

General Purpose Financial Statements

For the year ended 30 June 2016



SINGLETON COUNCIL

General purpose financial statements for the year ended 30 June 2016

Contents

	Page
General purpose financial statements	
Statement by Councillors and Management	1
Income Statement	2
Statement of Comprehensive Income	3
Statement of Financial Position	4
Statement of Changes in Equity	5
Statement of Cash Flows	6
Notes to the Financial Statements	7-69
Auditors' Reports	70

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

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

Singleton Council
Civic Centre
Queen Street
Singleton NSW 2330

The financial statements are authorised for issue by the Council on 31 October 2016. Council has the power to amend and reissue the financial statements.

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

SINGLETON COUNCIL

General purpose financial statements for the year ended 30 June 2016

Statement by Councillors and Management made pursuant to Section 413(2)(c) of the Local Government Act 1993 (as amended)

The attached general purpose financial statements have been prepared in accordance with:

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

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

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

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

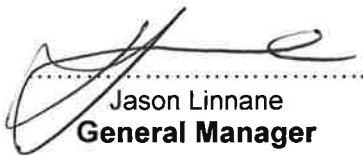
Signed in accordance with a resolution of Council made on 17th October, 2016.



Cr Sue Moore
Mayor



Cr Godfrey Adamthwaite
Councillor



Jason Linnane
General Manager



Hamid Arain
Responsible Accounting Officer



ABN 52 877 492 396

Address all
correspondence to
the General Manager:
PO Box 314
SINGLETON
NSW 2330

Administration Centre
located at:
Queen Street
Singleton

Ph: (02) 6578 7290

Fax: (02) 6572 4197

Email:

ssc@singleton.nsw.gov.au

Website:

www.singleton.nsw.gov.au



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

*Printed on
Recycled Stock.*

SINGLETON COUNCIL

Income Statement
for the year ended 30 June 2016

Original Budget ⁽¹⁾ 2016 \$'000		Notes	Actual 2016 \$'000	Actual 2015 \$'000
	Income from continuing operations			
	Revenue:			
22,935	Rates and annual charges	3(a)	22,804	21,793
9,885	User charges and fees	3(b)	12,741	12,393
2,864	Interest and investment revenues	3(c)	2,899	3,238
629	Other revenues	3(d)	481	448
5,952	Grants and contributions provided for operating purposes	3(e),(f)	8,790	7,576
15,671	Grants and contributions provided for capital purposes	3(e),(f)	48,925	16,119
	Other Income:			
1,064	Net gain from the disposal of assets	5	-	262
-	Net share of interests in joint ventures and associates using the equity method	19	25	34
59,000	Total income from continuing operations		96,665	61,863
	Expenses from continuing operations			
14,709	Employee benefits and on-costs	4(a)	16,120	15,095
865	Borrowing costs	4(b)	682	711
14,315	Materials and contracts	4(c)	15,427	16,669
11,366	Depreciation and amortisation	4(d)	12,755	10,677
4,849	Other expenses	4(e)	4,694	4,975
-	Net Loss from the disposal of assets	5	5,424	-
46,104	Total expenses from continuing operations		55,102	48,127
12,896	Operating result from continuing operations		41,563	13,736
-	Operating result from discontinued operations	24	-	-
12,896	Net operating result for the year		41,563	13,736
	Attributable to:			
12,896	- Council		41,563	13,736
-	- Non Controlling interests		-	-
(2,775)	Net operating result for the year before grants and contributions provided for capital purposes		(7,362)	(2,383)

Note:

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

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

SINGLETON COUNCIL

Statement of Comprehensive Income
for the year ended 30 June 2016

	Notes	Actual 2016 \$'000	Actual 2015 \$'000
Net Operating result for the year - from Income statement		41,563	13,736
Other comprehensive income			
Amounts which will not be reclassified subsequently to operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	20(b)	(5,729)	121,370
Adjustment to correct prior period errors	20(d)	-	-
Amounts which will be reclassified subsequently to operating result when specific conditions are met			
Gain (loss) on revaluation of available-for-sale investments	20(b)	-	-
Realised available-for-sale investments gains recognised in revenue	20(b)	-	-
Total other comprehensive income for the year		(5,729)	121,370
Total comprehensive income for the year		35,834	135,106
Attributable to			
- Council		35,834	135,106
- Non Controlling interests		-	-

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

SINGLETON COUNCIL

Statement of Financial Position
as at 30 June 2016

	Notes	Actual 2016 \$'000	Actual 2015 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	6(a)	11,728	7,123
Investments	6(b)	56,642	45,487
Receivables	7	4,300	7,871
Inventories	8	4,972	5,499
Other	8	84	41
Total current assets		77,726	66,021
Non-current assets			
Investments	6(b)	13,000	23,942
Receivables	7	93	96
Infrastructure, property, plant and equipment	9	754,665	719,541
Investments accounted for using the equity method	19	132	107
Total non-current assets		767,890	743,686
Total assets		845,616	809,707
LIABILITIES			
Current liabilities			
Payables	10	5,194	4,157
Borrowings	10	1,454	1,363
Provisions	10	3,545	3,491
Total current liabilities		10,193	9,011
Non-current liabilities			
Borrowings	10	7,663	9,108
Provisions	10	8,293	7,955
Total non-current liabilities		15,956	17,063
Total liabilities		26,149	26,074
Net assets		819,467	783,633
Equity			
Retained earnings	20	455,276	413,713
Revaluation reserve	20	364,191	369,920
Total Equity		819,467	783,633

The above Statement of Financial Position should be read in conjunction with the accompanying notes

SINGLETON COUNCIL

Statement of Changes in Equity
for the year ended 30 June 2016

		Actual 2016 \$'000						Actual 2015 \$'000					
	Notes ref.	Retained earnings	Asset revaluation reserve	Other reserves	Council equity interest	Non- controlling interest	Total equity	Retained earnings	Asset revaluation reserve	Other reserves	Council equity interest	Non- controlling interest	Total equity
Opening balance	20	413,713	369,920	-	783,633	-	783,633	399,977	248,550	-	648,527	-	648,527
Correction of errors		-	-	-	-	-	-	-	-	-	-	-	-
Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-
Restated opening balance	20	413,713	369,920	-	783,633	-	783,633	399,977	248,550	-	648,527	-	648,527
Net operating result for the year	20	41,563	-	-	41,563	-	41,563	13,736	-	-	13,736	-	13,736
Other comprehensive income	20	-	(5,729)	-	(5,729)	-	(5,729)	-	121,370	-	121,370	-	121,370
Total comprehensive income	20	41,563	(5,729)	-	35,834	-	35,834	13,736	121,370	-	135,106	-	135,106
Closing Balance	20	455,276	364,191	-	819,467	-	819,467	413,713	369,920	-	783,633	-	783,633

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

SINGLETON COUNCIL

Statement of Cash Flows
for the year ended 30 June 2016

Budget 2016 \$'000		Notes	Actual 2016 \$'000	Actual 2015 \$'000
Cash flows from operating activities				
	Receipts:			
22,937	Rates and annual charges		22,787	21,709
9,878	User charges and fees		13,785	12,790
2,864	Investment revenue and interest		3,017	3,541
21,605	Grants and contributions		28,537	18,518
-	Deposits and retentions received		61	105
1,258	Other		3,017	2,305
	Payments:			
(14,697)	Employee benefits and on-costs		(15,878)	(15,031)
(14,330)	Materials and contracts		(16,055)	(17,610)
(865)	Borrowing costs		(425)	(660)
-	Deposits and retentions refunded		(61)	(196)
(4,849)	Other		(8,097)	(7,311)
23,801	Net cash provided (or used) in operating activities	11(b)	30,688	18,160
Cash flows from investing activities				
	Receipts:			
887	Sale of investments		47,425	30,587
7,928	Sale of real estate assets		2,682	1,149
-	Sale of Infrastructure, property, plant and equipment		481	641
	Payments:			
-	Purchase of investments		(47,673)	(27,298)
(12,864)	Purchase of infrastructure, property, plant and equipment		(25,721)	(21,607)
(5,890)	Purchase of real estate		(1,923)	(937)
(9,939)	Net Cash Provided by (or used in) investing activities		(24,729)	(17,465)
Cash flows from financing activities				
	Receipts:			
1,320	Borrowings and advances		-	230
	Payments:			
(2,688)	Borrowings and advances		(1,354)	(1,258)
(1,368)	Net cash provided by (or used in) financing activities		(1,354)	(1,028)
12,494	Net increase/(decrease) in cash and cash equivalents		4,605	(333)
	Cash and cash equivalents at beginning of reporting period	11(a)	7,123	7,456
-	Cash and cash equivalents at end of reporting period	11(a)	11,728	7,123

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

SINGLETON COUNCIL

Notes to the Financial Statements for the year ended 30 June 2016

Contents of the Notes to the Financial Statements

	Page
Note 1	8
Note 2(a)	20
Note 2(b)	21
Note 3	22
Note 4	26
Note 5	28
Note 6(a)	29
Note 6(b)	29
Note 6(c)	30
Note 7	32
Note 8	34
Note 9	36
Note 9(a)	38
Note 9(b)	39
Note 10(a)	40
Note 10(b)	40
Note 11	41
Note 12	43
Note 13(a)	44
Note 13(b)	45
Note 14	46
Note 15	47
Note 16	51
Note 17	52
Note 18	54
Note 19	55
Note 20	56
Note 21	57
Note 22	59
Note 23	59
Note 24	60

SINGLETON COUNCIL

Notes to the financial statements for the year ended 30 June 2016

Note 1 Significant accounting policies

1. Basis of preparation

1.1 Compliance with Australian equivalents to International Financial Reporting Standards

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

1.2 New and amended standards adopted by Council

There have been no new accounting standards adopted in the 2015/16 financial statements which have had any material impact on reported financial position, performance or cash flows.

1.3 Early adoption of standards

Singleton Council has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2015, except for AASB2015-7 *Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities*, which has reduced the fair value disclosures for Level 3 assets.

1.4 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 property, plant and equipment and investment property.

1.5 Significant accounting estimates

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

- *Critical accounting estimates and assumptions*
Singleton Council makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below.
 - (i) Estimated fair values of infrastructure, property, plant and equipment
 - (ii) Estimated tip remediation provisions.
- *Significant judgements in applying the Council's accounting policies*
 - (i) Impairment of Receivables
Council has made a significant judgement about the impairment of a number of its receivables in Note 7.

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

2. Principles of consolidation

2.1 The Consolidated Fund

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

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

- General purpose operations
- Water Supply
- Sewerage services
- All Section 355 Committees which includes:
 - ✓ Australia Day Committee
 - ✓ Broke, Bulga & Milbrodale Communities VPA Committee

SINGLETON COUNCIL

Notes to the financial statements for the year ended 30 June 2016

Note 1 Significant accounting policies (cont)

✓ Singleton Sports Council

2.2 The Trust Fund

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

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

2.3 Joint ventures/associates

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

2.4 County Councils

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

3. Revenue recognition

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

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

Rates, annual charges, grants and contributions

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

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

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

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

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

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

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

SINGLETON COUNCIL

Notes to the financial statements for the year ended 30 June 2016

Note 1 Significant accounting policies (cont)

User charges and fees

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

Sale of plant, property, infrastructure and equipment

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

Interest and rents

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

4. Acquisition of assets

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

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

5. Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the assets carrying amount exceeds its recoverable amount.

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

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

6. Cash and cash equivalents

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

7. Receivables

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

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of receivables) is used when there is objective evidence that Council will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the receivable is impaired. The amount of the

SINGLETON COUNCIL

Notes to the financial statements for the year ended 30 June 2016

Note 1 Significant accounting policies (cont)

impairment allowance is the difference between the assets carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

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

8. Inventories

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

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

8.2 Inventory held for distribution

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

8.3 Land held for resale/capitalisation of borrowing costs

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

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

9. Investments and other financial assets

Classification

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

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

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

(ii) Loans and receivables

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

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Council's management has the positive intention and ability to hold to maturity. If Council were to sell other than an insignificant amount of held-to-maturity financial assets, the whole

SINGLETON COUNCIL

Notes to the financial statements for the year ended 30 June 2016

Note 1 Significant accounting policies (cont)

category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

(iv) Available-for-sale financial assets

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

9.1 Financial assets - reclassification

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

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

9.2 Recognition and de-recognition

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

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

9.3 Subsequent measurement

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

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

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

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

9.4 Impairment

SINGLETON COUNCIL

Notes to the financial statements for the year ended 30 June 2016

Note 1 Significant accounting policies (cont)

Council assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired.

Assets carried at amortised cost

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the group may measure impairment on the basis of an instrument's fair value using an observable market price.

9.5 Investment policy

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

10. Fair value estimation – financial instruments

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

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

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

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

11. Non-current assets held for sale

Non-current assets are classified as held for sale and stated at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. The exception to this is plant and motor vehicles which are turned over on a regular basis – these are retained in property, plant and equipment.

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

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

Non-current assets classified as held for sale are presented separately from the other assets in the balance sheet.

SINGLETON COUNCIL

Notes to the financial statements for the year ended 30 June 2016

Note 1 Significant accounting policies (cont)

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

12.1 Land under roads

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

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

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

12.2 Infrastructure, property, plant & equipment policies

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

13 Payables

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

14. Borrowings

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

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

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

15. Borrowing costs

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

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

(i) Restoration

Close down and restoration costs include the dismantling and demolition of infrastructure and the removal of residual materials and remediation of disturbed areas. Estimated close down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, whether this occurs during the development or during the operation phase, based on the net present value of estimated future costs. Provisions for close down and restoration costs do not include any additional obligations which are expected to arise from future disturbance. The costs are estimated on the basis of a closure plan. The cost estimates are calculated annually during the life of the operation to reflect known developments, eg updated cost estimates and revisions to the estimated lives of operations, and are subject to formal review at regular intervals.

SINGLETON COUNCIL

Notes to the financial statements for the year ended 30 June 2016

Note 1 Significant accounting policies (cont)

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

The amortisation or 'unwinding' of the discount applied in establishing the net present value of provisions is charged to the income statement in each accounting period. The amortisation of the discount is shown as a borrowing cost.

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

(ii) *Rehabilitation*

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

Provision is made for the estimated present value of the costs of environmental clean up obligations outstanding at the balance sheet date. These costs are charged to the income statement. Movements in the environmental clean up provisions are presented as an operating cost, except for the unwind of the discount which is shown as a borrowing cost. Remediation procedures generally commence soon after the time the damage, remediation process and estimated remediation costs become known, but may continue for many years depending on the nature of the disturbance and the remediation techniques.

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

17. Employee benefits

17.1 Short-term obligations

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

17.2 Other long-term employee benefit obligations

The liability for long service leave and annual leave which 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 period of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

17.3 Retirement benefit obligations

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

SINGLETON COUNCIL

Notes to the financial statements for the year ended 30 June 2016

Note 1 Significant accounting policies (cont)

Defined Benefit Plans

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

Council is part of an industry Defined Benefit Plan under The Local Government Superannuation Scheme, named The Local Government Superannuation Scheme – Pool B (the scheme) which is a defined benefit plan that has been deemed to be a “multi-employer fund” for purposes of AASB 119 *Employee Benefits*. Sufficient information is not available to account for the Scheme as a defined benefit plan in accordance with AASB 119, because the assets to the Scheme are pooled together for all Councils.

The amount of employer contributions to the defined benefit section of the Local Government Superannuation Scheme recognised as an expense for the year ending 30 June 2015 was \$272,893. The last valuation of the Scheme was performed by Martin Stevenson, BSc, FIA, FIAA on 20 February 2013.

However the position is monitored annually and the Actuary has estimated that as at 30 June 2015 a deficit still exists. Effective from 1 July 2009, employers are required to contribute additional contributions to assist in extinguishing this deficit. The amount of additional contributions included in the total employer contribution advised above is \$157,574

The share of this deficit that is broadly attributed to Council is estimated to be in the order of \$630,296 as at 30 June 2015.

Defined Contribution Plans

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

18. Leases

Council has only operating leases, where the lessor substantially retains all of the risks and benefits incident to ownership of the leased items. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

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

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

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

SINGLETON COUNCIL

Notes to the financial statements for the year ended 30 June 2016

Note 1 Significant accounting policies (cont)

20. Budget Information

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

21. Rounding of amounts

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

22. Crown Reserves

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

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

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

23. Rural Fire Service assets

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

24. Goods and Services Tax (GST)

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

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

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

25. New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2016 reporting periods. Singleton Council's assessment of the impact of these new standards and interpretations is set out as below.

SINGLETON COUNCIL

Notes to the financial statements for the year ended 30 June 2016

Note 1 Significant accounting policies (cont)

AASB9 Financial Instruments and associated amending standards

Significant revisions to the classification and measurement of financial assets, reducing the number of categories and simplifying the measurement choices, including the removal of impairment testing of assets measured at fair value. The amortised cost model is available for debt assets meeting both *business model* and *cash flow characteristics* tests. All investments in equity instruments using AASB 9 are to be measured at fair value.

Amends measurement rules for financial liabilities that the entity elects to measure at fair value through profit and loss. Changes in fair value attributable to changes in the entity's own credit risk are presented in other comprehensive income.

Impairment of assets is now based on expected losses in AASB 9 which requires entities to measure:

- the 12-month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); of full lifetime
- expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

Annual reporting periods beginning on or after 1 January 2018; i.e. councils' financial statements for the year ended 30 June 2019.

The available-for-sale investments held will be classified as fair value through OCI and will no longer be subject to impairment testing. The impairment loss recognised in the current year financial statements in relation to these statements was Nil.

Other impacts on the reported financial position and performance have not yet been determined.

AASB2014–10 Sale or contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address an acknowledged inconsistency between the requirements in AASB10 and those in AASB128 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

AASB2015-10 has delayed the effective date of this standard.

