial report and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the special purpose financial statements and Special Schedules (the Schedules).

My opinion on the financial report does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information. However, as required by the *Local Government Act 1993*, I have separately expressed an opinion on the special purpose financial statements and Special Schedule 2 - Permissible income for general rates.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Report

The Councillors are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards 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 report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Councillors are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting except where the Council will be dissolved or amalgamated by an Act of Parliament, or otherwise cease operations.

Auditor's Responsibilities for the Audit of the Financial Report

My objectives are to:

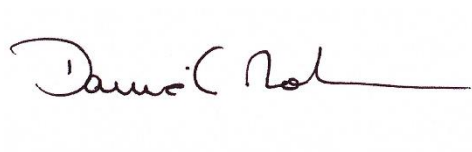
- obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial report.

A description of my responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- on the Original Budget information included in the Income Statement, Statement of Cash Flows, and Note 18 Material budget variations
- on the Special Schedules. A separate opinion has been provided on Special Schedule 2 - Permissible income for general rates
- about the security and controls over the electronic publication of the audited financial report on any website where it may be presented
- about any other information which may have been hyperlinked to/from the financial report.

A handwritten signature in dark ink, appearing to read 'David Nolan', with a long horizontal flourish extending to the right.

David Nolan
Director, Financial Audit Services

23 October 2018
SYDNEY

Cr Sue Moore
Mayor
Singleton Council
PO Box 314
SINGLETON NSW 2330

Contact: David Nolan
Phone no: 02 9275 7377
Our ref: D1825881/1786

23 October 2018

Dear Mayor

**Report on the Conduct of the Audit
for the year ended 30 June 2018
Singleton Council**

I have audited the general purpose financial statements of Singleton Council (the Council) for the year ended 30 June 2018 as required by section 415 of the *Local Government Act 1993* (the Act).

I expressed an unmodified opinion on the Council's general purpose financial statements.

This Report on the Conduct of the Audit (the Report) for the Council for the year ended 30 June 2018 is issued in accordance with section 417 of the Act. This Report should be read in conjunction with my audit opinion on the general purpose financial statements issued under section 417(2) of the Act.

INCOME STATEMENT

Operating result

	2018 \$m	2017 \$m	Variance %
Rates and annual charges revenue	26.0	24.7	↑ 5.3
Grants and contributions revenue	19.8	24.1	↓ 17.8
Operating result for the year	9.9	13.0	↓ 23.8
Net operating result before capital amounts	1.6	(1.1)	↑ 246

Council's operating result (\$9.9 million including the effect of depreciation expense of \$13.1 million) was \$3.1 million lower than the 2016–17 result. The decrease from the previous year is mainly due to reduced receipts from capital grants and contributions.

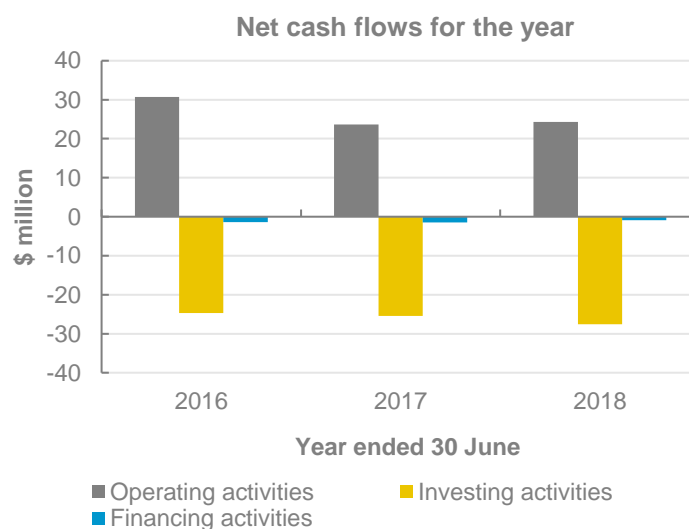
The net operating result before capital grants and contributions (\$1.6 million) was \$2.7 million higher than the 2016–17 result due to increased operating revenue as opposed to capital receipts.

Rates and annual charges revenue (\$26 million) increased by \$1.3 million (5.3 per cent) in 2017–2018. Council had an approved Special Rate Variation of 9.75 per cent for 2017–18.

Grants and contributions revenue (\$19.8 million) decreased by \$4.3 million (17.8 per cent) in 2017–2018 due to the timing of financial assistance grants received over the past two years and reduced capital funding for transport assets. These reductions were offset by the receipt of additional funding from the 'Resources to Regions' program.

STATEMENT OF CASH FLOWS

- The Statement of Cash Flows illustrates the flow of cash and cash equivalents moving in and out of Council during the year and reveals that cash decreased by \$4.2 million to \$4.4 million at the close of the year.
- The decrease can be mostly attributed holding more funds in longer term deposits.



FINANCIAL POSITION

Cash and Investments

Cash and Investments	2018	2017	Commentary
	\$m	\$m	
External restrictions	71.4	70.1	• External restrictions include unspent specific purpose grants, contributions and domestic waste charges, and water and sewerage funds.
Internal restrictions	16.4	12.1	
Unrestricted	0	0	• Balances are internally restricted due to Council policy or decisions for forward plans including works program.
Cash and investments	87.8	82.3	

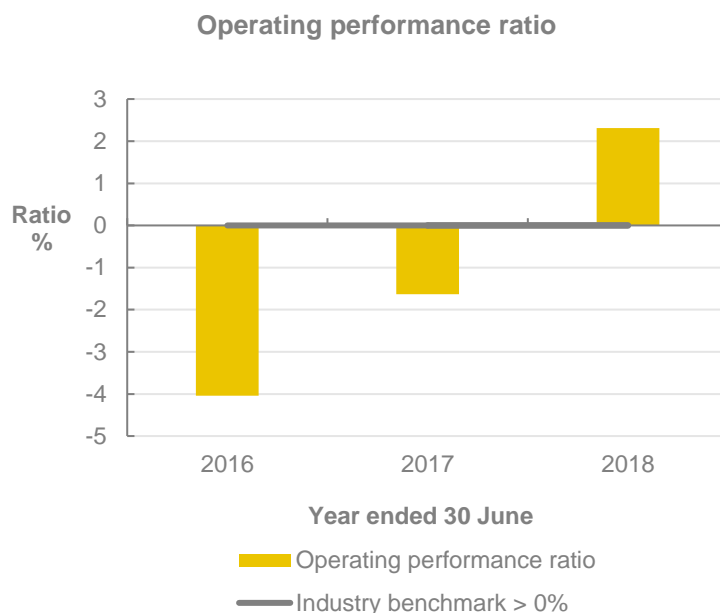
PERFORMANCE RATIOS

The definition of each ratio analysed below (except for the 'building and infrastructure renewals ratio') is included in Note 24 of the Council's audited general purpose financial statements. The 'building and infrastructure renewals ratio' is defined in Council's Special Schedule 7 which has not been audited.

Operating performance ratio

- The indicator of 2.3 per cent was above the industry benchmark.
- The variance from the previous year is due to the improved operating result before capital revenue.

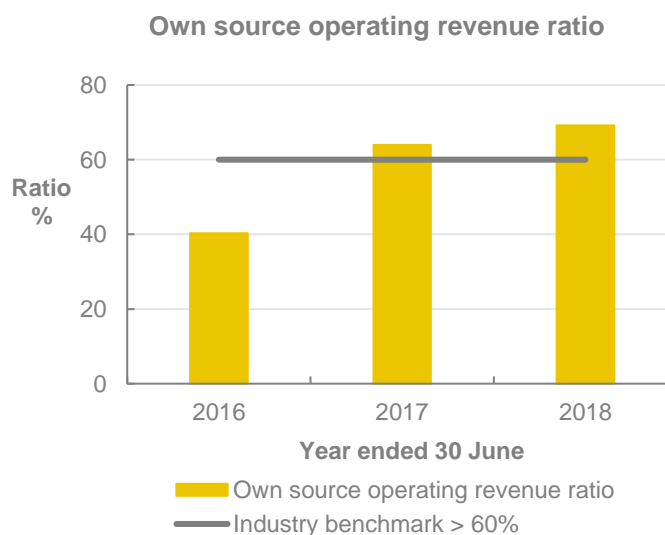
The 'operating performance ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by the Office of Local Government (OLG) is greater than zero per cent.



Own source operating revenue ratio

- Council's own source operating revenue ratio of 69.2 per cent was above the industry benchmark.
- This ratio fluctuates with movements in grants and contributions.

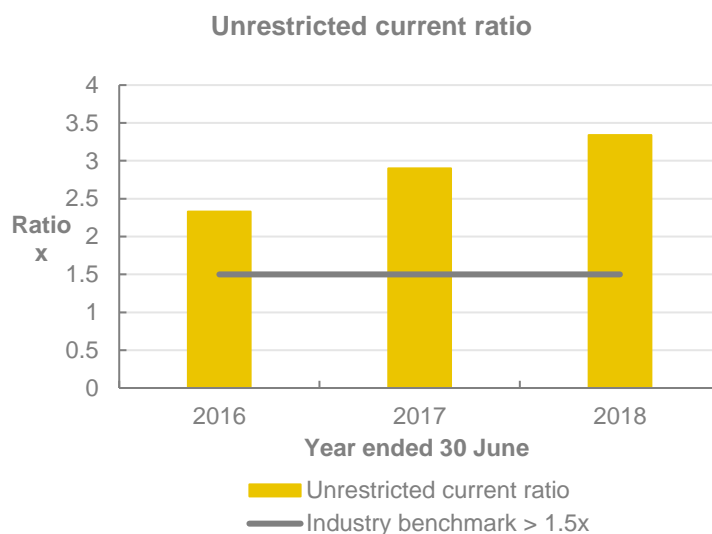
The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.