Annual reporting periods beginning on or after 1 January 2018; i.e. councils' financial statements for the year ended 30 June 2019.

AASB2015-6 Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities

This standard extends the scope of AASB124 Related Party Disclosures to include application by Not-for-Profit public sector entities.

Annual reporting periods beginning on or after 1 July 2016; i.e. councils' financial statements for the year ended 30 June 2017.

Related party transactions will be disclosed in the Council's financial statements in relation to key management personnel, their close families, and related entities. There will be no impact on Council's reporting of its financial position or performance.

SINGLETON COUNCIL

Notes to the financial statements for the year ended 30 June 2016

Note 1 Significant accounting policies (cont)

AASB15 – Revenue from Contracts with Customers, and associated amending standards

AASB15 introduces a five-step process for revenue recognition, with the core principle of the new standard being for entities to recognise revenue to depict the transfer of goods and services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects in exchange for those goods or services.

Accounting policy changes will arise in the timing of revenue recognition, treatment of contract costs, and contracts which contain a financial element.

AASB15 will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications), and improve guidance for multiple-element arrangements.

Annual reporting periods beginning on or after 1 January 2018; i.e. councils' financial statements for the year ended 30 June 2019.

The changes in revenue recognition requirements in AASB15 may cause changes to the timing and amount of revenue recorded in the financial statements as well as additional disclosures. The impact of AASB15 has not yet been quantified.

AASB16 - Leases

AASB16 will result in most of the operating leases of an entity being brought onto the statement of financial position. There are limited exemptions relating to short-term leases and low value assets which may remain off the balance sheet.

The calculations of the lease liability will take into account appropriate discount rates, assumptions about the lease term, and increases in lease payments.

A corresponding right to use assets will be recognised, which will be amortised over the term of the lease.

Rent expenses will no longer be shown. The profit and loss impact of the leases will be through amortisation and interest charges.

Annual reporting periods beginning on or after 1 January 2019; i.e. councils' financial statements for the year ended 30 June 2020.

Whilst, the impact of AASB16 has not yet been fully determined, Council currently has \$410,000 of operating leases which are likely to be brought to account.

SINGLETON COUNCIL

**Notes to the financial statements
for the year ended 30 June 2016**

**Note 2(a)
Functions or Activities**

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

	Income from continuing operations			Expenses from continuing operations			Operating result from continuing operations			Grants included in income from continuing operations		Total assets held (current and non-current)	
	Original Budget	Actual	Actual	Original Budget	Actual	Actual	Original Budget	Actual	Actual	2016	2015	2016	2015
	2016	2016	2015	2016	2016	2015	2016	2016	2015	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Governance	-	-	(13)	564	527	503	(564)	(527)	(516)	-	-	-	-
Administration	234	354	842	4,075	3,682	3,690	(3,841)	(3,328)	(2,848)	-	-	60,296	61,680
Public Order & Safety	1,390	1,146	3,640	1,367	1,372	1,434	23	(226)	2,206	887	3,622	7,556	7,601
Health	90	82	110	92	82	310	(2)	-	(200)	-	-	112	178
Community Services & Education	1,826	1,887	1,680	3,018	3,155	2,938	(1,192)	(1,268)	(1,258)	489	491	9,492	9,499
Housing & Community Amenities	6,242	15,105	12,964	10,935	10,889	10,911	(4,693)	4,216	2,053	688	154	104,288	95,296
Water Supplies	7,052	8,874	5,820	5,585	4,920	5,185	1,467	3,954	635	11	1	85,728	82,183
Sewerage Services	4,402	4,815	4,012	3,214	2,816	2,844	1,188	1,999	1,168	-	172	48,789	45,530
Recreation & Culture	4,317	7,941	3,877	5,963	7,639	8,286	(1,646)	302	(4,409)	5,229	748	53,364	60,759
Mining, Manufacturing & Construction	42	73	37	2	-	251	40	73	(214)	-	-	-	-
Transport & Communication	7,484	37,072	9,438	9,052	18,033	9,784	(1,568)	19,039	(346)	8,821	8,172	462,089	435,292
Economic Affairs	7,546	580	1,106	2,237	1,987	1,991	5,309	(1,407)	(885)	134	209	13,902	11,689
Totals Functions & Activities	40,625	77,929	43,513	46,104	55,102	48,127	(5,479)	22,827	(4,614)	16,259	13,569	845,616	809,707
Share of gains or losses in associates & joint ventures using equity method	-	-	-	-	-	-	-	-	-	-	-	-	-
General purpose incomes	18,375	18,736	18,350	-	-	-	18,375	18,736	18,350	3,476	3,459	-	-
Net Operating result for year													
⁽¹⁾	59,000	96,665	61,863	46,104	55,102	48,127	12,896	41,563	13,736	19,735	17,028	845,616	809,707

Note:

(1) As reported on the Income Statement.

SINGLETON COUNCIL

Notes to the financial statements for the year ended 30 June 2016

Note 2 (b) Components of functions

The activities relating to Council functions are as follows:

Administration

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

Public Order & Safety

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

Health

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

Community Services & Education

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

Housing & Community Amenities

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

Water Supplies

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

Sewerage Services

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

Recreation & Culture

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

Mining, Manufacturing & Construction

Building control, quarries and pits and other.

Transport & Communication

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

Economic Affairs

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

SINGLETON COUNCIL

**Notes to the financial statements
for the year ended 30 June 2016**

**Note 3
Income from continuing operations**

	Actual 2016 \$'000	Actual 2015 \$'000
(a) Rates and annual charges		
Ordinary rates		
Residential	6,998	6,819
Farmland	1,430	1,381
Mining	5,437	5,252
Business	1,390	1,360
Total ordinary rates	15,255	14,812
Annual charges (pursuant to s.496, 496A, 496B, 501 & 611)		
Domestic waste management services	3,410	2,984
Water supply	1,194	1,158
Sewerage services	2,799	2,694
Stormwater management services	146	145
Total annual charges	7,549	6,981
Total rates and annual charges	22,804	21,793
Council has used 2013 base dated valuations provided by the NSW Valuers General in calculating its rates.		
(b) User charges and fees		
User charges		
Water supply services	3,542	3,392
Sewerage services	771	554
Total user charges	4,313	3,946
Fees		
Auditorium	45	51
CBD caretaker	68	77
Cemeteries	78	54
Child care	1,378	1,225
Gym & Swim	1,671	2,324
Inspection fees	76	64
Lake St Clair fees	259	249
Liquid waste	1	-
Onsite sewer management	242	232
Planning and building - Regulatory	113	74
Private works	30	25
Registration fees	51	21
Regulatory and statutory fees	388	337
RMS works (State roads not controlled by Council)	1,661	1,207
Saleyards	296	333
s603 certificates	38	28
Tapping fees	34	25
Tipping fees	1,668	1,751
Other	331	370
Total fees	8,428	8,447
Total user charges and fees	12,741	12,393

SINGLETON COUNCIL

**Notes to the financial statements
for the year ended 30 June 2016**

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

	Actual 2016 \$'000	Actual 2015 \$'000
(c) Interest and investment revenue (losses)		
Interest and Dividends		
- Overdue rates and charges ²	60	50
- Cash and investments	2,874	3,310
Fair value adjustments		
- Investments	(35)	(122)
Total interest and investment revenue (losses)¹	2,899	3,238
(d) Other revenues		
Commissions and agency fees	20	17
Ex gratia payments in lieu of rates	6	6
Other Fines	22	10
Rental income:		
- Other property	137	156
Insurance claims	11	3
Risk management bonus	62	59
Mayoral Scholarship Sponsorship	22	21
Sale of surplus items	-	36
Other charges for overdue rates and charges	107	90
Other	94	50
Total other revenue	481	448

Note:

- (1) Where interest and investment revenue nets to an overall loss, this is carried to the interest and investment losses line on the Income statement
(2) Includes interest from special purpose rates

SINGLETON COUNCIL

**Notes to the financial statements
for the year ended 30 June 2016**

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

	Operating		Capital	
	Actual 2016 \$'000	Actual 2015 \$'000	Actual 2016 \$'000	Actual 2015 \$'000
(e) Grants				
General purpose (Untied)				
Financial assistance	3,370	3,358	-	-
Pensioners' rates subsidies:				
- General	106	101	-	-
Special purpose				
Pensioners' rate subsidies:				
- Water	42	38	-	-
- Sewer	36	34	-	-
- DWM	47	44	-	-
Community	408	413	153	545
Transport (3x3, Flood Works, Road to Recovery)	2,362	929	4,244	888
Library services	71	73	-	-
NSW Rural Fire Services	525	469	362	2,999
Resources to Regions	-	-	2,225	6,846
Hunter Infrastructure Investment Fund	-	-	5,165	-
Other	169	159	450	132
Total Grants	7,136	5,618	12,599	11,410
Comprising:				
- Commonwealth funding	1,591	2,731	-	128
- State funding	5,540	2,828	12,426	11,282
- Other funding	5	59	173	-
	7,136	5,618	12,599	11,410
(f) Contributions				
Developer contributions:				
- Section 94	-	-	742	272
- Section 94A levies	-	-	-	-
- Planning agreements	198	-	265	-
Developer dedications	-	-	33,939	3,666
Section 64:				
- Water	-	-	313	9
- Sewerage	-	-	100	2
- Stormwater	-	-	-	-
RMS contributions (Regional/Local, Block Grant)	645	792	729	581
Roadworks and carparks	294	320	-	-
Street lighting	113	-	-	-
Motor vehicle leaseback	133	122	-	-
Parks and gardens	-	25	-	-
Bushfire services	-	14	-	-
C&A Community Trust	-	149	-	-
Tidy Towns	-	26	-	-
Trade Waste	-	44	-	-
Pressure sewer connections	-	37	-	-
Other	271	429	238	179
Total contributions	1,654	1,958	36,326	4,709
Total grants and contributions	8,790	7,576	48,925	16,119

SINGLETON COUNCIL

**Notes to the financial statements
for the year ended 30 June 2016**

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

	Actual 2016 \$'000	Actual 2015 \$'000
(g) Restrictions relating to grants and contributions		
Certain grants and contributions are obtained by Council on the condition they be spent in a specified manner:		
Grants recognised in the current period which have not been spent	2,309	1,328
Less:		
Grants recognised in previous reporting periods which have been spent in the current reporting period	(921)	(592)
Net increase/(decrease) in restricted grants	<u>1,388</u>	<u>736</u>
Contributions recognised in the current period which have not been spent	2,088	284
Less:		
Contributions recognised in previous reporting periods which have been spent in the current reporting period	(212)	(53)
Net increase/(decrease) in restricted contributions	<u>1,876</u>	<u>231</u>
Net increase/(decrease) in restricted grants and contributions	<u>3,264</u>	<u>967</u>

SINGLETON COUNCIL

**Notes to the financial statements
for the year ended 30 June 2016**

**Note 4
Expenses from continuing operations**

	Actual 2016 \$'000	Actual 2015 \$'000
(a) Employee benefits and on costs		
Salaries and wages	13,265	12,249
Travelling	102	24
Employee leave entitlements	1,574	1,362
Superannuation	1,472	1,438
Workers' compensation insurance	353	419
FBT	169	178
Training costs (excluding salaries)	412	505
Other	107	103
Less: Capitalised costs	(1,334)	(1,183)
Total employee costs expensed	16,120	15,095
Number of Full Time Equivalent Employees (FTE) as at 30 June of reporting period	196	201
(b) Borrowing costs		
Interest on overdrafts	1	1
Interest on loans	570	641
Amortisation of Discounts and Premiums:		
- Remediation (tip)	280	270
Less: Capitalised costs	(169)	(201)
Total borrowing costs expensed	682	711
(c) Materials and contracts		
Raw materials and consumables	12,566	13,548
Contractor and consultancy costs	2,185	2,238
Remuneration of Auditors ⁽¹⁾	114	144
Legal Fees:		
- Planning and development	6	17
- Other	146	120
Operating leases:		
- Computers	260	416
- Motor vehicles	9	10
- Other	136	155
Other	5	21
Total materials and contracts	15,427	16,669
⁽¹⁾ During the year the following fees were paid or payable for services provided by the Council's auditor		
<i>(i) Audit and other assurance services</i>		
- Audit services - Hills Rogers	51	55
- Internal Audit - Forsyths	14	30
Total remuneration for audit and other assurance services	65	85
<i>(ii) Taxation services</i>		
- Tax compliance services	49	59
Total remuneration for taxation services	49	59
Total remuneration of Audit Services	114	144

SINGLETON COUNCIL

**Notes to the financial statements
for the year ended 30 June 2016**

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

	Depreciation/Amortisation		Impairment	
	Actual	Actual	Actual	Actual
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
(d) Depreciation, amortisation and impairment				
Plant and equipment	1,304	1,326	-	-
Office equipment	21	16	-	-
Furniture and fittings	50	138	-	-
Land improvements (depreciable)	38	38	-	-
Infrastructure:				
- Buildings - Non specialised	1,639	53	-	-
- Specialised	-	1,568	-	-
- Other structures	544	546	-	-
- Roads, bridges and footpaths, other road assets	5,424	3,971	-	-
- Water supply network	1,654	1,661	-	-
- Sewerage network	935	1,063	-	-
- Stormwater drainage	948	484	-	-
Other Assets:				
- Library books	87	80	-	-
Tip asset	160	160	-	-
Less: Capitalised costs/Impairment reversals/ impairments offset against asset revaluations reserves	(49)	(427)	-	-
Total depreciation and total impairment	12,755	10,677	-	-

	Actual	Actual
	2016	2015
	\$'000	\$'000
(e) Other expenses		
Other expenses for the year include the following:		
Bad and doubtful debts	88	-
Contributions and donations	183	194
Operating Lease Rentals	83	86
Insurance	851	832
Electricity and heating	720	738
Gym & Swim Management Fee	106	428
Mayoral fee	24	23
Councillors' fees	110	107
Councillors' (incl Mayor) expenses	11	-
Street lighting	420	385
Telephone	191	183
Planning levy	24	32
Waste levy	1,239	1,367
Emergency services levy	557	517
Other	87	83
Total other expenses from continuing operations	4,694	4,975

SINGLETON COUNCIL

**Notes to the financial statements
for the year ended 30 June 2016**

Note 5

Gain or loss from disposal of assets

	Actual 2016 \$'000	Actual 2015 \$'000
Gain (or loss) on disposal of infrastructure, property, plant and equipment		
Proceeds from disposal	481	630
Less: carrying amount of assets sold ⁽¹⁾	(6,158)	(576)
Gain (or loss) on disposal	(5,677)	54
Gain (or loss) on disposal of real estate assets held for sale		
Proceeds from sales	2,682	1,149
Less: cost of sales	(2,429)	(941)
Gain (or loss) on disposal	253	208
Gain (or loss) on disposal of financial assets		
Proceeds from disposal	47,425	30,587
Less: carrying value of financial assets	(47,425)	(30,587)
Gain (or loss) on disposal	-	-
Net gain (or loss) from disposal of assets	(5,424)	262

⁽¹⁾ Includes \$5,848,000 being the written down valuation of Broke Road disposed following its realignment.

SINGLETON COUNCIL

Notes to the financial statements for the year ended 30 June 2016

Note 6(a) Cash and cash equivalents

	Actual 2016 \$'000	Actual 2015 \$'000
Cash at bank and on hand	2,116	2,555
Deposits at call and Term Deposits maturing within 3 months	9,612	4,568
	<u>11,728</u>	<u>7,123</u>

Note 6(b) Investments

The following financial assets are held as investments:

	Actual 2016		Actual 2015	
	Current \$'000	Non-current \$'000	Current \$'000	Non-current \$'000
Financial assets at fair value through Profit and Loss - held for trading	27,527	-	19,631	-
Held to maturity investments	29,115	13,000	25,856	23,942
Total	<u>56,642</u>	<u>13,000</u>	<u>45,487</u>	<u>23,942</u>
Financial assets at fair value through Profit and loss - held for trading				
At beginning of year	19,631	-	19,753	-
Revaluation to Income Statement	(35)	-	(122)	-
Additions	21,500	-	-	-
Disposals	(13,569)	-	-	-
At end of year	<u>27,527</u>	<u>-</u>	<u>19,631</u>	<u>-</u>
Comprising of:				
- NCDs, FRNs	23,555	-	10,080	-
- Other long-term financial assets	3,972	-	9,551	-
	<u>27,527</u>	<u>-</u>	<u>19,631</u>	<u>-</u>
Held to maturity investments				
At beginning of year	25,856	23,942	30,587	22,500
Additions	18,173	8,000	7,156	20,142
Disposals	(33,856)	-	(30,587)	-
Transfers between current/non-current	18,942	(18,942)	18,700	(18,700)
At end of year	<u>29,115</u>	<u>13,000</u>	<u>25,856</u>	<u>23,942</u>
Comprising Of:				
- Long-term deposits	29,115	13,000	25,856	-
	<u>29,115</u>	<u>13,000</u>	<u>25,856</u>	<u>-</u>

Note:

Refer to Note 24 Fair value measurement for information regarding the fair value of investments held.

SINGLETON COUNCIL

**Notes to the financial statements
for the year ended 30 June 2016**

Note 6(c)

Restricted Cash, cash equivalents and investments

	Actual 2016		Actual 2015	
	Current \$'000	Non-current \$'000	Current \$'000	Non-current \$'000
Total cash, cash equivalents and investments	68,370	13,000	52,610	23,942
External restrictions	56,000	13,000	41,016	23,942
Internal restrictions	11,849	-	11,594	-
Unrestricted	521	-	-	-
	<u>68,370</u>	<u>13,000</u>	<u>52,610</u>	<u>23,942</u>

	Notes	Opening balance \$'000	Transfers to restrictions \$'000	Transfers from restrictions \$'000	Closing balance \$'000
External restrictions					
Included in liabilities					
Specific purpose unexpended loans		2,312	-	1,640	672
		<u>2,312</u>	<u>-</u>	<u>1,640</u>	<u>672</u>
Other					
Developer contributions	17	11,614	1,615	79	13,150
Contributions		207	473	133	547
Specific purpose unexpended grants		1,364	2,309	921	2,752
Water		24,106	703	-	24,809
Sewerage		15,268	1,267	-	16,535
Domestic waste management		9,397	5,143	4,591	9,949
Stormwater management		377	90	250	217
Employee leave entitlements - water & sewer		313	56	-	369
Total restrictions other		<u>62,646</u>	<u>11,656</u>	<u>5,974</u>	<u>68,328</u>
Total external restrictions		<u>64,958</u>	<u>11,656</u>	<u>7,614</u>	<u>69,000</u>

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

SINGLETON COUNCIL

**Notes to the financial statements
for the year ended 30 June 2016**

Note 6(c) (continued)

Restricted cash, cash equivalents and investments

	Opening balance \$'000	Transfers to restrictions \$'000	Transfers from restrictions \$'000	Closing balance \$'000
Internal restrictions				
Employee leave entitlements	579	78	-	657
Replacement - plant & vehicles	455	171	626	-
Sinking funds	219	226	221	224
Asset Management	21	-	-	21
Auditorium kitchen upgrade	18	-	-	18
Carbon pricing	1,384	-	-	1,384
C&A Community Trust - Grants Officer	32	-	32	-
Community enhancement contribution	228	-	-	228
DIPNR - Synptic Plan Review	5	-	-	5
GIS Mapping	99	-	79	20
Insurance Claims - buildings	11	-	-	11
Interest on unexpended loans	619	47	-	666
Land bank development	2,082	2,916	2,201	2,797
Land development (Developer cont.)	2,212	73	172	2,113
Local Government elections	60	40	-	100
Mayoral Scholarship	7	22	9	20
Ravensworth VPA	491	106	115	482
Roads & Bridges	1,659	-	71	1,588
Rural Fire Services	122	-	-	122
s355 Committees	64	10	-	74
Section 94 Plan Revision	17	-	-	17
Sedgefield Cemetery	158	78	30	206
Social Plan review	13	-	-	13
Special Variation - Storm water	4	-	-	4
Stormwater replacement	65	-	-	65
Tidy Towns	35	-	12	23
Uncompleted works	896	952	896	952
Waste Management	36	-	-	36
Youth Programs/Entertainment	3	-	-	3
Total internal restrictions	11,594	4,719	4,464	11,849
Total restrictions	76,552	16,375	12,078	80,849

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

SINGLETON COUNCIL

Notes to the financial statements for the year ended 30 June 2016

Note 7 Receivables

Purpose	Actual 2016		Actual 2015	
	Current \$'000	Non-current \$'000	Current \$'000	Non-current \$'000
Rates and annual charges	449	74	429	77
Interest and extra charges	120	6	104	6
User charges and fees	700	-	1,188	-
Accrued revenues	946	-	1,045	-
Deferred debtors	-	13	-	13
Government grants and subsidies	1,129	-	4,187	-
Private works	31	-	1	-
GST	341	-	580	-
Road/Bridge maintenance contributions	40	-	-	-
Rent - Council properties	90	-	86	-
Australian Taxation Office	117	-	117	-
Other	470	-	179	-
Total	4,433	93	7,916	96
Less: Provision for impairment				
- Rates and annual charges	8	-	8	-
- User charges and fees	125	-	37	-
	4,300	93	7,871	96

Rates and Annual Charges

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

Overdue rates and annual charges (being amounts not paid within 1 day of the due date determined in accordance with the Local Government Act) are subject to simple interest at a rate of 8.50% (2015: 8.50%). Although Council is not materially exposed to any individual ratepayer, credit risk exposure is concentrated within the Council boundaries in the State of New South Wales. Where the collection of the debt is doubtful and the assessed value of the property is less than the amount outstanding a provision for doubtful debt is recognised for the shortfall.

User Charges and fees

User charges and fees are unsecured. The credit risk for this class of debtor is 100% of the carrying value. A provision for impairment in respect of the class of debtor has already been provided in an amount of \$124,600.

Deferred Debtors

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

Private Works

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

Government Grants and Subsidies

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

Other Receivables

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

SINGLETON COUNCIL

**Notes to the financial statements
for the year ended 30 June 2016**

**Note 7 (continued)
Receivables**

	Actual 2016		Actual 2015	
	Current \$'000	Non-current \$'000	Current \$'000	Non-current \$'000
Restricted Receivables				
Externally restricted receivables				
Water supply	795	-	812	-
Sewerage services	374	-	450	-
Domestic waste management	93	-	90	-
Stormwater management	4	-	5	-
Total externally restricted receivables	1,266	-	1,357	-
Unrestricted receivables	3,034	93	6,514	96
Total receivables	4,300	93	7,871	96

SINGLETON COUNCIL

**Notes to the financial statements
for the year ended 30 June 2016**

**Note 8
Inventories and other assets**

	Actual 2016		Actual 2015	
	Current \$'000	Non-current \$'000	Current \$'000	Non-current \$'000
(a) Inventories				
At cost:				
Real estate (refer (i) below)	4,745	-	5,251	-
Stores and materials	227	-	248	-
Total inventories	4,972	-	5,499	-
(i) Real estate development				
Residential	3,978	-	4,484	-
Industrial/Commercial	767	-	767	-
Total real estate held for sale	4,745	-	5,251	-
(Valued at the lower of cost and net realisable value)				
Represented by:				
Acquisition costs	3,440	-	3,456	-
Development costs	1,125	-	1,613	-
Borrowing costs	14	-	14	-
Other holding costs	166	-	168	-
Total real estate held for sale	4,745	-	5,251	-
(ii) Inventories not expected to be realised within the next 12 months	3,883	-	3,901	-
(b) Other assets				
Prepayments	84	-	39	-
Other	-	-	2	-
Total other assets	84	-	41	-

SINGLETON COUNCIL

**Notes to the financial statements
for the year ended 30 June 2016**

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

	Actual 2016		Actual 2015	
	Current \$'000	Non-current \$'000	Current \$'000	Non-current \$'000
Externally restricted inventories and other assets				
Sewerage				
Stores and materials	97	-	83	-
Total Sewerage	<u>97</u>	<u>-</u>	<u>83</u>	<u>-</u>
Total externally restricted inventories and other assets	<u>97</u>	<u>-</u>	<u>83</u>	<u>-</u>
Unrestricted inventories and other assets	<u>4,959</u>	<u>-</u>	<u>5,457</u>	<u>-</u>
Total inventories and other assets	<u>5,056</u>	<u>-</u>	<u>5,540</u>	<u>-</u>

SINGLETON COUNCIL

Notes to the financial statements for the year ended 30 June 2016

Note 9 Infrastructure, Property, Plant & Equipment

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

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

Water and sewerage network assets are indexed annually between full revaluations in accordance with the latest indices provided in the NSW Office of Water – Rates Reference Manual. For all other assets, Council assesses at each reporting date whether there is any indication that a revalued asset's carrying amount may differ materially from that which would be determined if the asset were revalued at the reporting date. If any such indication exists, Council determines the asset's fair value and revalue the asset to that amount. Full revaluations are undertaken for all assets on a five-year cycle.

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 in profit or loss. Decreases that reverse previous increases of assets in the same class are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset class; all other decreases are charges to the Income statement.

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

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

Office equipment	5 – 10 years	Pumps & telemetry	15 – 20 years
Office furniture	10 – 20 years	Drains	80 – 100 years
Vehicles and road making equipment	5 – 8 years	Culverts	80 – 100 years
Other plant and equipment	5 -15 years	Flood control structures	80 – 100 years
Buildings - Masonry	50 – 100 years	Sealed roads - Surface	15 - 25 years
- Other	20 – 40 years	- Structure	50 - 60 years
Playground Equipment	15 - 25 years	Unsealed Roads	20 - 30 years
Benches, seat etc.	15 – 35 years	Bridge - Concrete	100 years
Reservoirs	80 – 100 years	- Other	60 years
Bores	20 – 40 years	Bulk earthworks	Infinite
Reticulation pipes - PVC	70 – 80 years	Library Books	5 – 15 years
- Other	25 – 75 years		

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

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

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

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

SINGLETON COUNCIL

Notes to the financial statements for the year ended 30 June 2016

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

Capitalisation Thresholds

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

Land

- Council land	100% capitalised
- Open space	100% capitalised
- Land under roads	100% capitalised

Plant and Equipment

- Office furniture	>\$2,000
- Office equipment	>\$2,000
- Other plant and equipment	>\$2,000

Buildings and Land Improvements

- Park furniture and equipment	>\$5,000
--------------------------------	----------

Building

- Construction/extensions	100% capitalised
- Renovations	>\$10,000

Other structures

>\$5,000

Water and Sewer Assets

- Reticulation extensions	>\$10,000
- Other	>\$10,000

Stormwater Assets

- Drainage and culverts	>\$10,000
- Other	>\$10,000

Transport Assets

- Road construction and reconstruction	>\$10,000
- Reseal/re-sheet and major repairs	>\$10,000
- Bridge construction and reconstruction	>\$10,000

Restricted Assets

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

Critical accounting estimates and assumption

(i) Revaluation of infrastructure assets

In accordance with the Local Government Code of Accounting Practice and Financial Reporting and Circular 06-43 'Financial Reporting', management have determined the depreciated replacement cost of its infrastructure at 30 June 2016. In order to determine the replacement cost of assets, management was required to undertake a physical inspection of these assets.

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

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

SINGLETON COUNCIL

**Notes to the financial statements
for the year ended 30 June 2016**

**Note 9(a)
Infrastructure, Property, Plant and Equipment**

By asset type	At 30 June 2015				Movements During the Year						At 30 June 2016			
	Cost/ Deemed Cost \$'000	Fair Value \$'000	Accum Depn and Impairment \$'000	Carrying Value \$'000	Renewals \$'000	New assets \$'000	Carrying value of Disposals \$'000	Depn and Impairment \$'000	Transfers/ Adjustments \$'000	Revaluation Increments/ (decrements) \$'000	Cost/ Deemed Cost \$'000	Fair Value \$'000	Accum Depn and Impairment \$'000	Carrying Value \$'000
Capital WIP	9,449	-	-	9,449	12,036	1,094	-	-	(5,911)	-	16,668	-	-	16,668
Plant and equipment	-	13,505	(8,961)	4,544	1,777	260	310	1,304	-	-	-	14,550	(9,582)	4,968
Office equipment	-	1,455	(1,344)	111	-	-	-	21	-	-	-	1,455	(1,365)	90
Furniture and fittings	-	1,791	(1,255)	536	5	1	-	50	-	-	-	1,797	(1,305)	492
Land - Operational	-	34,180	-	34,180	-	-	-	-	-	-	-	34,180	-	34,180
Land - Community	-	16,135	-	16,135	-	-	-	-	-	-	-	16,135	-	16,135
Land under roads (pre 01/07/08)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Land under roads (post 01/07/08)	-	6	-	6	-	-	-	-	-	-	-	6	-	6
Non depreciable land improvements	-	2,831	-	2,831	-	-	-	-	-	(291)	-	2,540	-	2,540
Depreciable land improvements	-	2,807	(1,316)	1,491	-	-	-	38	-	500	-	3,927	(1,974)	1,953
Infrastructure:														
- Buildings *	-	61,849	(22,992)	38,857	692	283	-	1,639	59	-	-	62,883	(24,632)	38,251
- Other structures *	-	29,024	(7,551)	21,473	200	1,011	-	544	(11,698)	(7,123)	-	5,944	(2,625)	3,319
- Roads *	-	218,145	(29,888)	188,257	4,115	4,760	2,994	4,668	953	-	-	224,517	(34,095)	190,422
- Bridges *	-	47,699	(15,379)	32,320	290	4	-	537	15	-	-	48,008	(15,916)	32,092
- Footpaths *	-	6,614	(3,683)	2,931	858	38	-	82	1,977	-	-	9,487	(3,766)	5,721
- Other road assets *	-	6,921	(3,160)	3,761	14	2,000	-	137	-	-	-	8,935	(3,297)	5,638
- Bulk earthworks (non deprec.) *	-	203,117	-	203,117	84	19,249	2,854	-	56	-	-	219,652	-	219,652
- Stormwater drainage *	-	86,759	(13,189)	73,570	714	5,826	-	948	1,380	-	-	94,679	(14,137)	80,542
- Water supply network *	-	102,194	(48,949)	53,245	647	2,591	-	1,654	56	774	-	107,020	(51,361)	55,659
- Sewerage network *	-	67,908	(39,509)	28,399	785	411	-	935	68	411	-	70,190	(41,051)	29,139
- Swimming Pools *	-	-	-	-	-	-	-	-	1,154	-	-	1,667	(513)	1,154
- Other open space/recreational assets *	-	-	-	-	-	-	-	-	11,891	-	-	24,476	(12,585)	11,891
- Other infrastructure *	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets:														
- Heritage collections	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Library books	-	1,377	(988)	389	-	71	-	87	-	-	-	1,448	(1,075)	373
- Art Collection	-	415	-	415	-	1	-	-	-	-	-	416	-	416
Tip asset	-	6,032	(2,508)	3,524	-	-	-	160	-	-	-	6,032	(2,668)	3,364
Other remediation assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Totals	9,449	910,764	(200,672)	719,541	22,217	37,600	6,158	12,804	-	(5,729)	16,668	959,944	(221,947)	754,665

Notes:

Excluding investment properties and non-current assets held for sale.

Renewals are defined as replacements of existing assets as opposed to the acquisition of new assets.

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

* Asset classes to be included in Special Schedule 7 - Infrastructure Asset Report.

SINGLETON COUNCIL

**Notes to the financial statements
for the year ended 30 June 2016**

Note 9(b)

Restricted infrastructure, property, plant and equipment

	Actual 2016 \$'000				Actual 2015 \$'000			
	Cost	Fair value	Accum depn and impairment	Carrying Amount	Cost	Fair value	Accum depn and impairment	Carrying Amount
Water supply								
WIP	858	-	-	858	-	59	-	59
Plant and equipment	-	754	(352)	402	-	529	(333)	196
Office equipment	-	59	(59)	-	-	59	(59)	-
Furniture and fittings	-	8	(8)	-	-	8	(8)	-
Land:								
- Operational land	-	1,729	-	1,729	-	1,729	-	1,729
- Community land	-	88	-	88	-	88	-	88
Land improvements - depreciable	-	680	(281)	399	-	680	(280)	400
Buildings	-	1,039	(450)	589	-	1,039	(427)	612
Other structures	-	620	(202)	418	-	620	(192)	428
Infrastructure:								
- Water supply	-	107,020	(51,361)	55,659	-	102,193	(48,950)	53,243
Total water supply	858	111,997	(52,713)	60,142	-	107,004	(50,249)	56,755
Sewerage services								
WIP	135	-	-	135	-	68	-	68
Plant and equipment	-	492	(368)	124	-	494	(345)	149
Office equipment	-	23	(23)	-	-	23	(23)	-
Furniture and fittings	-	11	(11)	-	-	11	(11)	-
Land:								
- Operational land	-	1,942	-	1,942	-	1,942	-	1,942
Land improvements - depreciable	-	3	-	3	-	3	-	3
Buildings	-	300	(151)	149	-	300	(143)	157
Other structures	-	475	(184)	291	-	475	(177)	298
Infrastructure:								
- Sewerage assets	-	70,190	(41,051)	29,139	-	67,908	(39,509)	28,399
Total Sewerage services	135	73,436	(41,788)	31,783	-	71,224	(40,208)	31,016
Domestic waste management								
WIP	1,625	-	-	1,625	-	-	-	-
Plant and equipment	-	902	(521)	381	-	879	(391)	488
Office equipment	-	12	(12)	-	-	22	(16)	6
Furniture and fittings	-	5	(3)	2	-	5	(3)	2
Land:								
- Operational land	-	389	-	389	-	389	-	389
Non depreciable land improvements	-	-	-	-	-	-	-	-
Land improvements - depreciable	-	1,774	(858)	916	-	1,774	(843)	931
Buildings	-	96	(25)	71	-	96	(25)	71
Other structures	-	1,681	(320)	1,361	-	1,681	(320)	1,361
Total Domestic waste management	1,625	4,859	(1,739)	4,745	-	4,846	(1,598)	3,248
Total restrictions	2,618	190,292	(96,240)	96,670	-	183,074	(92,055)	91,019

Refer to Note 27 'Fair Value Measurement' for information regarding the fair value of IPP&E

SINGLETON COUNCIL

**Notes to the financial statements
for the year ended 30 June 2016**

Note 10

(a) Payables, borrowings and provisions

	Actual 2016		Actual 2015	
	Current \$'000	Non-current \$'000	Current \$'000	Non-current \$'000
Payables				
Goods and services	3,991	-	3,100	-
Accrued wages and salaries	336	-	109	-
Accrued expenses - Other	70	-	93	-
Payments received in advance	391	-	449	-
Deposits and retentions	406	-	406	-
Total payables	5,194	-	4,157	-
Current payables not expected to be settled within the next 12 months	284	-	284	-
Borrowings				
Loans:				
- Secured ⁽¹⁾	1,454	7,663	1,363	9,108
Total borrowings	1,454	7,663	1,363	9,108
Provisions ⁽²⁾				
Annual leave	1,277	-	1,318	-
Long service leave	2,268	155	2,173	97
Asset remediation (Note 23)	-	8,138	-	7,858
Total Provisions	3,545	8,293	3,491	7,955
Total payables, borrowings and provisions	10,193	15,956	9,011	17,063
Current provisions not expected to be settled within the next 12 months	2,433	-	2,350	-
Liabilities relating to restricted assets				
Domestic waste management	-	8,138	-	7,858
Water	287	7	270	2
Sewer	119	6	91	1
Total restricted liabilities	406	8,151	361	7,861
Liabilities related to unrestricted assets	9,787	7,805	8,650	9,202
Total	10,193	15,956	9,011	17,063