Unrestricted current ratio

- This ratio indicated that Council currently had 3.3 times of unrestricted assets available to service every one dollar of its unrestricted current liabilities. This exceeded the industry benchmark.

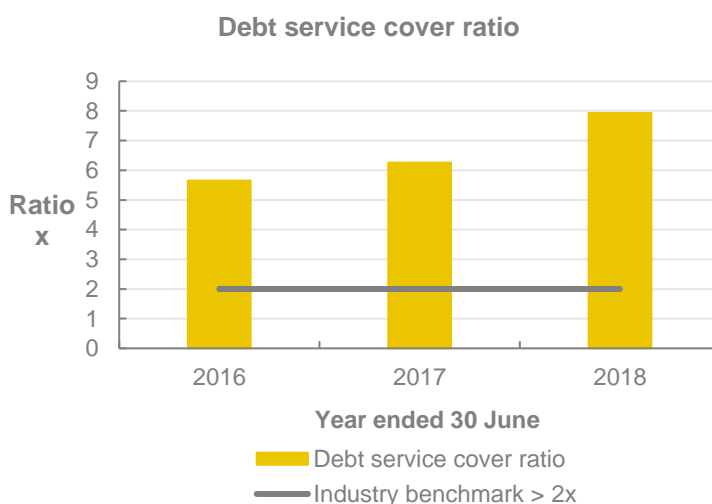
The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



Debt service cover ratio

- The debt service cover ratio of 7.9 times exceeded the industry benchmark.
- The variance from the previous year is a reflection of the improved operating result before capital revenue.

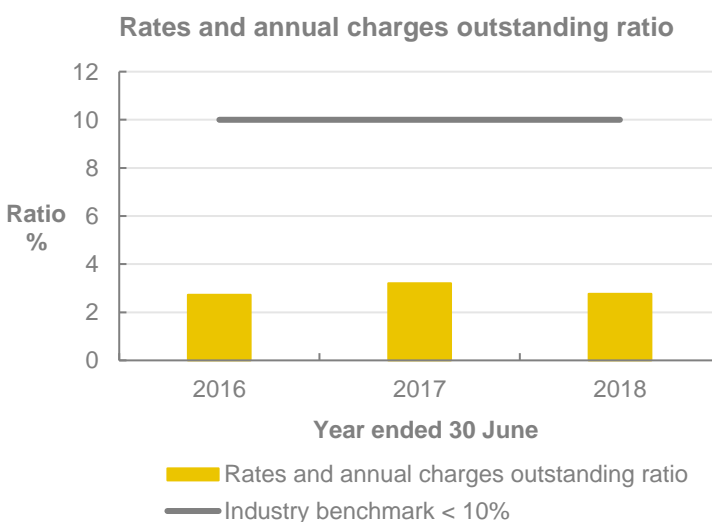
The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.



Rates and annual charges outstanding ratio

- Council's outstanding rates and charges ratio of 2.8 per cent was within the industry benchmark.

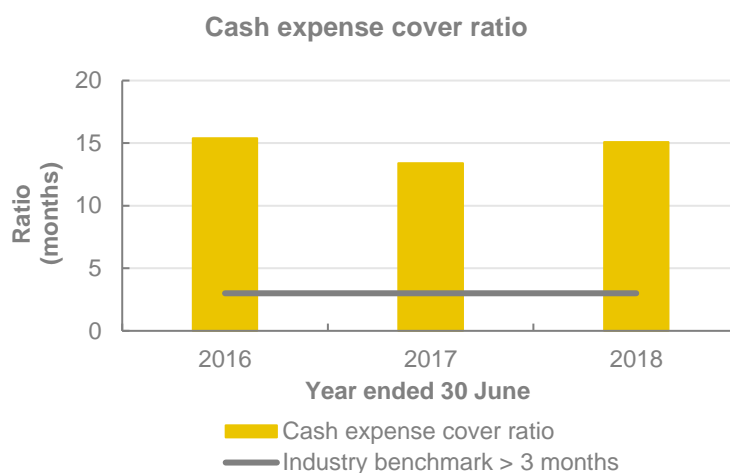
The 'rates and annual charges outstanding ratio' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 10 per cent for regional and rural councils.



Cash expense cover ratio

- Council's cash expense cover ratio of 15.1 months well exceeded the industry benchmark.

This liquidity ratio indicates the number of months the Council can continue paying for its immediate expenses without additional cash inflow. The benchmark set by OLG is greater than three months.

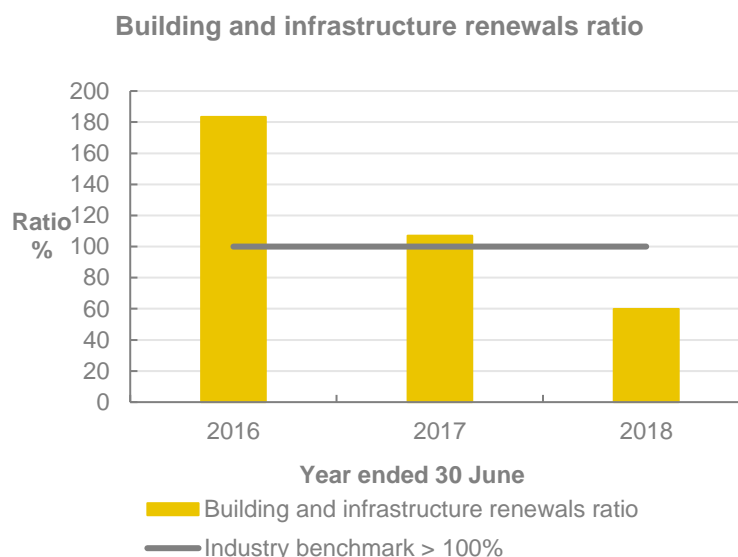


Building and infrastructure renewals ratio (unaudited)

- Council's building and infrastructure renewals ratio of 59.8 per cent was below the industry benchmark.
- The reduction is due to Council's capital works program for 2017-18 providing for more new assets compared to asset renewals.

The 'building and infrastructure renewals ratio' assesses the rate at which these assets are being renewed against the rate at which they are depreciating. The benchmark set by OLG is greater than 100 per cent.

This ratio is sourced from council's Special Schedule 7 which has not been audited.

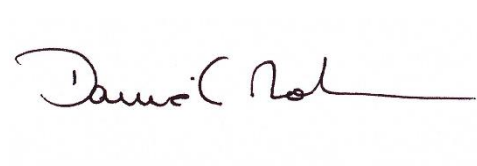


OTHER MATTERS

Legislative compliance

My audit procedures did not identify any instances of non-compliance with legislative requirements or a material deficiency in the Council's accounting records or financial reports. The Council's:

- accounting records were maintained in a manner and form to allow the general purpose financial statements to be prepared and effectively audited
- staff provided all accounting records and information relevant to the audit.



David Nolan
Director, Financial Audit Services

cc: Mr Jason Linnane, General Manager
Mr Martin Le Marchant, Chair of the Audit, Risk and Improvement Committee
Mr Tim Hurst, Chief Executive of the Office of Local Government

Singleton Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2018

**Vibrant | Connected | Sustainable |
Resilient | Progressive**



Singleton Council

Special Purpose Financial Statements

for the year ended 30 June 2018

Contents	Page
1. Statement by Councillors and Management	2
2. Special Purpose Financial Statements:	
Income Statement – Water Supply Business Activity	3
Income Statement – Sewerage Business Activity	4
Income Statement – Other Business Activities	5
Statement of Financial Position – Water Supply Business Activity	7
Statement of Financial Position – Sewerage Business Activity	8
Statement of Financial Position – Other Business Activities	9
3. Notes to the Special Purpose Financial Statements	11
4. Auditor's Report	21

Background

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

Essentially, the principle is that government businesses, whether Commonwealth, state or local, should operate without net competitive advantages over other businesses as a result of their public ownership.
 - (iii) For Council, the principle of competitive neutrality and public reporting applies only to declared business activities.

These include **(a)** those activities classified by the Australian Bureau of Statistics as business activities being water supply, sewerage services, abattoirs, gas production and reticulation, and **(b)** those activities with a turnover of more than \$2 million that Council has formally declared as a business activity (defined as Category 1 activities).
 - (iv) In preparing these financial statements for Council's self-classified Category 1 businesses and ABS-defined activities, councils must **(a)** adopt a corporatisation model and **(b)** apply full cost attribution including tax-equivalent regime payments and debt guarantee fees (where the business benefits from Council's borrowing position by comparison with commercial rates).
-

Singleton Council

Special Purpose Financial Statements for the year ended 30 June 2018

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

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

- the NSW Government Policy Statement 'Application of National Competition Policy to Local Government',
- the Division of Local Government Guidelines 'Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality',
- the Local Government Code of Accounting Practice and Financial Reporting,
- the NSW Office of Water Best-Practice Management of Water and Sewerage Guidelines.

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

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

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

Signed in accordance with a resolution of Council made on 17 September 2018.



Mayor Sue Moore
Mayor



Cr Tony Jarrett
Deputy Mayor



Jason Linnane
General Manager



Jeannie Hayes
Responsible Accounting Officer

Singleton Council

Income Statement of Council's Water Supply Business Activity

for the year ended 30 June 2018

\$ '000	2018	2017
Income from continuing operations		
Access charges	1,141	1,118
User charges	5,502	4,049
Interest	1,128	1,124
Grants and contributions provided for non-capital purposes	85	43
Profit from the sale of assets	6	–
Other income	1	201
Total income from continuing operations	7,863	6,535
Expenses from continuing operations		
Employee benefits and on-costs	714	639
Materials and contracts	2,893	2,690
Depreciation, amortisation and impairment	2,554	1,780
Calculated taxation equivalents	20	19
Other expenses	504	317
Total expenses from continuing operations	6,685	5,445
Surplus (deficit) from continuing operations before capital amounts	1,178	1,090
Grants and contributions provided for capital purposes	333	780
Surplus (deficit) from continuing operations after capital amounts	1,511	1,870
Surplus (deficit) from all operations before tax	1,511	1,870
Less: corporate taxation equivalent (30%) [based on result before capital]	(353)	(327)
SURPLUS (DEFICIT) AFTER TAX	1,158	1,543
Plus opening retained profits	58,034	56,145
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	20	19
– Corporate taxation equivalent	353	327
Less:		
– Surplus dividend paid	(192)	–
Closing retained profits	59,374	58,034
Return on capital %	1.2%	1.2%
Subsidy from Council	1,352	2,365
Calculation of dividend payable:		
Surplus (deficit) after tax	1,158	1,543
Less: capital grants and contributions (excluding developer contributions)	(142)	(658)
Surplus for dividend calculation purposes	1,015	885
Potential dividend calculated from surplus	508	443

Singleton Council

Income Statement of Council's Sewerage Business Activity

for the year ended 30 June 2018

\$ '000	2018	2017
Income from continuing operations		
Access charges	3,020	3,706
User charges	844	–
Liquid trade waste charges	91	83
Interest	647	1,014
Grants and contributions provided for non-capital purposes	85	35
Profit from the sale of assets	–	2
Other income	9	145
Total income from continuing operations	4,696	4,985
Expenses from continuing operations		
Employee benefits and on-costs	461	474
Materials and contracts	1,621	1,606
Depreciation, amortisation and impairment	1,013	1,014
Calculated taxation equivalents	4	2
Other expenses	260	165
Total expenses from continuing operations	3,359	3,261
Surplus (deficit) from continuing operations before capital amounts	1,337	1,724
Grants and contributions provided for capital purposes	112	19
Surplus (deficit) from continuing operations after capital amounts	1,449	1,743
Surplus (deficit) from all operations before tax	1,449	1,743
Less: corporate taxation equivalent (30%) [based on result before capital]	(401)	(517)
SURPLUS (DEFICIT) AFTER TAX	1,048	1,226
Plus opening retained profits	42,300	40,555
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	4	2
– Corporate taxation equivalent	401	517
Less:		
– Surplus dividend paid	(176)	–
Closing retained profits	43,577	42,300
Return on capital %	2.6%	3.6%
Calculation of dividend payable:		
Surplus (deficit) after tax	1,048	1,226
Surplus for dividend calculation purposes	1,048	1,226
Potential dividend calculated from surplus	524	613

Singleton Council

Income Statement of Council's Other Business Activities

for the year ended 30 June 2018

	Strategic Services Australia Ltd Category 2		Singleton Regional Livestock Markets Category 2	
\$ '000	2018	2017	2018	2017
Income from continuing operations				
User charges	271	272	294	340
Grants and contributions provided for non-capital purposes	64	64	—	—
Profit from the sale of assets	59	—	—	—
Other income	11	1	12	12
Total income from continuing operations	405	337	306	352
Expenses from continuing operations				
Employee benefits and on-costs	212	215	236	152
Borrowing costs	7	5	—	—
Materials and contracts	81	66	326	73
Depreciation, amortisation and impairment	10	12	95	100
Loss on sale of assets	—	—	—	4
Debt guarantee fee (if applicable)	—	1	—	—
Other expenses	67	39	38	30
Total expenses from continuing operations	377	338	695	359
Surplus (deficit) from continuing operations before capital amounts	28	(1)	(389)	(7)
Grants and contributions provided for capital purposes	—	—	4,692	976
Surplus (deficit) from continuing operations after capital amounts	28	(1)	4,303	969
Surplus (deficit) from discontinued operations	133	19	—	—
Surplus (deficit) from all operations before tax	161	18	4,303	969
Less: corporate taxation equivalent (30%) [based on result before capital]	(8)	—	—	—
SURPLUS (DEFICIT) AFTER TAX	153	18	4,303	969
Plus opening retained profits	135	116	3,190	3,014
Subsidy from Council	—	—	3,907	(793)
Plus adjustments for amounts unpaid:				
– Debt guarantee fees	—	1	—	—
– Corporate taxation equivalent	8	—	—	—
Closing retained profits	296	135	11,400	3,190
Return on capital %	134.6%	1.8%	-3.4%	-0.2%
Subsidy from Council	—	—	688	—

Singleton Council

Income Statement of Council's Other Business Activities

for the year ended 30 June 2018

Singleton Gym &
Swim
Category 2

\$ '000	2018	2017
Income from continuing operations		
Fees	1,701	1,721
Grants and contributions provided for non-capital purposes	172	153
Total income from continuing operations	1,873	1,874
Expenses from continuing operations		
Employee benefits and on-costs	814	814
Borrowing costs	15	17
Materials and contracts	1,313	1,329
Depreciation, amortisation and impairment	245	305
Calculated taxation equivalents	3	3
Debt guarantee fee (if applicable)	2	2
Other expenses	361	292
Total expenses from continuing operations	2,753	2,762
Surplus (deficit) from continuing operations before capital amounts	(880)	(888)
Surplus (deficit) from continuing operations after capital amounts	(880)	(888)
Surplus (deficit) from all operations before tax	(880)	(888)
SURPLUS (DEFICIT) AFTER TAX	(880)	(888)
Plus opening retained profits	9,765	9,010
Subsidy from Council	3,894	1,638
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	3	3
– Debt guarantee fees	2	2
Closing retained profits	12,784	9,765
Return on capital %	-6.7%	-8.7%
Subsidy from Council	1,205	–

Singleton Council

Statement of Financial Position – Council's Water Supply Business Activity
as at 30 June 2018

\$ '000	2018	2017
ASSETS		
Current assets		
Investments	22,683	25,994
Receivables	995	630
Total current assets	23,678	26,624
Non-current assets		
Investments	13,100	8,648
Infrastructure, property, plant and equipment	96,201	94,593
Total non-current assets	109,301	103,241
TOTAL ASSETS	132,979	129,865
LIABILITIES		
Current liabilities		
Payables	66	64
Provisions	314	268
Total current liabilities	380	332
Non-current liabilities		
Provisions	16	10
Total non-current liabilities	16	10
TOTAL LIABILITIES	396	342
NET ASSETS	132,583	129,523
EQUITY		
Accumulated surplus	59,374	58,034
Revaluation reserves	73,209	71,489
Council equity interest	132,583	129,523
TOTAL EQUITY	132,583	129,523

Singleton Council

Statement of Financial Position – Council's Sewerage Business Activity
as at 30 June 2018

\$ '000	2018	2017
ASSETS		
Current assets		
Investments	14,631	16,272
Receivables	580	326
Inventories	87	82
Total current Assets	15,298	16,680
Non-current assets		
Investments	8,463	6,530
Infrastructure, property, plant and equipment	50,499	48,227
Total non-current assets	58,962	54,757
TOTAL ASSETS	74,260	71,437
LIABILITIES		
Current liabilities		
Provisions	106	111
Total current liabilities	106	111
Non-current liabilities		
Provisions	8	8
Total non-current liabilities	8	8
TOTAL LIABILITIES	114	119
NET ASSETS	74,146	71,318
EQUITY		
Accumulated surplus	43,577	42,300
Revaluation reserves	30,569	29,018
Council equity interest	74,146	71,318
TOTAL EQUITY	74,146	71,318

Singleton Council

Statement of Financial Position – Council's Other Business Activities

as at 30 June 2018

	Strategic Services Australia Ltd Category 2		Singleton Regional Livestock Markets Category 2	
\$ '000	2018	2017	2018	2017
ASSETS				
Current assets				
Cash and cash equivalents	274	12	–	–
Receivables	91	43	25	49
Other	3	5	–	–
Non-current assets classified as held for sale	–	27	–	–
Total Current Assets	368	87	25	49
Non-current assets				
Infrastructure, property, plant and equipment	26	226	11,375	3,141
Total non-current assets	26	226	11,375	3,141
TOTAL ASSETS	394	313	11,400	3,190
LIABILITIES				
Current liabilities				
Payables	37	38	–	–
Borrowings	–	66	–	–
Other	26	26	–	–
Provisions	33	36	–	–
Total current liabilities	96	166	–	–
Non-current liabilities				
Borrowings	–	9	–	–
Provisions	2	3	–	–
Total non-current liabilities	2	12	–	–
TOTAL LIABILITIES	98	178	–	–
NET ASSETS	296	135	11,400	3,190
EQUITY				
Accumulated surplus	296	57	5,542	1,239
Revaluation reserves	–	78	–	–
Other reserves	–	–	5,858	1,951
Council equity interest	296	135	11,400	3,190
TOTAL EQUITY	296	135	11,400	3,190

Singleton Council

Statement of Financial Position – Council's Other Business Activities

as at 30 June 2018

Singleton Gym & Swim

Category 2

\$ '000	2018	2017
ASSETS		
Current assets		
Receivables	33	33
Total Current Assets	33	33
Non-current assets		
Infrastructure, property, plant and equipment	12,932	9,956
Total non-current assets	12,932	9,956
TOTAL ASSETS	12,965	9,989
LIABILITIES		
Current liabilities		
Borrowings	47	43
Total current liabilities	47	43
Non-current liabilities		
Borrowings	134	181
Total non-current liabilities	134	181
TOTAL LIABILITIES	181	224
NET ASSETS	12,784	9,765
EQUITY		
Accumulated surplus	(4,988)	(4,113)
Other reserves	17,772	13,878
TOTAL EQUITY	12,784	9,765

Singleton Council

Special Purpose Financial Statements

for the year ended 30 June 2018

Contents of the notes accompanying the financial statements

Note	Details	Page
1	Summary of significant accounting policies	12
2	Water Supply Business Best-Practice Management disclosure requirements	16
3	Sewerage Business Best-Practice Management disclosure requirements	18

Singleton Council

Notes to the Special Purpose Financial Statements for the year ended 30 June 2018

Note 1. Significant accounting policies

A statement summarising the supplemental accounting policies adopted in the preparation of the Special Purpose Financial Statements (SPFS) for National Competition Policy (NCP) reporting purposes follows.