Notes:

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

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

(b) Description of and movements in provisions

Class of Provision	Opening balance \$'000	Increases in provision \$'000	Payments \$'000	Remeasurement \$'000	Closing balance \$'000
Annual leave	1,318	1,013	1,054	-	1,277
Long service leave	2,270	561	408	-	2,423
Asset remediation	7,858	280	-	-	8,138
Total	11,446	1,854	1,462	-	11,838

SINGLETON COUNCIL

**Notes to the financial statements
for the year ended 30 June 2016**

Note 11

Reconciliation of operating result to net cash movement from operating activities

	Notes	Actual 2016 \$'000	Actual 2015 \$'000
(a) Reconciliation of cash assets			
Total cash and cash equivalents	6(a)	11,728	7,123
Balances as per cash flow statement		<u>11,728</u>	<u>7,123</u>
(b) Reconciliation of net operating result to cash provided from operating activities			
Net operating result from Income statement		41,563	13,736
Add:			
Depreciation and impairment		12,755	10,677
Increase in provision for doubtful debts		88	-
Increase in provision for leave entitlements		112	60
Increase in other provisions		280	270
Decrease in receivables		3,486	-
Decrease in inventories		21	5
Decrease in other current assets		-	123
Increase in payables		1,060	863
Loss on sale of assets		5,424	-
		<u>64,789</u>	<u>25,734</u>
Less:			
Increase in receivables		-	3,206
Increase in other current assets		43	-
Share of profit in joint ventures		25	34
Decrease in accrued expenses payable		23	18
Decrease in other current liabilities		-	93
Non cash contributions and dedications		34,045	4,083
Gain on sale of assets		-	262
Discounts and premiums recognised on financial investment transactions		(35)	(122)
Net cash provided from (or used in) operating activities from Cash flow statement		<u>30,688</u>	<u>18,160</u>

SINGLETON COUNCIL

**Notes to the financial statements
for the year ended 30 June 2016**

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

	Notes	Actual 2016 \$'000	Actual 2015 \$'000
(c) Non-cash financing and investing activities			
Bushfire grants		105	315
Developer contributions in kind		33,939	3,666
Other - Bronze Sculpture		-	87
Other - Civic Art Collection		1	15
		34,045	4,083
(d) Financing arrangements			
Unrestricted access was available at balance date to the following:			
Asset finance - leasing facility		1,000	1,000
Bank overdraft facility ⁽¹⁾⁽²⁾		1,000	1,000
Corporate credit cards		100	100
		2,100	2,100

Notes:

⁽¹⁾ The Bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice.

⁽²⁾ Interest rates on overdrafts are variable while rates for loans are set for the period of the loan.

SINGLETON COUNCIL

**Notes to the financial statements
for the year ended 30 June 2016**

**Note 12
Commitments for expenditure**

	Actual 2016 \$'000	Actual 2015 \$'000
(a) Capital commitments (exclusive of GST)		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
- Other Structures	-	2,137
- Buildings	566	5,039
- Water Assets	1	-
- Roads and Bridges	1,009	-
Total	1,576	7,176
These expenditures are payable as follows:		
- Not later than one year	1,576	7,176
Total	1,576	7,176
(b) Non-cancellable operating lease commitments		
Commitments under non-cancellable operating leases at the reporting date but not recognised in the financial statements are payable as follows:		
- Not later than one year	415	439
- Later than one year and not later than five years	1,304	328
- Later than five years	44	173
Total	1,763	940

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

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

Commitments for Operating Lease Expenditures relating to other entities are set out in Note 19.

SINGLETON COUNCIL

**Notes to the financial statements
for the year ended 30 June 2016**

**Note 13(a)
Statement of performance measures - Consolidated results**

	2016 \$'000	2016	Indicators 2015	2014
1. Operating performance				
Total continuing operating revenue ¹ excluding capital grants and contributions - operating expenses	- 1,928	-4.04%	-5.61%	-9.13%
Total continuing operating revenue ¹ excluding capital grants and contributions	47,750			
2. Own source operating revenue				
Total continuing operating revenue ¹ excluding all grants and contributions	38,960	40.30%	61.59%	76.70%
Total operating revenue ¹ inclusive of all grants and contributions	96,675			
3. Unrestricted current ratio				
Current assets less all external restrictions	16,480	2.33:1	3.27:1	3.38:1
Current liabilities less specific purpose liabilities	7,069			
4. Debt service cover ratio				
Operating results ¹ before capital excluding interest and depreciation/impairment/amortisation	11,509	5.65:1	4.49:1	5.13:1
Principal repayments (from the statement of cash flows) + borrowing costs (from the income statement)	2,036			
5. Rates and annual charges outstanding percentage				
Rates and annual charges outstanding	641	2.73%	2.72%	2.43%
Rates and annual charges collectible	23,472			
6. Cash expense cover ratio				
(Current year's cash and cash equivalents including term deposits	53,843	15.43	16.24	18.86
Payments from cash flow of operating and financing activities) /12	3,489	months	months	months

Notes:

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

SINGLETON COUNCIL

**Notes to the financial statements
for the year ended 30 June 2016**

**Note 13(b)
Statement of performance measures by Fund**

	Current Year Indicators		
	General	Water	Sewer
1. Operating performance			
Total continuing operating revenue ¹ excluding capital grants and contributions - operating expenses	-12.97%	20.23%	32.93%
Total continuing operating revenue ¹ excluding capital grants and contributions			
2. Own source operating revenue			
Total continuing operating revenue ¹ excluding all grants and contributions	34.42%	65.48%	97.01%
Total operating revenue ¹ inclusive of all grants and contributions			
3. Unrestricted current ratio			
Current assets less all external restrictions	2.33:1	93.56:1	144.16:1
Current liabilities less specific purpose liabilities			
4. Debt service cover ratio			
Operating results ¹ before capital excluding interest and depreciation/impairment/amortisation	3.03:1	0:1	0:1
Principal repayments (from the statement of cash flows) + borrowing costs (from the income statement)			
5. Rates and annual charges outstanding percentage			
Rates and annual charges outstanding	2.64%	4.04%	2.80%
Rates and annual charges collectible			
6. Cash expense cover ratio			
Current year's cash and cash equivalents including term deposits *12	6.30	48.78	119.43
(Total expenses - depreciation - interest costs)	months	months	months

Notes:

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

SINGLETON COUNCIL

**Notes to the Financial Statements
for the year ended 30 June 2016**

**Note 14
Investment Properties**

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

SINGLETON COUNCIL

Notes to the financial statements for the year ended 30 June 2016

Note 15 Financial risk management

Risk management

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

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

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

Council held the following financial instruments at balance date:

	Carrying value		Fair value	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Financial assets				
Cash and cash equivalents	11,728	7,123	11,728	7,123
Receivables	4,393	7,967	4,393	7,967
Financial assets at fair value through profit or loss - Held for trading	27,527	19,631	27,527	19,631
Held-to-maturity investments	42,115	49,798	42,115	49,798
	<u>85,763</u>	<u>84,519</u>	<u>85,763</u>	<u>84,519</u>
Financial Liabilities				
Payables	5,194	4,157	5,194	4,157
Borrowings	9,117	10,471	9,117	10,471
	<u>14,311</u>	<u>14,628</u>	<u>14,311</u>	<u>14,628</u>

SINGLETON COUNCIL

Notes to the financial statements for the year ended 30 June 2016

Note 15 (continued) Financial risk management

(a) Cash and cash equivalents

Financial assets at fair value through profit and loss

Available-for-sale financial assets

Held-to-Maturity investments

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

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

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

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

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

The impact on result for the year and equity of a reasonably possible movement in the price of investments held is shown below. The reasonably possible movement was determined based on historical movements and economic conditions in place at the reporting date.

	2016 \$'000	2015 \$'000
Impact of a 10% ⁽¹⁾ movement in price of investments:		
- Equity	2,753	1,963
- Income Statement	2,753 ⁽²⁾	1,963 ⁽²⁾
Impact of a 1% ⁽¹⁾ movement in interest rates on cash and investments:		
- Equity	858	845
- Income Statement	858	845

Notes:

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

(2) Maximum Impact.

SINGLETON COUNCIL

**Notes to the financial statements
for the year ended 30 June 2016**

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

(b) Receivables

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

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

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

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

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

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

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

	30 June 2016	30 June 2015
Percentage of Rates and Annual charges:		
- Current	0%	0%
- Overdue	100%	100%
Analysis of Overdue debts	\$'000	\$'000
Current	-	-
Overdue debts	523	506
Percentage of Other Receivables:		
- Current	71%	73%
- Overdue	29%	27%
Analysis of Overdue debts	\$'000	\$'000
Current	2,862	5,477
0-30 days overdue	376	526
30-60 days overdue	5	764
60-90 days overdue	80	131
90 days+ overdue	680	608

SINGLETON COUNCIL

**Notes to the financial statements
for the year ended 30 June 2016**

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

(c) Liquidity risk

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

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

2016 \$'000	Due within 1 year \$'000	Due between 1 and 5 years \$'000	Due after 5 years \$'000	Total Contractual Cash Flows \$'000	Carrying Values \$'000
Payables	5,194	-	-	5,194	5,194
Borrowings	1,454	4,579	3,084	9,117	9,117
	<u>6,648</u>	<u>4,579</u>	<u>3,084</u>	<u>14,311</u>	<u>14,311</u>
2015 \$'000	Due within 1 year \$'000	Due between 1 and 5 years \$'000	Due after 5 years \$'000	Total Contractual Cash Flows \$'000	Carrying Values \$'000
Payables	4,157	-	-	4,157	4,157
Borrowings	1,363	5,003	4,105	10,471	10,471
	<u>5,520</u>	<u>5,003</u>	<u>4,105</u>	<u>14,628</u>	<u>14,628</u>

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

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

	30 June 2016		30 June 2015	
	Weighted average interest rate %	Balance \$'000	Weighted average interest rate %	Balance \$'000
Bank Loans				
- Fixed	4.96	<u>9,117</u>	5.42	<u>10,471</u>
		<u>9,117</u>		<u>10,471</u>

Notes:

(1) The interest rate risk applicable to Variable Rate Bank Loans is not considered significant.

SINGLETON COUNCIL

Notes to the financial statements for the year ended 30 June 2016

Note 16 Material budget variations

Council's original budget comprised part of the Operational Plan adopted by Council on 15 June 2015. The original projections on which the budget was based have been affected by a number of factors. These include State and Federal Government decisions including new grant programs, changing economic activity, the weather and by decisions made by the Council.

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

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

1 Income statement

1.1 User charges and fees

(F = 29%)

Income from RMS for works undertaken was \$863K higher than original anticipated. Income associated with the Singleton Gym & Swim managed by the YMCA of \$1.6M not included in the original budget.

1.2 Grants and contributions – Operational

(F = 21%)

Grant income received from RMS to fund transport asset repairs following the April 2015 storms totalling \$868K. An additional RMS allocation of \$163K towards road works. An unbudgeted allocation of \$33K towards Wood Smoke reduction program.

1.3 Grants and contributions – Capital

(F = 222%)

Total Capital Grants and Contributions for Capital purposes were up \$34.833M for the year.

The Town Centre Management Plan Capital Grant was up \$2.0M as the work was delayed and was completed in the 2015-2016 financial year.

A total of \$33.93M in developer provided assets was recognised during the reporting period, which included \$33.32M for the realignment of the Broke Road to enable mining to occur along the existing Broke Road alignment.

1.4 Net gain from the disposal of assets

(U)

\$1.064M below budget.

Bridgeman Ridge Joint Venture did not realise as many sales as anticipated due to the current economic climate, however the commercial site involved in this estate was sold during the reporting period. As the result of the disposal of a section of Broke Road, the net gain from the disposal of assets was reduced to an overall net loss on the disposal of assets. Refer to 1.6 below.

1.5 Depreciation and amortisation

(U +12%) \$1.3M above budget.

The original budget for the depreciation of roads assets and stormwater assets were lower than required following the revaluation of these asset classes as at 30 June 2016. This resulted in an additional \$924K for the roads assets and 424K for stormwater assets.

1.6 Net Loss on the disposal of assets

(U) \$5.424M above budget.

Due to the realignment of the section of Broke Road the written value of the decommissioned road has been removed from Council's Asset Register which has result in a net disposal value of \$5.848M. The difference is the net profit on the sale of assets.

SINGLETON COUNCIL

Notes to the financial statements
for the year ended 30 June 2016

Note 17
Statement of developer contributions

(a) Summary of developer contributions

Purpose	Opening balance \$'000	Contributions received during year		Interest & investment income earned during year \$'000	Expended during year \$'000	Internal borrowings (to)/from \$'000	Held as restricted asset \$'000	Cumulative balance of internal borrowings (to)/from \$'000
		Cash \$'000	Non-cash \$'000					
Drainage	5	-	-	-	-	-	5	-
Roads	486	263	-	25	(38)	-	736	-
Parking	336	5	-	12	-	-	353	-
Open space	619	29	-	22	(41)	-	629	-
Community facilities	1,493	276	-	63	-	-	1,832	-
Bushfire facilities	600	151	-	28	-	-	779	-
Waste facilities	33	-	-	1	-	-	34	-
S94 Under Plans	3,572	724	-	151	(79)	-	4,368	-
S94A Not Under Plans	-	19	-	1	-	-	20	-
Section 64	8,042	413	-	307	-	-	8,762	-
Total contributions	11,614	1,156	-	459	(79)	-	13,150	-

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

(b) Contribution Plan - No. 1

Purpose	Opening balance \$'000	Contributions received during year		Interest & investment income earned during year \$'000	Expended during year \$'000	Internal borrowings (to)/from \$'000	Held as restricted asset \$'000	Cumulative balance of internal borrowings (to)/from \$'000
		Cash \$'000	Non-cash \$'000					
Drainage	5	-	-	-	-	-	5	-
Roads	237	36	-	10	-	-	283	-
Parking	9	-	-	-	-	-	9	-
Open Space	99	3	-	4	(2)	-	104	-
Community facilities	681	-	-	24	-	-	705	-
Total	1,031	39	-	38	(2)	-	1,106	-

SINGLETON COUNCIL

Notes to the financial statements
for the year ended 30 June 2016

Note 17 (continued)
Statement of developer contributions

(c) Singleton Development Contributions Plan 2005

Purpose	Opening balance \$'000	Contributions received during year		Interest & investment income earned during year \$'000	Expended during year \$'000	Internal borrowings (to)/from \$'000	Held as restricted asset \$'000	Cumulative balance of internal borrowings (to)/from \$'000
		Cash \$'000	Non-cash \$'000					
Roads	169	10	-	6	-	-	185	-
Open Space	105	-	-	2	(39)	-	68	-
Community facilities	668	-	-	24	-	-	692	-
Bushfire facilities	150	-	-	6	-	-	156	-
Waste facilities	29	-	-	1	-	-	30	-
Total	1,121	10	-	39	(39)	-	1,131	-

(d) Singleton Development Contributions Plan 2008

Purpose	Opening balance \$'000	Contributions received during year		Interest & investment income earned during year \$'000	Expended during year \$'000	Internal borrowings (to)/from \$'000	Held as restricted asset \$'000	Cumulative balance of internal borrowings (to)/from \$'000
		Cash \$'000	Non-cash \$'000					
Roads	80	217	-	9	(38)	-	268	-
Parking	327	5	-	12	-	-	344	-
Open Space	415	26	-	16	-	-	457	-
Community facilities	144	276	-	15	-	-	435	-
Bushfire facilities	450	151	-	22	-	-	623	-
Waste facilities	4	-	-	-	-	-	4	-
Total	1,420	675	-	74	(38)	-	2,131	-

SINGLETON COUNCIL

Notes to the financial statements for the year ended 30 June 2016

Note 18 Contingencies

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

Contingent Liabilities

Workers' Compensation

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

Superannuation

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 it's 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 Contribution Plans.

Contingent Assets

Nil

SINGLETON COUNCIL

**Notes to the financial statements
for the year ended 30 June 2016**

**Note 19
Interest in other entities**

Aggregate information for joint ventures that are not individually material

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.

	2016	2015
Carrying amount of investments in associations that are not material	132	107
Share of those associations:		
Profit from continuing operations	25	34

Interest in associations

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.

This Organisation was established in January 2003 after receiving Minister's consent, pursuant to Section 358(1) (a) of the

	2016	2015
Strategic Services Australia Limited		
Councils respective interests are:		
- Interest in Outputs of the Joint Operation	5.428%	5.428%
- Ownership Interest in the Joint Operation	5.428%	5.428%
- the Proportion of Voting Power in the Joint Operation	7.692%	7.692%

Contingent liabilities relating to joint ventures

Each of the partners in Strategic Services Australia Limited are jointly and severally liable for the debts of the organisation.

As at 30 June 2016, the company had no contingent liabilities.