These financial statements are SPFS prepared for use by Council and the Office of Local Government. For the purposes of these statements, the Council is a non-reporting not-for-profit entity.

The figures presented in these Special Purpose Financial Statements have been prepared in accordance with the recognition and measurement criteria of relevant Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and Australian Accounting Interpretations.

The disclosures in these Special Purpose Financial Statements have been prepared in accordance with the Local Government Act 1993 (NSW), the Local Government (General) Regulation, and the Local Government Code of Accounting Practice and Financial Reporting.

The statements are 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.

The Statement of Financial Position includes notional assets/liabilities receivable from/payable to Council's general fund. These balances reflect a notional intra-entity funding arrangement with the declared business activities.

National Competition Policy

Council has adopted the principle of 'competitive neutrality' in 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 NSW government policy statement titled 'Application of National Competition Policy to Local Government'.

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

The pricing and costing guidelines outline the process for identifying and allocating costs to activities and provide a standard for 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 and Costing for Council Businesses – A Guide to Competitive Neutrality*, Council has declared that the following are to be considered as business activities:

Category 1

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

a. Water Supplies

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

Singleton Council

Notes to the Special Purpose Financial Statements for the year ended 30 June 2018

Note 1. Significant accounting policies (continued)

b. Sewerage Services

Provision of sewerage treatment and disposal for the community of Singleton

Category 2

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

a. Singleton Regional Livestock Markets

The provision of livestock market facilities for the Singleton District.

b. Singleton Gym & Swim

Provision of aquatic and gym facilities.

c. Strategic Services Australia Ltd

Strategic Services Australia Ltd has been established to improve the quality and efficiency of local government service throughout the Hunter Region, via resource sharing.

Monetary amounts

Amounts shown in the financial statements are in Australian currency and rounded to the nearest thousand dollars, except for Note 2 (Water Supply Best-Practice Management Disclosures) and Note 3 (Sewerage Best-Practice Management Disclosures).

As required by Crown Lands and Water (CLAW), the amounts shown in Note 2 and Note 3 are disclosed in whole dollars.

(i) Taxation-equivalent charges

Council is liable to pay various taxes and financial duties. Where this is the case, they are disclosed as a cost of operations 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 Special Purpose Financial Statements.

For the purposes of disclosing comparative information relevant to the private sector equivalent, the following taxation equivalents have been applied to all Council-nominated business activities (this does not include Council's non-business activities):

Notional rate applied (%)

Corporate income tax rate – **30%**

Land tax – the first \$629,000 of combined land values attracts **0%**. For the combined land values in excess of \$629,001 up to \$3,846,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$3,846,000 a premium marginal rate of **2.0%** applies.

Payroll tax – **5.45%** on the value of taxable salaries and wages in excess of \$750,000.

In accordance with Crown Lands and Water (CLAW), 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.

Singleton Council

Notes to the Special Purpose Financial Statements for the year ended 30 June 2018

Note 1. Significant accounting policies (continued)

The payment of taxation equivalent charges, referred to in the NSW Office of Water Guidelines to as a 'dividend for taxation equivalent', may be applied for any purpose allowed under the *Local Government Act, 1993*.

Achievement of substantial compliance to the NSW Office of Water Guidelines 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 activities.

Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account in terms of assessing the rate of return required on capital invested.

Accordingly, the return on capital invested is set at a pre-tax level - gain/(loss) from ordinary activities before capital amounts, as would be applied by a private sector competitor. That is, it should include a provision equivalent to the corporate income tax rate, currently 30%.

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

Since the taxation equivalent is notional – that is, it is payable to Council as the 'owner' of business operations - it represents an internal payment and has no effect on the operations of the Council. Accordingly, there is no need for disclosure of internal charges in the SPFS.

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

Local government rates and charges

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

Loan and debt guarantee fees

The debt guarantee fee is designed to ensure that council business activities face 'true' commercial borrowing costs in line with private sector competitors.

In order to calculate a debt guarantee fee, Council has determined what the differential borrowing rate would have been between the commercial rate and 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 when Council provides services on a less-than-cost-recovery basis. This option is exercised on a range of services in order for Council to meet its community service obligations.

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

The overall effect of subsidies is contained within the Income Statement of each reported business activity.

Singleton Council

Notes to the Special Purpose Financial Statements for the year ended 30 June 2018

Note 1. Significant accounting policies (continued)

(iii) Return on investments (rate of return)

The NCP 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'.

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

The actual rate of return achieved by each business activity is disclosed at the foot of each respective Income Statement.

The rate of return is calculated as follows:

$$\frac{\text{Operating result before capital income + interest expense}}{\text{Written down value of I,PP\&E as at 30 June}}$$

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 2.63% at 30/6/18.

(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.

Each dividend must be calculated and approved in accordance with the DPIW guidelines and must not exceed:

- (i) 50% of this surplus in any one year, or
- (ii) the number of water supply or sewerage assessments at 30 June 2018 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with the DPIW guidelines a Dividend Payment form, Statement of Compliance, Unqualified Independent Financial Audit Report and Compliance Audit Report are required to be submitted to the DPIW.

Singleton Council

Notes to the Special Purpose Financial Statements for the year ended 30 June 2018

Note 2. Water supply business best-practice management disclosure requirements

Dollars amounts shown below are in whole dollars (unless otherwise indicated)

2018

1. Calculation and payment of tax-equivalents

[all local government local water utilities must pay this dividend for tax equivalents]

(i)	Calculated tax equivalents	20,000
(ii)	Number of assessments multiplied by \$3/assessment	21,150
(iii)	Amounts payable for tax equivalents [lesser of (i) and (ii)]	20,000
(iv)	Amounts actually paid for tax equivalents	–

2. Dividend from surplus

(i)	50% of surplus before dividends [calculated in accordance with Best-Practice Management for Water Supply and Sewerage Guidelines]	507,672
(ii)	Number of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment	191,500
(iii)	Cumulative surplus before dividends for the 3 years to 30 June 2018, less the cumulative dividends paid for the 2 years to 30 June 2017 and 30 June 2016	4,362,370

2018 Surplus	1,015,343	2017 Surplus	885,137	2016 Surplus	2,848,000
		2017 Dividend	192,170	2016 Dividend	193,940

(iv)	Maximum dividend from surplus [least of (i), (ii) and (iii) above]	191,500
(v)	Dividend actually paid from surplus [refer below for required pre-dividend payment criteria]	191,500
(vi)	Are the overhead reallocation charges to the water business fair and reasonable? ^a	YES

3. Required outcomes for 6 criteria

[to be eligible for the payment of a 'dividend from surplus', all the criteria below need a 'YES']

(i)	Completion of strategic business plan (including financial plan)	YES
(ii)	Full cost recovery, without significant cross subsidies [refer item 2 (a) in table 1 on page 22 of the Best-Practice Guidelines]	YES
	– Complying charges [item 2 (b) in table 1]	YES
	– DSP with commercial developer charges [item 2 (e) in table 1]	YES
	– If dual water supplies, complying charges [item 2 (g) in table 1]	YES
(iii)	Sound water conservation and demand management implemented	YES
(iv)	Sound drought management implemented	YES
(v)	Complete performance reporting form (by 15 September each year)	YES
(vi)	a. Integrated water cycle management evaluation	YES
	b. Complete and implement integrated water cycle management strategy	NO

Singleton Council

Notes to the Special Purpose Financial Statements for the year ended 30 June 2018

Note 2. Water supply business best-practice management disclosure requirements (continued)

Dollars amounts shown below are in whole dollars (unless otherwise indicated)

2018

National Water Initiative (NWI) financial performance indicators

NWI F1	Total revenue (water) Total income (w13) – grants for the acquisition of assets (w11a) – interest income (w9) – Aboriginal Communities W&S Program income (w10a)	\$'000	6,799
NWI F4	Revenue from residential usage charges (water) Income from residential usage charges (w6b) x 100 divided by the sum of [income from residential usage charges (w6a) + income from residential access charges (w6b)]	%	79.07%
NWI F9	Written down replacement cost of fixed assets (water) Written down current cost of system assets (w47)	\$'000	90,567
NWI F11	Operating cost (OMA) (water) Management expenses (w1) + operational and maintenance expenses (w2)	\$'000	3,924
NWI F14	Capital expenditure (water) Acquisition of fixed assets (w16)	\$'000	776
NWI F17	Economic real rate of return (water) [total income (w13) – interest income (w9) – grants for acquisition of assets (w11a) – operating costs (NWI F11) – current cost depreciation (w3)] x 100 divided by [written down current cost of system assets (w47) + plant and equipment (w33b)]	%	0.33%
NWI F26	Capital works grants (water) Grants for the acquisition of assets (w11a)	\$'000	137

- Notes:
- References to w (e.g. w12) refer to item numbers within Special Schedules 3 and 4 of Council's Annual Financial Statements.
 - The NWI performance indicators are based upon the National Performance Framework Handbook for Urban Performance Reporting Indicators and Definitions.
- a refer to 3.2 (2) on page 15 of the Best-Practice Management of Water Supply and Sewerage Guidelines, 2007

Singleton Council

Notes to the Special Purpose Financial Statements for the year ended 30 June 2018

Note 3. Sewerage business best-practice management disclosure requirements

Dollars amounts shown below are in whole dollars (unless otherwise indicated)

2018

1. Calculation and payment of tax-equivalents

[all local government local water utilities must pay this dividend for tax equivalents]

(i)	Calculated tax equivalents	4,000
(ii)	Number of assessments multiplied by \$3/assessment	21,150
(iii)	Amounts payable for tax equivalents [lesser of (i) and (ii)]	4,000
(iv)	Amounts actually paid for tax equivalents	–

2. Dividend from surplus

(i)	50% of surplus before dividends [calculated in accordance with Best-Practice Management for Water Supply and Sewerage Guidelines]	523,972
(ii)	Number of assessments x (\$30 less tax equivalent charges per assessment)	175,940
(iii)	Cumulative surplus before dividends for the 3 years to 30 June 2018, less the cumulative dividends paid for the 2 years to 30 June 2017 and 30 June 2016	3,191,731

2018 Surplus	1,047,944	2017 Surplus	1,226,127	2016 Surplus	1,243,000
		2017 Dividend	132,000	2016 Dividend	193,340

(iv)	Maximum dividend from surplus [least of (i), (ii) and (iii) above]	175,940
(v)	Dividend actually paid from surplus [refer below for required pre-dividend payment criteria]	175,940
(vi)	Are the overhead reallocation charges to the sewer business fair and reasonable? ^a	YES

3. Required outcomes for 4 criteria

[to be eligible for the payment of a 'dividend from surplus', all the criteria below need a 'YES']

(i)	Completion of strategic business plan (including financial plan)	YES
(ii)	Pricing with full cost-recovery, without significant cross subsidies [refer item 2 (a) in table 1 on page 22 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. Integrated water cycle management evaluation	YES
	b. Complete and implement integrated water cycle management strategy	NO

Singleton Council

Notes to the Special Purpose Financial Statements for the year ended 30 June 2018

Note 3. Sewerage business best-practice management disclosure requirements (continued)

Dollars amounts shown below are in whole dollars (unless otherwise indicated)

2018

National Water Initiative (NWI) financial performance indicators

NWI F2	Total revenue (sewerage) Total income (s14) – grants for acquisition of assets (s12a) – interest income (s10) – Aboriginal Communities W&S Program income (w10a)	\$'000	4,171
NWI F10	Written down replacement cost of fixed assets (sewerage) Written down current cost of system assets (s48)	\$'000	45,843
NWI F12	Operating cost (sewerage) Management expenses (s1) + operational and maintenance expenses (s2)	\$'000	2,241
NWI F15	Capital expenditure (sewerage) Acquisition of fixed assets (s17)	\$'000	1,735
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 (i.e. WDCC) of system assets (s48) + plant and equipment (s34b)]	%	1.84%
NWI F27	Capital works grants (sewerage) Grants for the acquisition of assets (12a)	\$'000	–

National Water Initiative (NWI) financial performance indicators Water and sewer (combined)

NWI F3	Total income (water and sewerage) Total income (w13 + s14) + gain/loss on disposal of assets (w14 + s15) minus grants for acquisition of assets (w11a + s12a) – interest income (w9 + s10)	\$'000	10,976
NWI F8	Revenue from community service obligations (water and sewerage) Community service obligations (NWI F25) x 100 divided by total income (NWI F3)	%	0.69%
NWI F16	Capital expenditure (water and sewerage) Acquisition of fixed assets (w16 + s17)	\$'000	2,511
NWI F19	Economic real rate of return (water and sewerage) [total income (w13 + s14) – interest income (w9 + s10) – grants for acquisition of assets (w11a + s12a) – operating cost (NWI F11 + NWI F12) – current cost depreciation (w3 + s3)] x 100 divided by [written down replacement cost of fixed assets (NWI F9 + NWI F10) + plant and equipment (w33b + s34b)]	%	0.85%
NWI F20	Dividend (water and sewerage) Dividend paid from surplus (2 (v) of Note 2 + 2 (v) of Note 3)	\$'000	367
NWI F21	Dividend payout ratio (water and sewerage) Dividend (NWI F20) x 100 divided by net profit after tax (NWI F24)	%	14.82%

Singleton Council

Notes to the Special Purpose Financial Statements for the year ended 30 June 2018

Note 3. Sewerage business best-practice management disclosure requirements (continued)

Dollars amounts shown below are in whole dollars (unless otherwise indicated)

2018

National Water Initiative (NWI) financial performance indicators Water and sewer (combined)

NWI F22	Net debt to equity (water and sewerage)	%	-28.48%
	Overdraft (w36 + s37) + borrowings (w38 + s39) – cash and investments (w30 + s31) x 100 divided by [total assets (w35 + s36) – total liabilities (w40 + s41)]		
NWI F23	Interest cover (water and sewerage)		> 100
	Earnings before interest and tax (EBIT) divided by net interest		
	Earnings before interest and tax (EBIT):		1,253
	Operating result (w15a + s16a) + interest expense (w4a + s4a) – interest income (w9 + s10) – gain/loss on disposal of assets (w14 + s15) + miscellaneous expenses (w4b + w4c + s4b + s4c)		
	Net interest:		(1,747)
	Interest expense (w4a + s4a) – interest income (w9 + s10)		
NWI F24	Net profit after tax (water and sewerage)	\$'000	2,479
	Surplus before dividends (w15a + s16a) – tax equivalents paid (Note 2-1 (iv) + Note 3-1 (iv))		
NWI F25	Community service obligations (water and sewerage)	\$'000	76
	Grants for pensioner rebates (w11b + s12b)		

- Notes:
- References to w (eg. s12) refer to item numbers within Special Schedules 5 and 6 of Council's Annual Financial Statements.
 - The NWI performance indicators are based upon the National Performance Framework Handbook for Urban Performance Reporting Indicators and Definitions.
- a refer to 3.2 (2) on page 15 of the Best-Practice Management of Water Supply and Sewerage Guidelines, 2007



INDEPENDENT AUDITOR'S REPORT

Report on the special purpose financial report

Singleton Council

To the Councillors of Singleton Council

Opinion

I have audited the accompanying special purpose financial report (the financial report) of Singleton Council's (the Council) Declared Business Activities, which comprise the Income Statement of each Declared Business Activity for the year ended 30 June 2018, the Statement of Financial Position of each Declared Business Activity as at 30 June 2018, notes comprising a summary of Significant accounting policies and other explanatory information for the Business Activities declared by Council, and the Statement by Councillors and Management.

The Declared Business Activities of the Council are:

- Water Supply Business Activity
- Sewerage Business Activity
- Strategic Services Australia Ltd
- Singleton Regional Livestock Markets
- Singleton Gym and Swim.

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Council's declared Business Activities as at 30 June 2018, and its financial performance for the year then ended, in accordance with the Australian Accounting Standards described in Note 1 and the Local Government Code of Accounting Practice and Financial Reporting (LG Code).

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Report' section of my report.

I am independent of the Council in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as the auditor of councils
- precluding the Auditor-General from providing non-audit services.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Emphasis of Matter - Basis of Accounting

Without modifying my opinion, I 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 LG Code. As a result, the financial report may not be suitable for another purpose.

Other Information

Other information comprises the information included in the Council's annual report for the year ended 30 June 2018, other than the financial report and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements and Special Schedules (the Schedules).

My opinion on the financial report does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information. However, as required by the *Local Government Act 1993*, I have separately expressed an opinion on the general purpose financial statements and Special Schedule 2 - Permissible income for general rates.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

The Councillors' Responsibilities for the Financial Report

The Councillors are responsible for the preparation and fair presentation of the financial report and for determining that the accounting policies, described in Note 1 to the financial report, are appropriate to meet the requirements in the LG Code. The Councillors' responsibility also includes such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Councillors are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless it is not appropriate to do so.

Auditor's Responsibilities for the Audit of the Financial Report

My objectives are to:

- obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

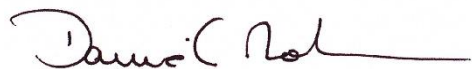
Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements.

Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial report.

A description of my responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

My opinion does not provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- on the best practice management disclosures in Notes 2 and 3 of the financial report
- about the security and controls over the electronic publication of the audited financial report on any website where it may be presented
- about any other information which may have been hyperlinked to/from the financial report.



David Nolan
Director, Financial Audit Services

23 October 2018
SYDNEY

Singleton Council

SPECIAL SCHEDULES

for the year ended 30 June 2018

**Vibrant | Connected | Sustainable |
Resilient | Progressive**



Singleton Council

Special Schedules for the year ended 30 June 2018

Contents

Page

Special Schedules ¹

Special Schedule 1	Net Cost of Services	2
Special Schedule 2	Permissible income for general rates	4
Special Schedule 2	Independent Auditors Report	5
Special Schedule 3	Water Supply Operations – incl. Income Statement	8
Special Schedule 4	Water Supply – Statement of Financial Position	11
Special Schedule 5	Sewerage Service Operations – incl. Income Statement	12
Special Schedule 6	Sewerage Service – Statement of Financial Position	15
Notes to Special Schedules 3 and 5		16
Special Schedule 7	Report on Infrastructure Assets	17

¹ Special Schedules are not audited (with the exception of Special Schedule 2).