SINGLETON COUNCIL

Notes to the financial statements for the year ended 30 June 2016

Note 20

Retained earnings, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors

	Actual 2016 \$'000	Actual 2015 \$'000
(a) Retained earnings		
Movements in retained earnings were as follows:		
At beginning of year	413,713	399,977
Adjustments to correct prior period errors (Note 20(c))	-	-
Net operating result for the year	41,563	13,736
At end of year	<u>455,276</u>	<u>413,713</u>
(b) Revaluation reserves		
Infrastructure, property, plant and equipment revaluation reserve	364,191	369,920
Available-for-sale investments revaluation reserve	-	-
	<u>364,191</u>	<u>369,920</u>
Movements:		
<i>Infrastructure, property, plant and equipment revaluation reserve</i>		
At beginning of year	369,920	248,550
Revaluations (Note 9)	(5,729)	121,370
Adjustments to correct prior period errors (Note 20(c))	-	-
At end of year	<u>364,191</u>	<u>369,920</u>
Nature and purpose of reserves		
<i>(i) Infrastructure, Property, Plant and Equipment Revaluation Reserve</i>		
The infrastructure, property, plant and equipment revaluation reserve is used to record increments and decrements on the revaluation of non-current assets.		

SINGLETON COUNCIL

**Notes to the financial statements
for the year ended 30 June 2016**

**Note 21
Results by Fund**

Income Statement by Fund	Actual 2016 \$'000 General⁽¹⁾	Actual 2016 \$'000 Water	Actual 2016 \$'000 Sewer
Income from continuing operations			
Revenue:			
Rates & annual charges	18,009	1,234	3,561
User charges & fees	9,244	3,497	-
Interest & investment revenues	1,061	1,146	692
Other revenues	228	63	190
Grants and contributions provided for operating purposes	8,712	42	36
Grants and contributions provided for capital purposes	45,734	3,090	101
Other Income:			
Net gain from disposal of assets	-	16	-
Share of interests in joint ventures and associates using the equity method	25	-	-
Total income from continuing operations	83,013	9,088	4,580
Expenses from continuing operations			
Employee benefits and on-costs	15,249	564	307
Borrowing costs	682	-	-
Materials and contracts	10,954	2,842	1,631
Depreciation and amortisation	10,005	1,771	979
Other expenses	4,520	19	155
Interest and investment losses	-	-	-
Net Loss from the disposal of assets	5,424	-	-
Total expenses from continuing operations	46,834	5,196	3,072
Operating result from continuing operations	36,179	3,892	1,508
Operating result from discontinued operations	-	-	-
Net operating result for the year	36,179	3,892	1,508
Attributable to:			
- Council	36,179	3,892	1,508
- Non-Controlling interests	-	-	-
	36,179	3,892	1,508
Net operating result for the year before grants and contributions provided for capital purposes	(9,555)	802⁽²⁾	1,407⁽²⁾

Notes:

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

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

This result is respectively:	\$'000
Water	3,911
Sewer	1,510

SINGLETON COUNCIL

**Notes to the financial statements
for the year ended 30 June 2016**

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

Statement of Financial Position by Fund	Actual 2016 \$'000 General⁽¹⁾	Actual 2016 \$'000 Water	Actual 2016 \$'000 Sewer
ASSETS			
Current assets			
Cash & cash equivalents	11,728	-	-
Investments	13,901	26,057	16,684
Receivables	3,131	795	374
Inventories	4,875	-	97
Other	84	-	-
Total Current assets	33,719	26,852	17,155
Non-current assets			
Investments	1,891	6,962	4,147
Receivables	93	-	-
Infrastructure, property, plant and equipment	662,739	60,142	31,783
Investments accounted for using the equity method	132	-	-
Total non-current assets	664,855	67,104	35,930
Total Assets	698,574	93,956	53,085
LIABILITIES			
Current liabilities			
Payables	5,144	50	-
Borrowings	1,454	-	-
Provisions	3,189	237	119
Total Current liabilities	9,787	287	119
Non-current liabilities			
Borrowings	7,663	-	-
Provisions	8,280	7	6
Total non-current liabilities	15,943	7	6
Total liabilities	25,730	294	125
Net assets	672,844	93,662	52,960
Equity			
Retained earnings	358,576	56,145	40,555
Revaluation reserve	314,269	37,517	12,405
Total Equity	672,845	93,662	52,960

Notes:

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

SINGLETON COUNCIL

Notes to the financial statements for the year ended 30 June 2016

Note 22

Events occurring after Statement of Financial Position date

Events that occur after the reporting date of 30 June 2016, and up to and including the date when the financial report is 'authorised for issue' have been taken into account in preparing this financial report. Council has determined that the date of the Auditors' Report as the appropriate 'authorised for issue' date relating to this General Purpose Financial Report.

Accordingly, the 'authorised for issue' date is 31 October 2016.

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

(i) Events that have provided evidence of conditions that existed at the Reporting Date. These financial reports (and figures therein) incorporate all 'adjusting events' that provided evidence of conditions that existed at 30 June 2016.

(ii) Events that have provided evidence of conditions that arose after the Reporting Date. These financial reports (and the figures therein) do not incorporate any 'non adjusting events' that have occurred after 30 June 2016 and which are only indicative of conditions that arose after 30 June 2016.

Note 23

Reinstatement, rehabilitation and restoration liabilities

Asset remediation

Council is required by law to reinstate/rehabilitate the area of the Singleton Waste Depot at the end of its useful life in 2038. Engineering estimates of this rehabilitation in 2038 is \$16.96 million which has been made based on current reinstatement standards and discounted to its present value at 3.56% over the estimated remaining life at the rates applicable to government securities.

	Actual 2016 \$'000	Actual 2015 \$'000
At beginning of year	7,858	7,588
Amounts capitalised to tip asset		
Amortisation of discount - Expensed to borrowing costs	280	270
At end of year	8,138	7,858

Critical accounting estimates and judgements

Provision for asset remediation

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

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

SINGLETON COUNCIL

**Notes to the financial statements
for the year ended 30 June 2016**

**Note 24
Fair Value Measurement**

The Council measures the following assets and liabilities at fair value on a recurring basis.

Infrastructure, property, plant and equipment
Financial assets

Fair value hierarchy

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	Unobservable inputs for the asset or liability.

(1) The table below shows the assigned level for each asset and liability held at fair value by the Council:

2016	Note	Level 2 (\$'000)	Level 3 (\$'000)	Total (\$'000)
Recurring fair value measurements				
Financial Assets				
- Held for trading	6	27,527	-	27,527
Total Financial Assets		27,527	-	27,527
Infrastructure, Property, Plant & Equipment				
- Plant and equipment	9	-	4,967	4,967
- Office equipment	9	-	90	90
- Furniture and fittings	9	-	492	492
- Leased plant and equipment	9	-	-	-
- Land - operational	9	-	34,180	34,180
- Land - community	9	-	16,135	16,135
- Land under roads	9	-	6	6
- Non depreciable land improvements	9	-	2,540	2,540
- Depreciable land improvements	9	-	1,953	1,953
- Buildings	9	-	38,251	38,251
- Other structures	9	-	3,319	3,319
- Roads	9	-	190,422	190,422
- Bridges	9	-	32,092	32,092
- Footpaths	9	-	5,721	5,721
- Other road assets	9	-	5,638	5,638
- Bulk earthworks (non deprec.)	9	-	219,652	219,652
- Stormwater drainage	9	-	80,542	80,542
- Water supply network	9	-	55,659	55,659
- Sewerage network	9	-	29,139	29,139
- Swimming Pools	9	-	1,154	1,154
- Other open space/recreational assets	9	-	11,891	11,891
- Other infrastructure	9	-	-	-
- Works in progress	9	-	-	-
- Heritage collections	9	-	-	-
- Library books	9	-	373	373
- Art Collection	9	-	416	416
- Tip asset	9	-	3,364	3,364
- Other remediation assets	9	-	-	-
Total Infrastructure, Property, Plant & Equipment		-	737,996	737,996

SINGLETON COUNCIL

**Notes to the financial statements
for the year ended 30 June 2016**

**Note 24
Fair Value Measurement (continued)**

2015	Note	Level 2 (\$'000)	Level 3 (\$'000)	Total (\$'000)
Recurring fair value measurements				
Financial Assets				
- Held for trading	6	19,631	-	19,631
Total Financial Assets		19,631	-	19,631
Infrastructure, Property, Plant & Equipment				
- Plant and equipment	9	-	4,544	4,544
- Office equipment	9	-	111	111
- Furniture and fittings	9	-	536	536
- Leased plant and equipment	9	-	-	-
- Land - operational	9	-	34,180	34,180
- Land - community	9	-	16,135	16,135
- Land under roads	9	-	6	6
- Non depreciable land improvements	9	-	2,831	2,831
- Depreciable land improvements	9	-	1,491	1,491
- Buildings	9	-	38,857	38,857
- Other structures	9	-	21,473	21,473
- Roads	9	-	188,257	188,257
- Bridges	9	-	32,320	32,320
- Footpaths	9	-	2,931	2,931
- Other road assets	9	-	3,761	3,761
- Bulk earthworks (non deprec.)	9	-	203,117	203,117
- Stormwater drainage	9	-	73,570	73,570
- Water supply network	9	-	53,245	53,245
- Sewerage network	9	-	28,399	28,399
- Swimming Pools	9	-	-	-
- Other open space/recreational assets	9	-	-	-
- Other infrastructure	9	-	-	-
- Works in progress	9	-	-	-
- Heritage collections	9	-	-	-
- Library books	9	-	389	389
- Art Collection	9	-	415	415
- Tip asset	9	-	3,524	3,524
- Other remediation assets	9	-	-	-
Total Infrastructure, Property, Plant & Equipment		-	710,092	710,092

A reconciliation of the movements in recurring fair value measurements allocated to Level 3 of the hierarchy is provided below:

	2016 (\$)	2015 (\$)
Opening Balance	710,092	581,794
plus Additions	46,684	17,471
plus Revaluation Increments	(5,729)	121,370
plus Transfers	5,911	977
less Depreciation & Impairment	12,804	10,944
less Sales	6,158	576
Closing Balance	737,996	710,092

(2) Transfers between Level 1 & 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.

(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:

SINGLETON COUNCIL

Notes to the financial statements for the year ended 30 June 2016

Note 24 (cont) Fair value measurement

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 |
| • Office Equipment: | Computers, monitors, PABX, Projectors etc. |

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 2012) 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 the reporting period

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.

SINGLETON COUNCIL

Notes to the financial statements for the year ended 30 June 2016

Note 24 (cont) Fair value measurement

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 '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 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.

SINGLETON COUNCIL

Notes to the financial statements for the year ended 30 June 2016

Note 24 (cont) Fair value measurement

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.

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)

SINGLETON COUNCIL

Notes to the financial statements for the year ended 30 June 2016

Note 24 (cont) Fair value measurement

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 values drainages 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 publish by the Office of Water.

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

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 Office of 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 2016

Note 24 (cont) Fair value measurement

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 2016

Note 24 (cont) Fair value measurement

(4) 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.

Class	Fair Value (30/6/2016) \$'000	Valuation Techniques	Unobservable Inputs	Range of Inputs (incl probable)	Relationship of unobservable inputs to Fair Value
Plant & Equipment	4,967	Level 3	Gross Replacement Cost Remaining useful life of asset Residual Value	Varies significantly from asset to asset 5-10 years 0% -20%	Any change in the gross replacement cost , asset condition or remaining useful life or residual value, and conditions will increase or decrease the fair value of the Plant & Equipment
Office Equipment	90	Level 3	Gross Replacement Cost Remaining useful life of asset Residual Value	Varies significantly from asset to asset 5-10 years 0% -10%	Any change in the gross replacement cost , asset condition or remaining useful life or residual value, and conditions will increase or decrease the fair value of Office Equipment
Furniture & Fittings	492	Level 3	Gross Replacement Cost Remaining useful life of asset Residual Value	Varies significantly from asset to asset 5-10 years 0% -10%	Any change in the gross replacement cost , asset condition or remaining useful life or residual value, and conditions will increase or decrease the fair value Furniture Fittings
Operational Land	34,180	Level 3	Price per square metre	\$150 to \$2,500 per square metre	The rate per square metre changes will increase or decrease the fair value of the Operational Land
Community Land	16,135	Level 3	Average Unit rate based on Unimproved capital value per square metre	\$4 to \$3,000 per square metre	Any change in the average unimproved capital value will increase or decrease the fair value of the Community Land
Land Improvements	4,493	Level 3	Gross Replacement Cost Remaining useful life of asset Residual Value Asset Condition	Varies significantly from asset to asset 25-100 years 40% -80% Poor to excellent	Any change in the gross replacement cost , asset condition, remaining useful life and residual value, will increase or decrease the fair value of the land improvements

SINGLETON COUNCIL

Notes to the financial statements for the year ended 30 June 2016

Note 24 (cont) Fair value measurement

Class	Fair Value (30/6/2016) \$'000	Valuation Techniques	Unobservable Inputs	Range of Inputs (incl probable)	Relationship of unobservable inputs to Fair Value
Buildings Specialised and Non Specialised	38,252	Level 3	Gross Replacement Cost Remaining useful life of asset Residual Value Asset Condition	Varies significantly from asset to asset 2-100 years 0% -80% Poor to excellent	Any changes in the gross replacement cost, condition ,useful life and residual value will increase or decrease the fair value of the Buildings
Other Structures	16,364	Level 3	Gross Replacement Cost Remaining useful life of asset Asset Condition	Varies significantly from asset to asset 2-100 years 0% -80% Poor to excellent	Any change in the gross replacement cost, pattern of consumption, residual value or components, asset condition, will increasing or decrease the fair value of other structures.
Roads	190,422	Level 3	Gross Replacement Cost Remaining useful life of asset Asset Condition	Varies significantly from asset to asset 2-100 years 0% -80% Poor to excellent	Any change in the gross replacement cost, pattern of consumption, residual value or components, asset condition, will increase or decrease the fair value of Roads.
Bridges	32,092	Level 3	Gross Replacement Cost Remaining useful life of asset Asset Condition	Varies significantly from asset to asset 2-100 years 0% -80% Poor to excellent	Any change in the gross replacement cost, pattern of consumption, residual value or components, asset condition, will increase or decrease the fair value of Bridges.
Footpaths	5,721	Level 3	Gross Replacement Cost Remaining useful life of asset Asset Condition	Varies significantly from asset to asset 2-100 years 0% -80% Poor to excellent	Any change in the gross replacement cost, pattern of consumption, residual value or components, asset condition, will increase or decrease the fair value of footpaths.
Bulk Earthworks	219,652	Level 3	Gross Replacement Cost Remaining useful life of asset Asset Condition	Varies significantly from asset to asset 2-100 years 0% -80% Good to excellent	Any change in the gross replacement cost, pattern of consumption, asset condition, will increasing or decrease the fair value of bulk earthworks.
Stormwater Drainage	80,542	Level 3	Gross Replacement Cost Remaining useful life of asset Asset Condition	Varies significantly from asset to asset 2-100 years 0% -80% Poor to excellent	Any change in the gross replacement cost, pattern of consumption, residual value or components, asset condition, will increase or decrease the fair value of

SINGLETON COUNCIL

Notes to the financial statements for the year ended 30 June 2016

Note 24 (cont) Fair value measurement

Class	Fair Value (30/6/2016) \$'000	Valuation Techniques	Unobservable Inputs	Range of Inputs (incl probable)	Relationship of unobservable inputs to Fair Value
					stormwater drainage assets.
Water Network	55,659	Level 3	Gross Replacement Cost Remaining useful life of asset Asset Condition	Varies significantly from asset to asset 2-100 years 0% -80% Poor to excellent	Any change in the gross replacement cost, pattern of consumption, residual value or components, asset condition, will increase or decrease the fair value of water network assets.
Sewer Network	29,139	Level 3	Gross Replacement Cost Remaining useful life of asset Asset Condition	Varies significantly from asset to asset 2-100 years 0% -80% Poor to excellent	Any change in the gross replacement cost, pattern of consumption, residual value or components, asset condition, will increase or decrease the fair value of sewer network assets.
Other Assets	789	Level 3	Gross Replacement Cost Remaining useful life of asset Residual Value Asset Condition	Varies significantly from asset to asset 2-100 years 0% -80% Average to excellent	Any change in the gross replacement cost, pattern of consumption, residual value or components, asset condition, will increase or decrease the fair value of other assets



SINGLETON COUNCIL

GENERAL PURPOSE FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying general purpose financial statements of Singleton Council, which comprises the Statement of Financial Position as at 30 June 2016, Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the Statement by Councillors and Management. The financial statements include the consolidated financial statements of the economic entity and the entities it controlled at year end or from time to time during the year.

Responsibility of Council for the Financial Statements

The Council is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Local Government Act 1993. This responsibility includes the maintenance of adequate accounting records and internal controls designed to prevent and detect fraud and error; designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. Our audit responsibility does not extend to the original budget information disclosed in the Income Statement, Statement of Cash Flows, and Note 2(a) or the budget variation explanations disclosed in Note 16. Accordingly, no opinion is expressed on these matters.

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

Assurance Partners



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

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

Auditor's Opinion

In our opinion,

- (a) the Council's accounting records have been kept in accordance with the requirements of the Local Government Act 1993, Chapter 13 part 3 Division 2; and
- (b) the financial statements:
 - (i) have been presented in accordance with the requirements of this Division;
 - (ii) are consistent with the Council's accounting records;
 - (iii) present fairly the Council's financial position, the results of its operations and its cash flows; and
 - (iv) are in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia.
- (c) all information relevant to the conduct of the audit has been obtained; and
- (d) there are no material deficiencies in the accounting records or financial statements that we have become aware of during the course of the audit.

HILL ROGERS



BRETT HANGER
Partner

Dated at Sydney this 31st day of October 2016



31 October 2016

The Mayor
Singleton Council
PO Box 314
SINGLETON NSW 2330

Mayor,

Audit Report - Year Ended 30 June 2016

We are pleased to advise completion of the audit of Council's books and records for the year ended 30 June 2016 and that all information required by us was readily available. We have signed our reports as required under Section 417(1) of the Local Government Act, 1993 and the Local Government Code of Accounting Practice and Financial Reporting to the General and Special Purpose Financial Statements.