Background

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

Singleton Council

Special Schedule 1 – Net Cost of Services

for the year ended 30 June 2018

\$'000

Function or activity	Expenses from continuing operations	Income from continuing operations		Net cost of services
		Non-capital	Capital	
Governance	724	–	–	(724)
Administration	6,756	896	2	(5,858)
Public order and safety				
Fire service levy, fire protection, emergency services	1,592	313	168	(1,111)
Beach control	–	–	–	–
Enforcement of local government regulations	29	102	–	73
Animal control	77	62	–	(15)
Other	–	–	–	–
Total public order and safety	1,698	477	168	(1,053)
Health	–	–	–	–
Environment				
Noxious plants and insect/vermin control	96	–	–	(96)
Other environmental protection	21	–	–	(21)
Solid waste management	5,921	6,116	40	235
Street cleaning	–	–	–	–
Drainage	–	–	–	–
Stormwater management	1,055	142	–	(913)
Total environment	7,093	6,258	40	(795)
Community services and education				
Administration and education	451	73	–	(378)
Social protection (welfare)	–	–	–	–
Aged persons and disabled	–	–	–	–
Children's services	2,287	1,845	–	(442)
Total community services and education	2,738	1,918	–	(820)
Housing and community amenities				
Public cemeteries	36	45	–	9
Public conveniences	–	–	–	–
Street lighting	484	59	–	(425)
Town planning	3,653	4,923	–	1,270
Other community amenities	43	–	–	(43)
Total housing and community amenities	4,216	5,027	–	811
Water supplies	6,644	7,633	333	1,322
Sewerage services	3,288	4,863	112	1,687

Singleton Council

Special Schedule 1 – Net Cost of Services (continued)

for the year ended 30 June 2018

\$'000

Function or activity	Expenses from continuing operations	Income from continuing operations		Net cost of services
		Non-capital	Capital	
Recreation and culture				
Public libraries	1,723	89	–	(1,634)
Museums	12	–	–	(12)
Art galleries	–	–	–	–
Community centres and halls	275	148	–	(127)
Performing arts venues	–	–	–	–
Other performing arts	–	–	–	–
Other cultural services	47	8	–	(39)
Sporting grounds and venues	5,837	2,285	1,387	(2,165)
Swimming pools	–	–	–	–
Parks and gardens (lakes)	–	–	–	–
Other sport and recreation	–	–	–	–
Total recreation and culture	7,894	2,530	1,387	(3,977)
Fuel and energy	–	–	–	–
Agriculture	–	–	–	–
Mining, manufacturing and construction				
Building control	133	62	–	(71)
Other mining, manufacturing and construction	–	–	–	–
Total mining, manufacturing and const.	133	62	–	(71)
Transport and communication				
Urban roads (UR) – local	5,833	–	143	(5,690)
Urban roads – regional	–	–	–	–
Sealed rural roads (SRR) – local	2,360	1,418	281	(661)
Sealed rural roads (SRR) – regional	162	139	603	580
Unsealed rural roads (URR) – local	1,093	–	–	(1,093)
Unsealed rural roads (URR) – regional	–	–	–	–
Bridges on UR – local	–	–	–	–
Bridges on SRR – local	61	120	488	547
Bridges on URR – local	–	–	–	–
Bridges on regional roads	–	–	–	–
Parking areas	16	–	–	(16)
Footpaths	183	96	–	(87)
Aerodromes	–	–	–	–
Other transport and communication	1,384	1,829	–	445
Total transport and communication	11,092	3,602	1,515	(5,975)
Economic affairs				
Camping areas and caravan parks	–	–	–	–
Other economic affairs	2,417	723	4,704	3,010
Total economic affairs	2,417	723	4,704	3,010
Totals – functions	54,693	33,989	8,261	(12,443)
General purpose revenues ⁽¹⁾		22,176		22,176
Share of interests – joint ventures and associates using the equity method	–	162		162
NET OPERATING RESULT ⁽²⁾	54,693	56,327	8,261	9,895

(1) Includes: rates and annual charges (including ex gratia, excluding water and sewer), non-capital general purpose grants, interest on investments (excluding externally restricted assets) and interest on overdue rates and annual charges (2) As reported in the Income Statement

Singleton Council

Special Schedule 2 – Permissible income for general rates

for the year ended 30 June 2019

\$'000		Calculation 2018/19	Calculation 2017/18
Notional general income calculation ⁽¹⁾			
Last year notional general income yield	a	18,326	17,287
Plus or minus adjustments ⁽²⁾	b	—	46
Notional general income	c = (a + b)	18,326	17,333
Permissible income calculation			
Special variation percentage ⁽³⁾	d	9.75%	9.75%
Or rate peg percentage	e	0.00%	0.00%
Or crown land adjustment (incl. rate peg percentage)	f	0.00%	0.00%
Less expiring special variation amount	g	—	(630)
Plus special variation amount	$h = d \times (c - g)$	1,787	1,629
Or plus rate peg amount	$i = c \times e$	—	—
Or plus Crown land adjustment and rate peg amount	$j = c \times f$	—	—
Sub-total	k = (c + g + h + i + j)	20,113	18,332
Plus (or minus) last year's carry forward total	l	6	5
Less valuation objections claimed in the previous year	m	(1)	(2)
Sub-total	n = (l + m)	5	3
Total permissible income	o = k + n	20,117	18,335
Less notional general income yield	p	20,118	18,326
Catch-up or (excess) result	q = o - p	(1)	9
Plus income lost due to valuation objections claimed ⁽⁴⁾	r	—	1
Less unused catch-up ⁽⁵⁾	s	—	(4)
Carry forward to next year	t = q + r - s	(1)	6

Notes

- (1) The notional general income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.
- (2) Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called 'supplementary valuations' as defined in the *Valuation of Land Act 1916*.
- (3) The 'special variation percentage' is inclusive of the rate peg percentage and where applicable Crown land adjustment.
- (4) Valuation objections are unexpected changes in land values as a result of land owners successfully objecting to the land value issued by the Valuer-General. Councils can claim the value of the income lost due to valuation objections in any single year.
- (5) Unused catch-up amounts will be deducted if they are not caught up within 2 years. Usually councils will have a nominal carry forward figure. These amounts can be adjusted for in setting the rates in a future year.
- (6) Carry forward amounts which are in excess (an amount that exceeds the permissible income) require ministerial approval by order published in the *NSW Government Gazette* in accordance with section 512 of the *Local Government Act 1993*. The OLG will extract these amounts from Council's Special Schedule 2 in the financial data return (FDR) to administer this process.



INDEPENDENT AUDITOR'S REPORT

Special Schedule 2 - Permissible Income for general rates

Singleton Council

To the Councillors of Singleton Council

Opinion

I have audited the accompanying Special Schedule 2 – Permissible Income for general rates (the Schedule) of Singleton Council (the Council) for the year ending 30 June 2019.

In my opinion, the Schedule of the Council for the year ending 30 June 2019 is prepared, in all material respects in accordance with the requirements of the Local Government Code of Accounting Practice and Financial Reporting (LG Code) issued by the Office of Local Government (OLG), and is in accordance with the books and records of the Council.

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Schedule' section of my report.

I am independent of the Council in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of councils
- precluding the Auditor-General from providing non-audit services.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Emphasis of Matter – Basis of Accounting

Without modifying my opinion, I draw attention to the special purpose framework used to prepare the Schedule. The Schedule had been prepared for the purpose of fulfilling the Council's reporting obligations under the LG Code. As a result, the Schedule may not be suitable for another purpose.

Other Information

Other information comprises the information included in the Council's annual report for the year ended 30 June 2018, other than the Schedule and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements, special purpose financial statements and the Special Schedules excluding Special Schedule 2 (the other Schedules).

My opinion on the Schedule does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information. However, as required by the *Local Government Act 1993*, I have separately expressed an opinion on the general purpose financial statements and the special purpose financial statements.

In connection with my audit of the Schedule, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Schedule or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

The Councillors' Responsibilities for the Schedule

The Councillors are responsible for the preparation of the Schedule in accordance with the LG Code. The Councillors' responsibility also includes such internal control as the Councillors determine is necessary to enable the preparation of the Schedule that is free from material misstatement, whether due to fraud or error.

In preparing the Schedule, the Councillors are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless it is not appropriate to do so.

Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

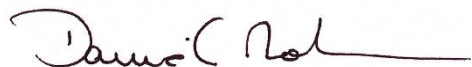
- obtain reasonable assurance whether the Schedule as a whole is free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the Schedule.

A description of my responsibilities for the audit of the Schedule is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar8.pdf. The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited Schedule on any website where it may be presented
- about any other information which may have been hyperlinked to/from the Schedule.

A handwritten signature in dark ink, appearing to read 'David Nolan', with a long horizontal flourish extending to the right.