Our audit has been conducted in accordance with Australian Auditing Standards so as to express an opinion on both the General and Special Purpose Financial Statements of the Council. We have ensured that the financial statements have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations and the Local Government Code of Accounting Practice and Financial Reporting.

This report on the conduct of the audit is also issued under Section 417(1) and we now offer the following comments on the financial statements and the audit;

1. RESULTS FOR THE YEAR

1.1 *Operating Result*

The operating result for the year was a surplus of \$41.563 million compared with \$13.736 million previous year.

Assurance Partners

Practising as Hill Rogers Assurance Partners | ABN 56 435 338 966

Member of Morison KSi, an association of global independent accounting firms. Liability limited by a scheme approved under Professional Standards Legislation.



The following table sets out the results for the year and the extent (%) that each category of revenue and expenses contributed to the total.

	2016 \$000	% of Total	2015 \$000	% of Total	Increase (Decrease) \$000
Revenues before capital items					
Rates & annual charges	22,804	48%	21,793	48%	1,011
User charges, fees & other revenues	13,247	28%	13,137	29%	110
Grants & contributions provided for operating purposes	8,790	18%	7,576	17%	1,214
Interest & investment revenue	2,899	6%	3,238	7%	(339)
	47,740	100%	45,744	100%	1,996
Expenses					
Employee benefits & costs	16,120	29%	15,095	31%	1,025
Materials, contracts & other expenses	25,545	46%	21,644	45%	3,901
Depreciation, amortisation & impairment	12,755	23%	10,677	22%	2,078
Borrowing costs	682	1%	711	1%	(29)
	55,102	100%	48,127	100%	6,975
Surplus (Deficit) before capital items	(7,362)		(2,383)		(4,979)
Grants & contributions provided for capital purposes	48,925		16,119		32,806
Net Surplus (Deficit) for the year	41,563		13,736		27,827
Performance Measures	2016		2015		
Operating Performance	-4.04%		-5.61%		
Own Source Operating Revenue	40.30%		61.59%		

The above table shows an overall increase of \$27.827 million from the previous year. The increase can be attributed to the receipt of contributed assets of \$34.045 million, compared to \$4.083 million for the previous year.

Operating Performance measures the ability to contain operating expenditure within operating revenue excluding capital amounts. For 2016, this indicator was -4.04% and was below the benchmark of 0%.

Own Source Operating Revenue measures the degree of reliance on external funding sources such as grants and contributions. For 2016, this indicator was 40.30% and was below the benchmark of 60%.

1.2 Funding Result

As the operating result only accounts for operating income and expenditure, in reviewing the overall financial performance of Council, it is useful to consider the total source of revenues and how they were applied during the year which is illustrated in the table below.

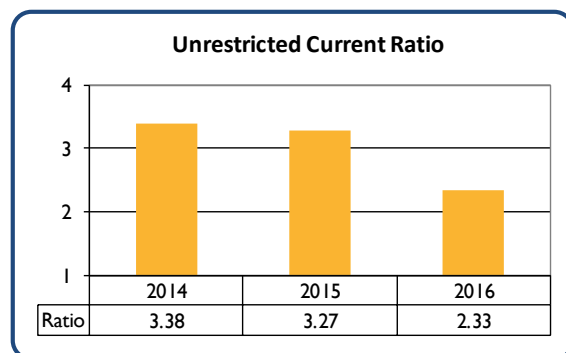
	2016	2015
	\$000	\$000
Funds were provided by:-		
Operating Result (as above)	41,563	13,736
Add back non funding items:-		
- Depreciation, amortisation & impairment	12,755	10,677
- Book value of non-current assets sold	6,158	576
- Non-cash contributions of assets acquired	(34,045)	(4,083)
- (Surplus)/Deficit in joint ventures	(25)	(34)
	26,406	20,872
Decrease/Redemption of non-current investments	10,942	0
New loan borrowings	0	230
Transfers from externally restricted assets (net)	0	3,414
Transfers from internal reserves (net)	0	1,767
Net Changes in current/non-current assets & liabilities	296	1,146
	37,644	27,429
Funds were applied to:-		
Purchase and construction of assets	(25,604)	(21,600)
Increase/Purchase in non-current investments	0	(1,442)
Principal repaid on loans	(1,354)	(1,258)
Transfers to externally restricted assets (net)	(14,862)	0
Transfers to internal reserves (net)	(255)	0
	(42,075)	(24,300)
Increase/(Decrease) in Available Working Capital	(4,431)	3,129

2. FINANCIAL POSITION

2.1 Unrestricted Current Ratio

The Unrestricted Current Ratio is a financial indicator specific to local government and represents Council's ability to meet its debts and obligations as they fall due.

After eliminating externally restricted assets and current liabilities not expected to be paid within the next 12 months net current assets amounted to \$9.410 million representing a factor of 2.33 to 1.



2.2 Available Working Capital – (Working Funds)

At the close of the year the Available Working Capital of Council stood at \$249,000 as detailed below;

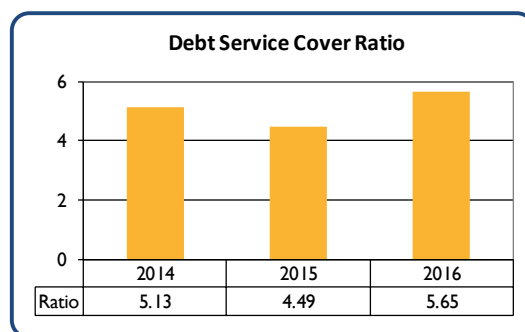
	2016 \$000	2015 \$000	Change \$000
Net Current Assets (Working Capital) as per Accounts	67,533	57,010	10,523
Add: Payables & provisions not expected to be realised in the next 12 months included above	2,717	2,634	83
Less: Inventories not expected to be realised in the next 12 months included above	(3,883)	(3,901)	18
Adjusted Net Current Assets	66,367	55,743	10,624
Add: Budgeted & expected to pay in the next 12 months			
- Borrowings	1,454	1,363	91
- Employees leave entitlements	1,112	1,141	(29)
- Deposits & retention moneys	122	122	0
Less: Externally restricted assets	(56,957)	(42,095)	(14,862)
Less: Internally restricted assets	(11,849)	(11,594)	(255)
Available Working Capital as at 30 June	249	4,680	(4,431)

The balance of Available Working Capital should be at a level to manage Council's day to day operations including the financing of hard core debtors, stores and to provide a buffer against unforeseen and unbudgeted expenditures. An optimal level of Available Working Capital would be, in our opinion, in the vicinity of \$4 million. We note the nature and level of the internally restricted assets (Reserves) set aside to fund future works, services and liabilities. In the short term, internally restricted cash is available to fund Council's day to day operations.

2.3 Debt

After repaying principal and interest of \$1.756 million, total debt as at 30 June 2016 stood at \$9.117 million (2015 - \$10.471 million).

The debt service cover ratio measures the availability of operating cash to service debt repayments. For 2016, the ratio indicated that operating results before capital, interest and depreciation covered payments required to service debt by a factor of 5.65 to 1.



2.4 Summary

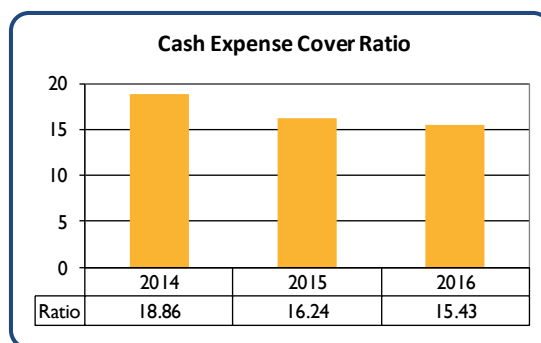
Council's overall financial position, when taking into account the above financial indicators was, in our opinion, satisfactory.

3. CASH ASSETS

3.1 Cash Expense Cover Ratio

This liquidity ratio indicates the number of months of expenditure requirements that can be met with available cash and term deposit balances without the need for additional cash inflow.

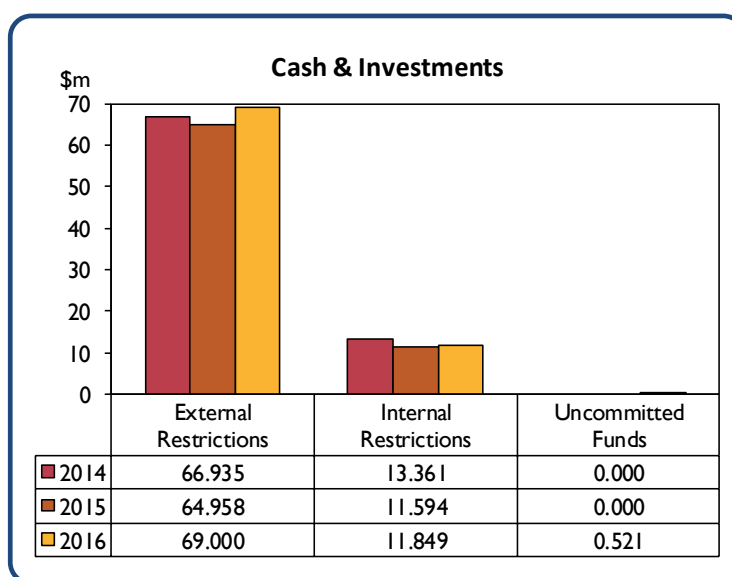
For 2016, this ratio stood at 15.43 months compared to the benchmark of 3.



3.2 Cash & Investment Securities

Cash and investments amounted \$81.370 million at 30 June 2016 as compared with \$76.552 million in 2015 and \$80.296 million in 2014.

The chart alongside summarises the purposes for which cash and investments securities were held.



Externally restricted cash and investments are restricted in their use by externally imposed requirements and consisted of unexpended loans (\$672,000), unexpended development contributions (\$13.150 million), domestic waste and stormwater management charges (\$10.166 million), specific purpose grants and contributions (\$3.299 million) and water and sewerage funds (\$41.713 million).

Internally restricted cash and investments have been restricted in their use by resolution or policy of Council to reflect forward plans, identified programs of works, and are, in fact, Council's **"Reserves"**. These Reserves totalled \$11.849 million and their purposes are more fully disclosed in Note 6 of the financial statements.

Unrestricted cash and investments amounted to \$521,000, which is available to provide liquidity for day to day operations.

3.3 Cash Flows

The Statement of Cash Flows illustrates the flow of cash (highly liquid cash and investments) moving in and out of Council during the year and reveals that cash increased by \$4.605 million to \$11.728 million at the close of the year.

In addition to operating activities which contributed net cash of \$30.688 million were the proceeds from the sale of investment securities (\$47.425 million) and sale of assets (\$3.163 million). Cash outflows other than operating activities were used to purchase investment securities (\$47.673 million), repay loans (\$1.354 million) and to purchase and construct assets (\$27.644 million).

4. RECEIVABLES

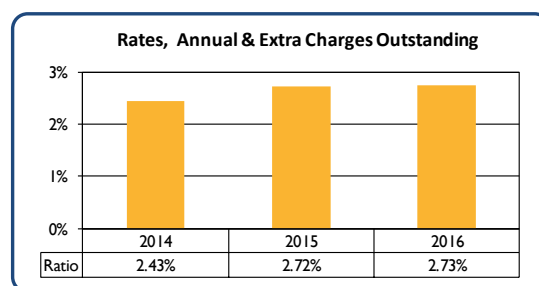
4.1 Rates & Annual Charges (excluding interest & extra charges)

Net rates and annual charges levied during the year totalled \$22.804 million and represented 24% of Council's total revenues.

Including arrears, the total rates and annual charges collectible was \$23.302 million of which \$22.787 million (98%) was collected.

4.2 Rates, Annual & Extra Charges

Arrears of rates, annual and extra charges stood at \$641,000 at the end of the year and represented 2.73% of those receivables.



4.3 Other Receivables

Receivables (other than rates & annual charges) totalled \$3.877 million and included amounts due from other levels of government of \$1.587 million, user charges and fees of \$700,000 and accrued revenues of \$946,000. Receivables considered to be uncertain of collection have been provided for as doubtful debts and this provision amounted to \$125,000.

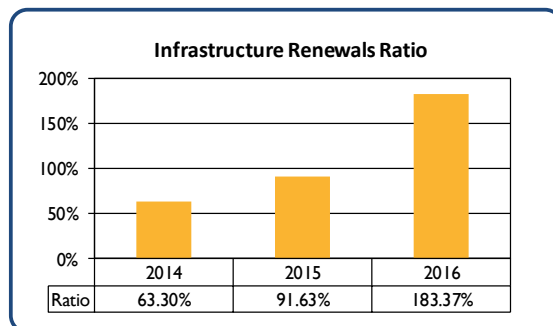
5. PAYABLES

Employees Leave Entitlements - Council's provision for its liability toward employees leave entitlements and associated on costs amounted to \$3.7 million. Restricted cash and investments of \$1.026 million was held representing 28% of this liability and was, in our opinion, sufficient to meet unbudgeted and unanticipated retirements.

6. INFRASTRUCTURE RENEWALS

The Infrastructure Renewals Ratio measures the rate at which these assets are renewed against the rate at which they are depreciating.

Special Schedule No. 7 discloses that asset renewals for 2016 represented 183% of the depreciation charges for these assets. An industry benchmark is considered to be 100%, measured annually over the long term.



7. REVALUATION OF ASSETS

Council's infrastructure, property, plant and equipment are required to be carried at fair value with revaluations of each asset class to be performed at least every five years.

During the year, water and sewerage asset values were indexed, and land improvements and other structures were revalued. This resulted in a net decrease of \$5.729 million that was recognised directly in Equity.

8. MANAGEMENT LETTER

An audit management letter addressing the findings from our interim audit was issued on 31 August 2016 and included our recommendations on possible ways to strengthen and/or improve procedures. A response was provided outlining management's comments and proposed actions.

9. CONCLUSION

We wish to record our appreciation to your General Manager and his staff for their ready co-operation and the courtesies extended to us during the conduct of the audit.

Yours faithfully,
HILL ROGERS

BRETT HANGER
Partner

Special Purpose Financial Statements

For the year ended 30 June 2016



SINGLETON COUNCIL

Special Purpose Financial Statements for the year ended 30 June 2016

Contents

Page

Statement by Councillors and Management

1

Special purpose financial statements

Income statement for the Water Supply business activity

2

Income statement for the Sewerage business activity

3

Income statement of Other business activities

4

Statement of Financial Position of the Water Supply business activity

5

Statement of Financial Position of the Sewerage business activity

6

Statement of Financial Position of Other business activities

7

Notes to the Special purpose financial statements

8

Auditor's report

SINGLETON COUNCIL

Special purpose financial statements for the year ended 30 June 2016



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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 17th October 2016.

Cr Sue Moore
Mayor

Cr Godfrey Adamthwaite
Councillor

Jason Linnane
General Manager

Hamid Arain
Responsible Accounting Officer

ABN 52 877 492 396

Address all
correspondence to
the General Manager:
PO Box 314
SINGLETON
NSW 2330

Administration Centre
located at:
Queen Street
Singleton

Ph: (02) 6578 7290

Fax: (02) 6572 4197

Email:

ssc@singleton.nsw.gov.au

Website:

www.singleton.nsw.gov.au



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

Printed on
Recycled Stock.