David Nolan
Director, Financial Audit Services

23 October 2018
SYDNEY

Singleton Council

Special Schedule 3 – Water Supply Income Statement

Includes all internal transactions, i.e. prepared on a gross basis
for the year ended 30 June 2018

\$'000	2018	2017
A Expenses and income		
Expenses		
1. Management expenses		
a. Administration	882	518
b. Engineering and supervision	793	579
2. Operation and maintenance expenses		
– dams and weirs		
a. Operation expenses	–	–
b. Maintenance expenses	–	–
– Mains		
c. Operation expenses	130	454
d. Maintenance expenses	480	135
– Reservoirs		
e. Operation expenses	3	4
f. Maintenance expenses	45	21
– Pumping stations		
g. Operation expenses (excluding energy costs)	12	35
h. Energy costs	345	175
i. Maintenance expenses	22	53
– Treatment		
j. Operation expenses (excluding chemical costs)	580	776
k. Chemical costs	168	168
l. Maintenance expenses	114	129
– Other		
m. Operation expenses	290	241
n. Maintenance expenses	–	–
o. Purchase of water	60	58
3. Depreciation expenses		
a. System assets	2,469	1,691
b. Plant and equipment	84	89
4. Miscellaneous expenses		
a. Interest expenses	–	–
b. Revaluation decrements	–	–
c. Other expenses	43	108
d. Impairment – system assets	–	–
e. Impairment – plant and equipment	–	–
f. Aboriginal Communities Water and Sewerage Program	–	–
g. Tax equivalents dividends (actually paid)	192	192
5. Total expenses	6,712	5,426

Singleton Council

Special Schedule 3 – Water Supply Income Statement (continued)

Includes all internal transactions, i.e. prepared on a gross basis
for the year ended 30 June 2018

\$'000	2018	2017
Income		
6. Residential charges		
a. Access (including rates)	834	820
b. Usage charges	3,151	2,556
7. Non-residential charges		
a. Access (including rates)	307	298
b. Usage charges	1,592	1,493
8. Extra charges	19	14
9. Interest income	1,109	1,110
10. Other income	44	201
10a. Aboriginal Communities Water and Sewerage Program	–	–
11. Grants		
a. Grants for acquisition of assets	137	155
b. Grants for pensioner rebates	40	43
c. Other grants	34	–
12. Contributions		
a. Developer charges	191	126
b. Developer provided assets	5	31
c. Other contributions	582	468
13. Total income	8,045	7,315
14. Gain (or loss) on disposal of assets	6	–
15. Operating result	1,339	1,889
15a. Operating result (less grants for acquisition of assets)	1,202	1,734

Singleton Council

Special Schedule 3 – Water Supply Income Statement (continued)

Includes all internal transactions, i.e. prepared on a gross basis
for the year ended 30 June 2018

\$'000	2018	2017
B Capital transactions		
Non-operating expenditures		
16. Acquisition of fixed assets		
a. New assets for improved standards	–	–
b. New assets for growth	377	869
c. Renewals	370	1,425
d. Plant and equipment	29	32
17. Repayment of debt	–	–
18. Totals	776	2,326
Non-operating funds employed		
19. Proceeds from disposal of assets	26	12
20. Borrowing utilised	–	–
21. Totals	26	12
C Rates and charges		
22. Number of assessments		
a. Residential (occupied)	6,045	6,035
b. Residential (unoccupied, ie. vacant lot)	198	202
c. Non-residential (occupied)	583	579
d. Non-residential (unoccupied, ie. vacant lot)	224	223
23. Number of ETs for which developer charges were received	7 ET	15 ET
24. Total amount of pensioner rebates (actual dollars)	\$ 71,886	\$ 71,861

Singleton Council

Special Schedule 4 – Water Supply Statement of Financial Position

Includes internal transactions, i.e. prepared on a gross basis
as at 30 June 2018

\$'000	Current	Non-current	Total
ASSETS			
25. Cash and investments			
a. Developer charges	5,493	3,140	8,633
b. Special purpose grants	—	—	—
c. Accrued leave	210	120	330
d. Unexpended loans	—	—	—
e. Sinking fund	—	—	—
f. Other	16,979	9,840	26,819
26. Receivables			
a. Specific purpose grants	—	—	—
b. Rates and availability charges	46	—	46
c. User charges	511	—	511
d. Other	439	—	439
27. Inventories	—	—	—
28. Property, plant and equipment			
a. System assets	—	90,568	90,568
b. Plant and equipment	—	5,633	5,633
29. Other assets	—	—	—
30. Total assets	23,678	109,301	132,979
LIABILITIES			
31. Bank overdraft	—	—	—
32. Creditors	66	—	66
33. Borrowings	—	—	—
34. Provisions			
a. Tax equivalents	—	—	—
b. Dividend	—	—	—
c. Other	314	16	330
35. Total liabilities	380	16	396
36. NET ASSETS COMMITTED	23,298	109,285	132,583
EQUITY			
37. Accumulated surplus			59,374
38. Asset revaluation reserve			73,209
39. Other reserves			—
40. TOTAL EQUITY			132,583
Note to system assets:			
41. Current replacement cost of system assets			158,661
42. Accumulated current cost depreciation of system assets			(68,094)
43. Written down current cost of system assets			90,567

Singleton Council

Special Schedule 5 – Sewerage Service Income Statement

Includes all internal transactions, i.e. prepared on a gross basis
for the year ended 30 June 2018

\$'000	2018	2017
A Expenses and income		
Expenses		
1. Management expenses		
a. Administration	484	386
b. Engineering and supervision	448	451
2. Operation and maintenance expenses		
– mains		
a. Operation expenses	91	169
b. Maintenance expenses	378	398
– Pumping stations		
c. Operation expenses (excluding energy costs)	1	4
d. Energy costs	7	6
e. Maintenance expenses	121	113
– Treatment		
f. Operation expenses (excl. chemical, energy, effluent and biosolids management costs)	484	266
g. Chemical costs	11	10
h. Energy costs	176	147
i. Effluent management	–	–
j. Biosolids management	–	–
k. Maintenance expenses	26	61
– Other		
l. Operation expenses	14	(51)
m. Maintenance expenses	–	–
3. Depreciation expenses		
a. System assets	990	987
b. Plant and equipment	9	27
4. Miscellaneous expenses		
a. Interest expenses	–	–
b. Revaluation decrements	–	–
c. Other expenses	116	153
d. Impairment – system assets	–	–
e. Impairment – plant and equipment	–	–
f. Aboriginal Communities Water and Sewerage Program	–	–
g. Tax equivalents dividends (actually paid)	176	132
5. Total expenses	3,532	3,259

Singleton Council

Special Schedule 5 – Sewerage Service Income Statement (continued)

Includes all internal transactions, i.e. prepared on a gross basis
for the year ended 30 June 2018

\$'000	2018	2017
Income		
6. Residential charges (including rates)	2,810	2,764
7. Non-residential charges		
a. Access (including rates)	964	942
b. Usage charges	—	—
8. Trade waste charges		
a. Annual fees	89	83
b. Usage charges	—	—
c. Excess mass charges	—	—
d. Re-inspection fees	—	—
9. Extra charges	9	8
10. Interest income	638	1,006
11. Other income	151	145
11a. Aboriginal Communities Water and Sewerage Program	—	—
12. Grants		
a. Grants for acquisition of assets	—	—
b. Grants for pensioner rebates	36	35
c. Other grants	—	—
13. Contributions		
a. Developer charges	112	19
b. Developer provided assets	—	—
c. Other contributions	—	—
14. Total income	4,809	5,002
15. Gain (or loss) on disposal of assets	—	2
16. Operating result	1,277	1,745
16a. Operating result (less grants for acquisition of assets)	1,277	1,745

Singleton Council

Special Schedule 5 – Sewerage Service Income Statement (continued)

Includes all internal transactions, i.e. prepared on a gross basis
for the year ended 30 June 2018

\$'000	2018	2017
B Capital transactions		
Non-operating expenditures		
17. Acquisition of fixed assets		
a. New assets for improved standards	–	–
b. New assets for growth	354	65
c. Renewals	1,294	474
d. Plant and equipment	87	31
18. Repayment of debt	–	–
19. Totals	1,735	570
Non-operating funds employed		
20. Proceeds from disposal of assets	–	21
21. Borrowing utilised	–	–
22. Totals	–	21
C Rates and charges		
23. Number of assessments		
a. Residential (occupied)	5,392	5,385
b. Residential (unoccupied, ie. vacant lot)	127	136
c. Non-residential (occupied)	413	414
d. Non-residential (unoccupied, ie. vacant lot)	66	67
24. Number of ETs for which developer charges were received	5 ET	6 ET
25. Total amount of pensioner rebates (actual dollars)	\$ 64,877	\$ 63,875

Singleton Council

Special Schedule 6 – Sewerage Service Statement of Financial Position

Includes internal transactions, i.e. prepared on a gross basis
as at 30 June 2018

\$'000	Current	Non-current	Total
ASSETS			
26. Cash and investments			
a. Developer charges	2,899	1,657	4,556
b. Special purpose grants	—	—	—
c. Accrued leave	72	41	113
d. Unexpended loans	—	—	—
e. Sinking fund	—	—	—
f. Other	11,659	6,765	18,424
27. Receivables			
a. Specific purpose grants	—	—	—
b. Rates and availability charges	86	—	86
c. User charges	95	—	95
d. Other	400	—	400
28. Inventories	87	—	87
29. Property, plant and equipment			
a. System assets	—	45,843	45,843
b. Plant and equipment	—	4,656	4,656
30. Other assets	—	—	—
31. Total assets	15,298	58,962	74,260
LIABILITIES			
32. Bank overdraft	—	—	—
33. Creditors	—	—	—
34. Borrowings	—	—	—
35. Provisions			
a. Tax equivalents	—	—	—
b. Dividend	—	—	—
c. Other	106	8	114
36. Total liabilities	106	8	114
37. NET ASSETS COMMITTED	15,192	58,954	74,146
EQUITY			
38. Accumulated surplus			43,577
39. Asset revaluation reserve			30,569
40. Other reserves			—
41. TOTAL EQUITY			74,146
Note to system assets:			
42. Current replacement cost of system assets			75,405
43. Accumulated current cost depreciation of system assets			(29,562)
44. Written down current cost of system assets			45,843

Singleton Council

Notes to Special Schedules 3 and 5

for the year ended 30 June 2018

Administration ⁽¹⁾

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

- Administration staff:
 - Salaries and allowance
 - Travelling expenses
 - Accrual of leave entitlements
 - Employment overheads.
- Meter reading
- Bad and doubtful debts
- Other administrative/corporate support services

Engineering and supervision ⁽¹⁾

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

- Engineering staff:
 - Salaries and allowance
 - Travelling expenses
 - Accrual of leave entitlements
 - Employment overheads.
- Other technical and supervision staff:
 - Salaries and allowance
 - Travelling expenses
 - Accrual of leave entitlements
 - Employment overheads.