SINGLETON COUNCIL

**Income Statement for the water supply business activity
for the year ended 30 June 2016**

	Actual 2016 \$'000	Actual 2015 \$'000	Actual 2014 \$'000
Income from continuing operations			
Access charges	1,234	1,199	1,363
User charges	3,497	3,038	3,174
Interest	1,146	1,293	1,383
Grants and contributions provided for non capital purposes	42	38	37
Profit from the sale of assets	16	10	-
Other income	63	61	67
Total income from continuing operations	5,998	5,639	6,024
Expenses from continuing operations			
Employee benefits and on-costs	564	564	1,338
Materials and contracts	2,842	3,011	1,953
Depreciation and impairment	1,771	1,770	1,755
Water purchase charges	-	-	77
Calculated taxation equivalents	19	19	19
Other expenses	-	-	178
Total expenses from continuing operations	5,196	5,364	5,320
Surplus (deficit) from continuing operations before capital amounts	802	275	704
Grants & contributions provided for capital purposes	3,090	478	1,162
Surplus (deficit) from continuing operations after capital amounts	3,892	753	1,866
Surplus (deficit) from all operations before tax	3,892	753	1,866
Less Corporate Taxation Equivalent (30%) [Based on Surplus results before capital]	242	84	212
Surplus (deficit) after tax	3,650	669	1,654
Opening retained profits	52,234	51,462	49,577
Adjustments for amounts unpaid			
Taxation equivalent payments	19	19	19
Corporate taxation equivalent	242	84	212
Closing retained profits	56,145	52,234	51,462
Return on Capital (%)	1.33%	0.48%	1.23%
Subsidy from Council	1,504	1,419	1,430
Expected Return on Capital (%) before Council Subsidy	2.50%	2.50%	2.50%
Calculation of Dividend Payable:			
Surplus (deficit) after tax	3,650	669	1,654
Less: Capital grants & contributions (excluding developer contributions)	3,090	478	1,162
Surplus for dividend calculation	560	191	492
Dividend calculated from surplus	280	96	246

SINGLETON COUNCIL

**Income Statement for the sewerage business activity
for the year ended 30 June 2016**

	Actual 2016 \$'000	Actual 2015 \$'000	Actual 2014 \$'000
Income from continuing operations			
Access charges	3,561	3,250	3,172
Liquid Trade Waste	75	71	80
Interest	692	822	865
Grants and contributions provided for non capital purposes	36	34	34
Other income	115	98	85
Total income from continuing operations	4,479	4,275	4,236
Expenses from continuing operations			
Employee benefits and on-costs	307	307	267
Materials and contracts	1,631	1,495	1,549
Depreciation and impairment	979	1,104	1,090
Loss on sale of assets	-	28	-
Calculated taxation equivalents	2	2	2
Other expenses	153	153	153
Total expenses from continuing operations	3,072	3,089	3,061
Surplus (deficit) from continuing operations before capital amounts	1,407	1,186	1,175
Grants & contributions provided for capital purposes	101	12	334
Surplus (deficit) from continuing operations after capital amounts	1,508	1,198	1,509
Surplus (deficit) from all operations before tax	1,508	1,198	1,509
Less Corporate Taxation Equivalent (30%) [Based on Surplus results before capital]	422	356	355
Surplus (deficit) after tax	1,086	842	1,154
Opening retained profits	39,045	37,845	36,334
Adjustments for amounts unpaid			
Taxation equivalent payments	2	2	2
Corporate taxation equivalent	422	356	355
Closing retained profits	40,555	39,045	37,845
Return on Capital (%)	4.43%	3.82%	3.77%
Expected Return on Capital (%) before Council Subsidy	2.50%	2.50%	2.50%
Calculation of Dividend Payable:			
Surplus (deficit) after tax	1,086	842	1,156
Less: Capital grants & contributions (excluding developer contributions)	101	12	334
Surplus for dividend calculation	985	830	822
Dividend calculated from surplus	493	415	411

SINGLETON COUNCIL

**Income Statement of other business activities
for the year ended 30 June 2016**

	Actual 2016 Strategic Services Australia Ltd (Cat. 2) \$'000	Actual 2016 Singleton Regional Livestock Markets (Cat. 2) \$'000	Actual 2016 Singleton Gym & Swim (Cat. 2) \$'000	Actual 2015 Strategic Services Australia Ltd (Cat. 2) \$'000	Actual 2015 Singleton Regional Livestock Markets (Cat. 2) \$'000	Actual 2015 Singleton Gym & Swim (Cat. 2) \$'000
Income from continuing operations						
User charges	376	-	-	170	-	-
Fees	-	299	1,671	-	334	2,324
Grants and contributions provided for non capital purposes	32	-	119	-	-	153
Other income	2	12	-	6	12	-
Total income from continuing operations	410	311	1,790	176	346	2,477
Expenses from continuing operations						
Employee benefits and on-costs	256	119	814	83	81	834
Borrowing costs	6	-	19	9	-	22
Materials and contracts	69	284	1,440	19	317	1,974
Depreciation and impairment	19	96	304	12	93	335
Loss on sale of assets	-	-	-	-	-	-
Calculated taxation equivalents	-	-	3	-	2	1
Debt guarantee fee	1	-	3	1	-	3
Other expenses	35	25	241	19	41	293
Total expenses from continuing operations	386	524	2,824	143	534	3,462
Surplus (deficit) from continuing operations before capital amounts	24	(213)	(1,034)	33	(188)	(985)
Grants & contributions provided for capital purposes	-	-	-	-	209	545
Surplus (deficit) from continuing operations after capital amounts	24	(213)	(1,034)	33	21	(440)
Surplus (deficit) from all operations before tax	24	(213)	(1,034)	33	21	(440)
Less Corporate Taxation Equivalent (30%) [Based on Surplus results before capital]	7	-	-	10	-	-
Surplus (deficit) after tax	17	(213)	(1,034)	23	21	(440)
Dividend Payment (5% on Surplus after tax)	-	-	-	-	1	-
Surplus after dividend payment	17	(213)	(1,034)	23	20	(440)
Opening Retained Profits	91	3,227	10,038	57	3,204	10,474
Adjustments for Amounts Unpaid						
Taxation Equivalent Payments	-	-	3	-	2	1
Debt Guarantee Fees	1	-	3	1	-	3
Corporate Taxation Equivalent	7	-	-	10	-	-
Dividend Payment	-	-	-	-	1	-
Closing Retained Profits	116	3,014	9,010	91	3,227	10,038
Return on Capital (%)	N/A	N/A	N/A	N/A	N/A	N/A

SINGLETON COUNCIL

**Statement of Financial Position of the water supply business activity
for the year ended 30 June 2016**

	Actual 2016 \$'000	Actual 2015 \$'000
ASSET		
Current assets		
Cash and cash equivalents	-	-
Investments	26,057	17,360
Receivables	795	812
Inventories	-	-
Other	-	-
Non-current assets held for sale	-	-
Total current assets	26,852	18,172
Non-current assets		
Investments	6,962	14,323
Receivables	-	-
Inventories	-	-
Infrastructure, property, plant and equipment	60,142	56,755
Investments accounted for using the equity method	-	-
Investment property	-	-
Intangible assets	-	-
Other	-	-
Total non-current assets	67,104	71,078
Total assets	93,956	89,250
LIABILITIES		
Current liabilities		
Payables	50	50
Borrowings	-	-
Provisions	237	220
Total current liabilities	287	270
Non-current liabilities		
Payables	-	-
Borrowings	-	-
Provisions	7	2
Total non-current liabilities	7	2
Total liabilities	294	272
Net assets	93,662	88,978
EQUITY		
Retained earnings	56,145	52,234
Revaluation reserve	37,517	36,744
Council equity interest	-	-
Non-controlling interest	-	-
Total equity	93,662	88,978

SINGLETON COUNCIL

**Statement of Financial Position of the sewerage business activity
for the year ended 30 June 2016**

	Actual 2016 \$'000	Actual 2015 \$'000
ASSETS		
Current Assets		
Cash and cash equivalents	-	-
Investments	16,684	10,590
Receivables	374	450
Inventories	97	83
Other	-	-
Non-current assets held for sale	-	-
Total current assets	17,155	11,123
Non-current assets		
Investments	4,147	8,693
Receivables	-	-
Inventories	-	-
Infrastructure, property, plant and equipment	31,783	31,016
Investments accounted for using the equity method	-	-
Investment property	-	-
Intangible assets	-	-
Other	-	-
Total non-current assets	35,930	39,709
Total assets	53,085	50,832
LIABILITIES		
Current liabilities		
Payables	-	-
Borrowings	-	-
Provisions	119	91
Total current liabilities	119	91
Non-current liabilities		
Payables	-	-
Borrowings	-	-
Provisions	6	1
Total non-current liabilities	6	1
Total liabilities	125	92
Net assets	52,960	50,740
EQUITY		
Retained earnings	40,555	39,045
Revaluation reserve	12,405	11,695
Council equity interest	-	-
Non-controlling interest	-	-
Total equity	52,960	50,740

SINGLETON COUNCIL

Statement of Financial Position of other business activities
for the year ended 30 June 2016

	Actual 2016 Strategic Services Australia Ltd (Cat. 2) \$'000	Actual 2016 Singleton Regional Livestock Markets (Cat. 2) \$'000	Actual 2016 Singleton Gym & Swim (Cat. 2) \$'000	Actual 2015 Strategic Services Australia Ltd (Cat. 2) \$'000	Actual 2015 Singleton Regional Livestock Markets (Cat. 2) \$'000	Actual 2015 Singleton Gym & Swim (Cat. 2) \$'000
ASSETS						
Current assets						
Cash and cash equivalents	12	-	-	7	-	-
Receivables	54	48	33	34	44	33
Other	2	-	-	2	-	-
Total current assets	68	48	33	43	44	33
Non-current assets						
Infrastructure, property, plant and equipment	261	3,141	9,956	254	3,183	10,308
Total non-current assets	261	3,141	9,956	254	3,183	10,308
Total assets	329	3,189	9,989	297	3,227	10,341
LIABILITIES						
Current liabilities						
Payables	40	175	714	11	-	-
Borrowings	104	-	38	54	-	36
Provisions	35	-	-	12	-	-
Other	16	-	-	4	-	-
Total current liabilities	195	175	752	81	-	36
Non-current liabilities						
Borrowings	13	-	227	119	-	267
Provisions	5	-	-	6	-	-
Total non-current liabilities	18	-	227	125	-	267
Total liabilities	213	175	979	206	-	303
Net assets	116	3,014	9,010	91	3,227	10,038
EQUITY						
Retained earnings	35	270	(3,225)	7	483	(2,191)
Revaluation reserve	81	2,744	12,235	84	2,744	12,229
Total equity	116	3,014	9,010	91	3,227	10,038

SINGLETON COUNCIL

Notes to the Special Purpose Financial Statements for the year ended 30 June 2016

Contents of the notes to the financial statements

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

SINGLETON COUNCIL

Notes to the Special Purpose Financial Statements for the year ended 30 June 2016

Note 1 Significant Accounting Policies

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

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

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

National Competition Policy

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

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

Declared Business Activities

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

Category 1

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

Category 2

Name	Brief Description of Activity
Singleton Regional Livestock Markets	The provision of livestock market facilities for the Singleton District.
Singleton Gym & Swim	Provision of aquatic and gym facilities
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.

SINGLETON COUNCIL

Notes to the Special Purpose Financial Statements for the year ended 30 June 2016

Note 1 (continued) Significant Accounting Policies

Monetary Amounts

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

(i) Taxation Equivalent Payments

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

	<i>Notional Rate Applied %</i>
Corporate Tax Rate	30.00%
Land Tax	1.6% where land value is more than \$432,000 plus \$ 100.00. A premium land tax marginal rate of \$35,444 for the first \$2,641,000 then 2% over that.
Stamp Duty	Statutory rates as published by the Office of State Revenue.
Payroll Tax	5.45% where total labour payments for the individual business activity exceed \$750,000
Other Taxes or Charges	Debt Guarantee Fee 1.00%

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

Income Tax

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

Income Tax is only applied where a positive gain/(loss) from ordinary activities before capital amounts has been achieved. Since the taxation equivalent is notional, that is, it is payable to the

SINGLETON COUNCIL

Notes to the Special Purpose Financial Statements for the year ended 30 June 2016

Note 1 (continued) Significant Accounting Policies

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

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

Local Government Rates & Charges

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

Loan & Debt Guarantee Fees

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

(ii) Subsidies

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

(iii) Return on Investments (Rate of Return)

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

(iv) Dividends

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

Local Government Water Supply and Sewerage Businesses are permitted to pay an annual dividend from its water supply or sewerage business surplus. The dividend, calculated and approved in accordance with the Best Practice Management Guidelines, must not exceed 50% of this surplus in any one year, or the number of water supply or sewerage assessments at 30 June 2016 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

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

SINGLETON COUNCIL

**Notes to the Special Purpose Financial Statements
for the year ended 30 June 2016**

Note 2

Water Supply Business best practice management disclosure requirements

2016

Calculation and Payment of Tax-Equivalents

(i)	Calculated Tax-Equivalents	\$	19,000
(ii)	No. of assessments multiplied by \$3/assessment	\$	21,294
(iii)	Amounts payable for Tax-Equivalents (lesser of (i) and (ii))	\$	19,000
(iv)	Tax-Equivalents paid	\$	-

Dividend from Surplus

(i)	50% of Surplus before Dividends <i>(Calculated in accordance with Best Practice Management for Water Supply and Sewerage Guidelines)</i>	\$	280,000
(ii)	No. of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment	\$	193,940
(iii)	Cumulative Surplus before Dividends for the 3 years to 30 June 2016, less the cumulative Dividends Paid for the 2 years to 30 June 2015.	\$	1,243,000
(iv)	Maximum Dividend from Surplus (least of (i), (ii) and (iii))	\$	193,940
(v)	Dividend paid from Surplus	\$	193,940
(vi)	Are the overhead reallocation charges to the water business fair and reasonable?	Yes/No	Yes

Required Outcomes for 6 Criteria

(i)	Completion of Strategic Business Plan (including Financial Plan)	Yes/No	Yes
(ii)	Full cost-recovery, without significant cross subsidies (Item 2(a) in Table 1 on page 22 of the Best Practice Guidelines) Complying charges (Item 2(b) in Table 1)	Yes/No	Yes
	DSP with Commercial Developer Charges (Item 2(e) in Table 1)	Yes/No	Yes
	If Dual Water Supplies, Complying Charges (Item 2(g), in Table 1)	Yes/No	
(iii)	Sound Water Conservation & Demand Management Implemented	Yes/No	Yes
(iv)	Sound Drought Management Implemented	Yes/No	Yes
(v)	Complete Performance Reporting Form (by 15 September each year)	Yes/No	Yes
(vi)	a. Complete Integrated Water Cycle Management Evaluation	Yes/No	Yes
	b. Complete and implemented Integrated Water Cycle Management Strategy	Yes/No	No

National Water Initiative (NWI) Financial Performance Indicators

NWI F1	Total Revenue (Water) <i>= Total income (W13) - Grants for acquisition of assets (w11a) - Interest Income (w9) - Aboriginal Communities W&S Program Income (w10a)</i>	\$'000	7,940
NWI F4	Residential Revenue from Usage Charges (Water) <i>= Income from Residential Usage Charges (w6b) x 100 divided by sum of [Income from Residential Usage Charges (w6a) + Residential Access Charges (w6b) for Water Supply]</i>	%	70.55
NWI F9	Written Down Replacement Costs of Fixed Assets (Water) <i>= Written down current cost of system assets (w47)</i>	\$'000	59,740
NWI F11	Operating Cost (OMA) (Water) <i>= Management expenses (w1) + Operation and maintenance expenses (w2)</i>	\$'000	3,167
NWI F14	Capital Expenditure (Water) <i>= Acquisitions of fixed assets (w16)</i>	\$'000	4,393
NWI F17	Economic Real Rate of Return (Water) <i>= (Total income (w13) - Interest income (w9) - Grants for acquisition of assets (w11a) - Operating cost (NWI F11) - Current cost depreciation (w3)) X 100</i> <i>divided by Written down current cost of system assets (w47) + Plant and equipment (w33b)).</i>	%	4.99
NWI F26	Capital Works Grants (Water) <i>= Grants for Acquisition of Assets (w11a)</i>	\$'000	-

Notes

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

SINGLETON COUNCIL

**Notes to the Special Purpose Financial Statements
for the year ended 30 June 2016**

Note 3

Sewerage business best practice management disclosure requirements

2016

Calculation and Payment of Tax-Equivalents

(i)	Calculated Tax-Equivalents	\$	2,000
(ii)	No. of assessments multiplied by \$3/assessment	\$	17,853
(iii)	Amounts payable for Tax-Equivalents (lesser of (i) and (ii))	\$	2,000
(iv)	Tax Equivalents paid	\$	-

Dividend from Surplus

(i)	50% of Surplus before Dividends <i>(Calculated in accordance with Best Practice Management for Water Supply and Sewerage Guidelines)</i>	\$	246,500
(ii)	No. of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment	\$	176,530
(iii)	Cumulative Surplus before Dividends for the 3 years to 30 June 2016, less the cumulative Dividends Paid for the 2 years to 30 June 2015	\$	447,000
(iv)	Maximum Dividend from Surplus <i>(least of (i), (ii) and (iii))</i>	\$	176,530
(v)	Dividend paid from Surplus	\$	176,530
(vi)	Are the overhead reallocation charges to the sewerage business fair and reasonable?	Yes/No	Yes

Required Outcomes for 4 Criteria

(i)	Completion of Strategic Business Plan (including Financial Plan)	Yes/No	Yes
(ii)	Pricing with full cost-recovery, without significant cross subsidies <i>(Item 2(a) in Table 1 on page 22 of the Best Practice Guidelines)</i>	Yes/No	Yes
	Complying charges	Yes/No	Yes
	(a) Residential <i>(Item 2(c) in Table 1)</i>	Yes/No	Yes
	(b) Non-Residential <i>(Item 2(c) in Table 1)</i>	Yes/No	Yes
	(c) Trade Waste <i>(Item 2(d) in Table 1)</i>	Yes/No	Yes
	DSP with Commercial Developer Charges <i>(Item 2(e) in Table 1)</i>	Yes/No	Yes
	Liquid Trade Waste Approvals and Policy <i>(Item 2(f) in Table 1)</i>	Yes/No	Yes
(iii)	Complete Performance Reporting Form <i>(by 15 September each year)</i>	Yes/No	Yes
(iv)	a. Complete Integrated Water Cycle Management Evaluation	Yes/No	Yes
	b. Complete and implement Integrated Water Cycle Management Strategy	Yes/No	No

National Water Initiative (NWI) Financial Performance Indicators

NWI F2	Total Revenue (Sewerage) <i>= Total income (s14) - Grants for acquisition of assets (s12a) - Interest Income (s10) - Aboriginal Communities W&S Program Income (w10a)</i>	\$'000	3,897
NWI F10	Written Down Replacement Cost of Fixed Assets (Sewerage) <i>= Written down current cost of system assets (s48)</i>	\$'000	31,659
NWI F12	Operating Cost (Sewerage) <i>= Management expenses (s1) + Operation and maintenance expenses (s2)</i>	\$'000	1,871
NWI F15	Capital Expenditure (Sewerage) <i>= Acquisitions of fixed assets (s17)</i>	\$'000	1,361
NWI F18	Economic Real Rate of Return (Sewerage) <i>= ((Total income (s14) - Interest Income (s10) - Grants for acquisition of assets (s12a) - Operating cost (NWI F12) - Current cost depreciation (s3)) x 100 divided by Written down current cost (WDCC) of system assets (s48) + Plant and equipment (s34b)).</i>	%	3.29
NWI F27	Capital Works Grants (Sewerage) <i>= Grants for Acquisition of Assets (s12a)</i>	\$'000	-
NWI F3	Total Income (Water and Sewerage) <i>= Total income (w13+s14)+ Gain/loss on disposal of assets (w14+s15) - Grants for acquisition of assets (w11a+s12a)- Interest income (w9+s10)</i>	\$'000	11,853
NWI F8	Revenue from Community Service Obligations (Water and Sewerage) <i>= Community service obligations (NWI F25) x 100 divided by Total income (NWI F3)</i>	%	0.66
NWI F16	Capital Expenditure (Water and Sewerage) <i>= Acquisition of Fixed Assets (w16 + s17)</i>	\$'000	5,754
NWI F19	Economic Real Rate of Return (Water and Sewerage) <i>= (Total Revenue (w13 + s14) - Interest Income (w9 + s10) - Grants for Assets (w11a + s12a) - Operating Cost (NWI F11 + NWI F12) - Current cost depreciation (w3 + s3)) x 100 divided by (WDRC of fixed assets (NWIF9 + NWIF10) + Plant & Equipment (w33b + s33b))</i>	%	4.40
NWI F20	Dividend (Water and Sewerage) <i>= Dividend paid from surplus (2(v) of Note 2 + 2(v) of Note 3)</i>	\$'000	370
NWI F21	Dividend Payout Ratio (Water and Sewerage) <i>= Dividend (NWI F20) x 100 divided Net profit after tax (NWI F24)</i>	%	6.83
NWI F22	Net Debt to Equity (Water and Sewerage) <i>= (Overdraft (w36 + s37) + Borrowings (w38 + s39) - Cash and Investments (w30 + s31)) x 100 divided by (Total Assets (w35 + s36) - Total Liabilities (w40 + s41))</i>	%	(36.73)