Operational expenses (item 2 of Special Schedules 3 and 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 and 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 4c of Special Schedules 3 and 5) includes all expenses not recorded elsewhere.

Revaluation decrements (item 4b of Special Schedules 3 and 5) is to be used when I,PP&E decreases in FV.

Impairment losses (item 4d and 4e of Special Schedules 3 and 5) are to be used when the carrying amount of an asset exceeds its recoverable amount (refer to page D-31).

Aboriginal Communities Water and Sewerage Program (item 4f of Special Schedules 3 and 5) is to be used when operation and maintenance work has been undertaken on behalf of the Aboriginal Communities Water and Sewerage Program. Similarly, income for item 11a of Special Schedule 3 and item 12a of Special Schedule 5 are for services provided to the Aboriginal Communities Water and Sewerage Program and is not part of Council's water supply and sewerage revenue.

Residential charges ⁽²⁾ (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 usage charges.

Non-residential charges ⁽²⁾ (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 usage 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 income (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*.

Notes:

⁽¹⁾ Administration and engineering costs for the development of capital works projects should be reported as part of the capital cost of the project and not as part of the recurrent expenditure (ie. in item 16 for water supply and item 17 for sewerage, and **not** in items 1a and 1b).

⁽²⁾ To enable accurate reporting of **residential revenue from usage charges**, it is essential for councils to accurately separate their residential (item 6) charges and non-residential (item 7) charges.

Singleton Council

Special Schedule 7 – Report on Infrastructure Assets as at 30 June 2018

\$'000

Asset class	Asset category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2017/18 Required maintenance ^a	2017/18 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
Buildings												
	Buildings	529	397	904	452	52,227	63,669	28%	27%	36%	6%	2%
	Sub-total	529	397	904	452	52,227	63,669	28.2%	27.5%	36.1%	6.0%	2.3%
Other structures												
	Other structures	194	146	202	185	8,331	11,263	64%	13%	5%	17%	0%
	Sub-total	194	146	202	185	8,331	11,263	64.4%	13.1%	5.3%	17.1%	0.1%
Roads												
	Sealed roads	2,001	1,501	4,666	2,886	223,451	266,634	25%	52%	23%	0%	0%
	Unsealed roads	1,373	1,030	1,213	1,192	4,859	10,109	12%	33%	39%	16%	0%
	Bridges	565	423	173	61	32,353	49,357	4%	89%	5%	2%	0%
	Footpaths	10	7	74	58	5,739	9,850	34%	15%	49%	2%	0%
	Other road assets (incl. bulk earth works)	141	106	196	177	257,954	261,563	98%	1%	1%	0%	0%
	Sub-total	4,090	3,067	6,322	4,374	524,356	597,513	54.9%	31.7%	12.8%	0.6%	0.0%
Water supply network												
	Water supply network	10,148	6,198	757	691	90,567	158,661	68%	4%	22%	6%	1%
	Sub-total	10,148	6,198	757	691	90,567	158,661	67.9%	3.7%	22.1%	5.9%	0.5%
Sewerage network												
	Sewerage network	581	170	545	518	45,843	75,405	78%	14%	3%	3%	2%
	Sub-total	581	170	545	518	45,843	75,405	78.4%	14.2%	2.8%	3.0%	1.6%

Singleton Council

Special Schedule 7 – Report on Infrastructure Assets as at 30 June 2018 (continued)

\$'000

Asset class	Asset category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2017/18 Required maintenance ^a	2017/18 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
Stormwater drainage	Stormwater drainage	3,433	2,575	477	35	79,176	95,395	78%	14%	3%	3%	2%
	Sub-total	3,433	2,575	477	35	79,176	95,395	78.4%	14.2%	2.8%	3.0%	1.6%
Open space/recreational assets	Swimming pools	900	675	2,728	2,502	3,490	4,421	15%	0%	84%	0%	0%
	Other Open Space/Recreational Assets	212	159	1,538	2,105	10,994	2,416	21%	57%	12%	9%	2%
	Sub-total	1,112	834	4,266	4,607	14,484	6,837	17.2%	20.4%	58.6%	3.3%	0.7%
	TOTAL – ALL ASSETS	20,087	13,387	13,473	10,862	814,984	1,008,743	59.1%	23.8%	14.2%	2.4%	0.5%

Notes:

a Required maintenance is the amount identified in Council's asset management plans.

Infrastructure asset condition assessment 'key'

1	Excellent/very good	No work required (normal maintenance)
2	Good	Only minor maintenance work required
3	Satisfactory	Maintenance work required
4	Poor	Renewal required
5	Very poor	Urgent renewal/upgrading required

Singleton Council

Special Schedule 7 – Report on Infrastructure Assets (continued)

for the year ended 30 June 2018

	Amounts 2018	Indicator 2018	Prior periods		Benchmark
			2017	2016	
Infrastructure asset performance indicators * consolidated					
1. Buildings and infrastructure renewals ratio ⁽¹⁾					
Asset renewals ⁽²⁾	6,798	59.82%	107.06%	183.37%	>= 100%
Depreciation, amortisation and impairment	11,364				
2. Infrastructure backlog ratio ⁽¹⁾					
Estimated cost to bring assets to a satisfactory standard	20,087	2.46%	2.15%	2.55%	< 2.00%
Net carrying amount of infrastructure assets	816,710				
3. Asset maintenance ratio					
Actual asset maintenance	10,862	80.62%	62.72%	71.32%	> 100%
Required asset maintenance	13,473				
4. Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	13,387	1.33%	1.25%	1.46%	
Gross replacement cost	1,008,743				

Notes

* All asset performance indicators are calculated using the asset classes identified in the previous table.

⁽¹⁾ Excludes Work In Progress (WIP)

⁽²⁾ Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.

Singleton Council

Special Schedule 7 – Report on Infrastructure Assets (continued) for the year ended 30 June 2018

<p>1. Buildings and infrastructure renewals ratio</p> <p>Benchmark: — Minimum $\geq 100.00\%$ Source for benchmark: Code of Accounting Practice and Financial Reporting #26</p>	<p>Purpose of asset renewals ratio</p> <p>To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.</p>	<p>Commentary on 2017/18 result</p> <p>2017/18 Ratio 59.82%</p> <p>Council requires greater investment in renewing the current building and infrastructure assets to ensure sustainability of the assets.</p>
<p>2. Infrastructure backlog ratio</p> <p>Benchmark: — Maximum $< 2.00\%$ Source for benchmark: Code of Accounting Practice and Financial Reporting #26</p>	<p>Purpose of infrastructure backlog ratio</p> <p>This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.</p>	<p>Commentary on 2017/18 result</p> <p>2017/18 Ratio 2.46%</p> <p>Council has reviewed the current infrastructure data to identify assets with a condition rating of less than satisfactory. This ratio represents the cost to bring those identified assets back to a satisfactory condition.</p>
<p>3. Asset maintenance ratio</p> <p>Benchmark: — Minimum $> 100.00\%$ Source for benchmark: Code of Accounting Practice and Financial Reporting #26</p>	<p>Purpose of asset maintenance ratio</p> <p>Compares actual vs. required annual asset maintenance. A ratio above 100% indicates Council is investing enough funds to stop the infrastructure backlog growing.</p>	<p>Commentary on 2017/18 result</p> <p>2017/18 Ratio 80.62%</p> <p>Council is not investing sufficient funds to ensure the infrastructure backlog does not continue to grow.</p>
<p>4. Cost to bring assets to agreed service level</p>	<p>Purpose of agreed service level ratio</p> <p>This ratio provides a snapshot of the proportion of outstanding renewal works compared to the total value of assets under Council's care and stewardship.</p>	<p>Commentary on 2017/18 result</p> <p>2017/18 Ratio 1.33%</p> <p>This ratio shows 1.33% of outstanding renewal works compared to the total value of assets.</p>

Singleton Council

Special Schedule 7 – Report on Infrastructure Assets (continued)

for the year ended 30 June 2018

	General indicators ⁽¹⁾		Water indicators		Sewer indicators		Benchmark
	2018	2017	2018	2017	2018	2017	
Infrastructure asset performance indicators by fund							
1. Buildings and infrastructure renewals ratio ⁽²⁾							
Asset renewals ⁽³⁾	78.37%	124.95%	18.49%	38.95%	10.32%	52.97%	>= 100%
Depreciation, amortisation and impairment							
2. Infrastructure backlog ratio ⁽²⁾							
Estimated cost to bring assets to a satisfactory standard	1.38%	0.91%	11.20%	11.08%	1.27%	1.25%	< 2.00%
Net carrying amount of infrastructure assets							
3. Asset maintenance ratio							
Actual asset maintenance	79.31%	59.99%	91.28%	66.34%	95.05%	103.44%	> 100%
Required asset maintenance							
4. Cost to bring assets to agreed service level							
Estimated cost to bring assets to an agreed service level set by Council	0.91%	0.57%	3.91%	4.84%	0.23%	0.58%	
Gross replacement cost							

Notes

⁽¹⁾ General fund refers to all of Council's activities except for its water and sewer activities which are listed separately.

⁽²⁾ Excludes Work In Progress (WIP)

⁽³⁾ Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.