SINGLETON COUNCIL

Notes to the Special Purpose Financial Statements for the year ended 30 June 2016

Note 3

Sewerage business best practice management disclosure requirements (continued)

		2016
NWI F23	Interest Cover (Water and Sewerage) = $EBIT/NI$ Earnings before Interest and Tax (EBIT) = Operating result (w15a+s16a) + Interest expense (w4a+s4a) - Interest income (w9+s10) - Gain/loss on disposal of assets (w14 + s15) = Miscellaneous expenses (w4b + w4c + s4b - s4c) Net Interest (NI) = Interest expense (w4a+s4a) - Interest income (w9+s10) Note: If EBIT >0 AND Net Interest <=0 Then Interest Cover is to be reported as ">100" If EBIT <0 THEN Interest Cover = 0	% <input type="text" value="-"/>
NWI F24	Net Profit After Tax (Water and Sewerage) = (Surplus before Dividends less Tax Paid(w15a + s16a) - Tax paid (1(iv) of Note 2 + 1(iv) of Note 3))	\$'000 <input type="text" value="5,421"/>
NWI F25	Community Service Obligations (Water and Sewerage) = Grants for Pensioner Rebates (w11b + s12b)	\$'000 <input type="text" value="78"/>

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

SINGLETON COUNCIL

**Notes to the Special Purpose Financial Statements
for the year ended 30 June 2016**

Note 4

Events occurring after Reporting Period

Events that occur after the reporting date of 30 June 2016, and up to and including the date when the financial report is 'authorised for issue' have been taken into account in preparing this financial report. Council has determined that the date of the Auditors' Report as the appropriate 'authorised for issue' date relating to this Special Purpose Financial Statements.

Accordingly, the 'authorised for issue' date is the 31 October 2016.

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

(i) Events that have provided evidence of conditions that existed at the Reporting Date. These financial reports (and figures therein) incorporate all 'adjusting events' that provided evidence of conditions that existed at 30 June 2016.

(ii) Events that have provided evidence of conditions that arose after the Reporting Date. These financial reports (and the figures therein) do not incorporate any 'non adjusting events' that have occurred after 30 June 2016 and which are only indicative of conditions that arose after 30 June 2016.

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



SINGLETON COUNCIL

SPECIAL PURPOSE FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying special purpose financial statements of Singleton Council, which comprises the Statement of Financial Position as at 30 June 2016, Income Statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the Statement by Councillors and Management.

Responsibility of Council for the Financial Statements

The Council is responsible for the preparation and fair presentation of the financial statements in accordance with the Local Government Act 1993 and have determined that the accounting policies described in Note 1 to the financial statements, which form part of the financial statements, are appropriate to meet the financial reporting requirements of the Division of Local Government. This responsibility includes the maintenance of adequate accounting records and internal controls designed to prevent and detect fraud and error; designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. Our audit responsibility does not extend to the best practice management disclosures in Notes 2 and 3 and, accordingly, no opinion is expressed on these disclosures.

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

Assurance Partners

Practising as Hill Rogers Assurance Partners | ABN 56 435 338 966

Member of Morison KSi, an association of global independent accounting firms. Liability limited by a scheme approved under Professional Standards Legislation.



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

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

Auditor's Opinion

In our opinion, the special purpose financial statements of the Council are presented fairly in accordance with the requirements of those applicable Accounting Standards detailed in Note 1 and the Local Government Code of Accounting Practice and Financial Reporting.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial statements have been prepared for the purpose of fulfilling the financial reporting requirements of the Office of Local Government. As a result, the financial statements may not be suitable for another purpose.

HILL ROGERS

A handwritten signature in black ink, appearing to read "B. Hanger".

BRETT HANGER
Partner

Dated at Sydney this 31st day of October 2016

Special Schedules

For the year ended 30 June 2016



SINGLETON COUNCIL

Special schedules for the year ended 30 June 2016

CONTENTS

Page

Special Schedules

Special Schedule 1	Net cost of services	1
Special Schedule 2(a)	Statement of long term debt (all purpose)	3
Special Schedule 2(b)	Statement of internal loans (Section 410(3) LGA 1993)	4
Special Schedule 3	Water Supply Income Statement	5
Special Schedule 4	Water Supply - Statement of Financial Position	7
Special Schedule 5	Sewerage Income Statement	8
Special Schedule 6	Sewerage Services - Statement of Financial Position	10
Special Schedule 3 and 5	Notes to Special Schedules 3 and 5	11
Special Schedule 7	Report on Infrastructure Assets	12
Special Schedule 8	Permissible Income Calculation	14

Auditors Report	Independent Auditors Report - Special Schedule 8	
------------------------	--	--

SINGLETON COUNCIL

Special Schedule No. 1

**Net cost of services
for the year ended 30 June 2016**

Function or Activity	Expenses from continuing operations \$'000	Income from continuing operations (non capital) \$'000	Income from continuing operations (capital) \$'000	Net cost of services \$'000
Governance	527	-	-	527
Administration	3,682	353	1	3,328
Public Order & Safety				
Fire Service Levy, Fire Protection, Emergency Services	1,355	536	513	306
Beach Control	-	-	-	-
Enforcement of Regs	-	-	-	-
Animal Control	13	61	-	(48)
Other	4	36	-	(32)
Total Public Order & Safety	1,372	633	513	226
Health	82	82	-	-
Environment				
Noxious Plants and Insect/Vermin Control	78	-	-	78
Other Environmental Protection	89	275	-	(186)
Solid Waste Management	5,275	5,261	386	(372)
Street Cleaning	-	-	-	-
Drainage	-	-	-	-
Stormwater Management	1,022	146	5,773	(4,897)
Total Environment	6,464	5,682	6,159	(5,377)
Community Services & Education				
Administration & Education	444	87	-	357
Social Protection (welfare)	-	-	-	-
Aged Persons & Disabled	6	-	-	6
Childrens Services	2,705	1,740	60	905
Total Community Services & Education	3,155	1,827	60	1,268
Housing & Community Amenities				
Public Cemeteries	22	78	-	(56)
Public Conveniences	-	-	-	-
Street Lighting	420	113	-	307
Town Planning	3,798	670	2,091	1,037
Other Community Amenities	185	1	311	(127)
Total Housing & Community Amenities	4,425	862	2,402	1,161
Water Supplies	4,920	6,003	2,871	(3,954)
Sewerage Services	2,816	4,415	400	(1,999)
Recreation & Culture				
Public Libraries	1,646	116	-	1,530
Museums	-	-	-	-
Art Galleries	-	-	-	-
Community Centres and Halls	846	82	-	764
Performing Arts Venues	-	-	-	-
Other Performing Arts	-	-	-	-
Other Cultural Services	9	6	-	3
Sporting Grounds and Venues	1,436	10	-	1,426
Swimming Pools	2,588	1,790	5,165	(4,367)
Parks & Gardens (Lakes)	1,109	371	401	337
Other Sport & Recreation	5	-	-	5
Total Recreation & Culture	7,639	2,375	5,566	(302)
Fuel & Energy	-	-	-	-

SINGLETON COUNCIL

Special Schedule No. 1

**Net cost of services (continued)
for the year ended 30 June 2016**

Function or Activity	Expenses from continuing operations \$'000	Income from continuing operations (non capital) \$'000	Income from continuing operations (capital) \$'000	Net cost of services \$'000
Agriculture	-	-	-	-
Mining, Manufacturing & Construction				
Building Control	-	73	-	(73)
Other Mining, Manufacturing & Construction	-	-	-	-
Total Mining, Manufacturing & Construction	-	73	-	(73)
Transport & Communication				
Urban Roads (UR) - Local	5,974	4	390	5,580
Urban Roads - Regional	(2)	-	2,562	(2,564)
Sealed Rural Roads (SRR) - Local	9,150	3,757	26,744	(21,351)
Sealed Rural Roads (SRR) - Regional	428	645	315	(532)
Unsealed Rural Roads (URR) - Local	238	-	20	218
Unsealed Rural Roads (URR) - Regional	-	-	-	-
Bridges on UR - Local	75	-	-	75
Bridges on SRR - Local	37	117	-	(80)
Bridges on URR - Local	26	-	-	26
Bridges on Regional Roads	-	-	444	(444)
Parking Areas	7	-	-	7
Footpaths	240	68	60	112
Aerodromes	-	-	-	-
Other Transport & Communication	1,860	1,661	285	(86)
Total Transport & Communication	18,033	6,252	30,820	(19,039)
Economic Affairs				
Camping Areas and Caravan Parks	-	-	-	-
Other Economic Affairs	1,987	446	134	1,407
Total Economic Affairs	1,987	446	134	1,407
Totals – Functions	55,102	29,003	48,926	(22,827)
General Purpose Revenues ⁽²⁾				18,736
Share of interests in joint ventures and associates using the equity method⁽¹⁾				-
Net operating result for the year⁽¹⁾				41,563

Note:

(1) As reported on the Income statement

(2) Includes:

- Rate and annual charges (including ex-gratia but excluding water & sewer)
- Non-capital general purpose grants
- Interest on investments

SINGLETON COUNCIL

Special Schedule No. 2(a)

**Statement of long - term debt (all purpose)
for the year ended 30 June 2016**

(\$'000)

Classification of Debt	Principal outstanding at beginning of year			New loans raised during the year	Debt redemption during the year		Transferred to sinking funds	Interest applicable for year	Principal outstanding at end of year		
	Current	Non-current	Total		From revenue	Sinking funds			Current	Non-current	Total
LOANS (By Source)											
Commonwealth Government	-	-	-	-	-	-	-	-	-	-	-
Treasury Corporation	154	704	858	-	154	-	-	46	162	542	704
Other State Government	-	-	-	-	-	-	-	-	-	-	-
Public Subscription	-	-	-	-	-	-	-	-	-	-	-
Financial Institutions	1,209	8,404	9,613	-	1,200	-	-	524	1,292	7,121	8,413
Other	-	-	-	-	-	-	-	-	-	-	-
TOTAL LOANS	1,363	9,108	10,471	-	1,354	-	-	570	1,454	7,663	9,117
OTHER LONG TERM DEBT											
Ratepayers' Advances	-	-	-	-	-	-	-	-	-	-	-
Government Advances	-	-	-	-	-	-	-	-	-	-	-
Finance Leases	-	-	-	-	-	-	-	-	-	-	-
Deferred Payment	-	-	-	-	-	-	-	-	-	-	-
TOTAL LONG TERM DEBT	1,363	9,108	10,471	-	1,354	-	-	570	1,454	7,663	9,117

SINGLETON COUNCIL

Special Schedule No. 2(b)

**Statement of internal loans (Section 410(3) LGA 1993)
for the year ended 30 June 2016**

(\$'000)

Summary of internal loans

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

Details Of Individual Internal Loans

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

SINGLETON COUNCIL

**Special Schedule No. 3
Water Supply Income Statement
(Gross Including Internal Transactions)
for the year ended 30 June 2016**

A. Expenses and Income	2016	2015
Expenses	\$'000	\$'000
1 Management expenses		
a. Administration	568	511
b. Engineering and Supervision	511	505
2 Operation and Maintenance		
Dams and Weirs		
a. Operation expenses	-	-
b. Maintenance expenses	-	-
Mains		
c. Operation expenses	272	392
d. Maintenance expenses	138	149
Reservoirs		
e. Operation expenses	6	1
f. Maintenance expenses	16	18
Pumping Stations		
g. Operation expenses (excluding energy costs)	14	23
h. Energy costs	151	223
i. Maintenance expenses	25	99
Treatment		
j. Operation expenses (excluding chemical costs)	893	783
k. Chemical costs	135	136
l. Maintenance expenses	146	129
Other		
m. Operation expenses	243	267
n. Maintenance expenses	-	-
o. Purchase of water	49	77
3 Depreciation		
a. System assets	1,704	1,697
b. Plant and equipment	67	58
4 Miscellaneous expenses		
a. Interest expenses	-	-
b. Revaluation decrements	-	-
c. Other expenses	239	233
d. Aboriginal Communities Water and Sewerage Program	-	-
5 Total expenses	5,177	5,301
Income		
6 Residential charges		
a. Access (including rates)	923	1,015
b. Usage charges	2,211	2,020
7 Non-residential charges		
a. Access (including rates)	311	348
b. Usage charges	1,286	1,154
8 Extra charges	14	23
9 Interest income	1,132	1,360
10 Other income	63	67
10a Aboriginal Communities Water and Sewerage Program	-	-
11 Grants		
a. Grants for acquisition of assets	-	-
b. Grants for pensioner rebates	42	37
c. Other grants	-	-
12 Contributions		
a. Developer charges	313	191
b. Developer provided assets	2,558	318
c. Other contributions	219	653
13 Total income	9,072	7,186
14 Gain or loss on disposal of assets	16	-
15 Operating result	3,911	1,885
15a. Operating result		
(less grants for acquisition of assets)	3,911	1,885

SINGLETON COUNCIL

Special Schedule No. 3 (Cont'd)
Water Supply Income Statement
(Gross Including Internal Transactions)
for the year ended 30 June 2016

B. Capital transactions	2016	2015
	\$'000	\$'000
Non-operating expenditures		
16 Acquisition of fixed assets		
a. New Assets for Improved Standards	26	-
b. New assets for growth	3,493	799
c. Renewals	575	15
d. Plant and equipment	299	68
	4,393	882
17 Repayment of debt		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
	-	-
18 <u>Totals</u>	4,393	882
Non-Operating funds employed		
19 Proceeds from disposal of assets	33	-
20 Borrowings utilised		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
	-	-
21 Totals	33	-
C. Rates and charges		
22 Number of assessments		
a. Residential (occupied)	6,105	
b. Residential (unoccupied ie vacant land)	168	
c. Non-residential (occupied)	708	
d. Non-residential (unoccupied ie vacant land)	117	
23 Number of ETs for which developer charges were received	60.2	ET
24 Total amount of pensioner rebates	\$ 70,831.51	

SINGLETON COUNCIL

Special Schedule No. 4

Water Supply - Statement of Financial Position

(Gross Including Internal Transactions)

as at 30 June 2016

ASSETS	Current \$'000	Non- current \$'000	Total \$'000
25 Cash and investments			
a. - Developer charges	5,973	1,993	7,966
b. - Specific purpose grants	-	-	-
c. - Accrued leave	237	7	244
d. - Unexpended loans	-	-	-
e. - Other	19,847	4,962	24,809
26 Receivables			
a. - Specific purpose grants	-	-	-
b. - Rates and charges	50	-	50
c. - User Charges	356	-	356
d. - Other	389	-	389
27 Inventories	-	-	-
28 Property, plant and equipment			
a. - System assets	-	59,740	59,740
b. - Plant and equipment	-	402	402
29 Other assets	-	-	-
30 Total assets	26,852	67,104	93,956
LIABILITIES			
31 Creditors	50	-	50
32 Borrowings			
a. - Loans	-	-	-
b. - Advances	-	-	-
c. - Finance leases	-	-	-
33 Provisions			
a. - Tax equivalents	-	-	-
b. - Dividend	-	-	-
c. - Other	237	7	244
34 Total liabilities	287	7	294
35 Net assets committed	26,565	67,097	93,662
EQUITY			
36 Accumulated surplus	26,565	29,580	56,145
37 Asset revaluation reserve	-	37,517	37,517
38 Total equity	26,565	67,097	93,662
Note to system assets:			
39 Current replacement cost of system assets			111,101
40 Accumulated current cost depreciation of system assets			51,361
41 Written down current cost of system assets			59,740

SINGLETON COUNCIL

**Special Schedule No. 5
Sewerage Income Statement
(Gross Including Internal Transactions)
for the year ended 30 June 2016**

A. Expenses and income	2016 \$'000	2015 \$'000
Expenses		
1 Management expenses		
a. Administration	332	259
b. Engineering and supervision	404	304
2 Operations and Maintenance		
- Mains		
a. Operation expenses	161	73
b. Maintenance expenses	332	447
- Pumping Stations		
c. Operation expenses (excluding energy costs)	3	2
d. Energy costs	4	4
e. Maintenance expenses	111	109
- Treatment		
f. Working expenses (excluding chemical, energy, effluent and biosolids management costs)	229	261
g. Chemical costs	8	12
h. Energy costs	142	163
i. Effluent management	-	-
j. Biosolids management	-	-
k. Maintenance expenses	168	73
- Other		
l. Operation expenses	(23)	15
m. Maintenance expenses	-	-
3 Depreciation		
a. System assets	950	1,071
b. Plant and equipment	29	19
4 Miscellaneous		
a. Interest expenses	-	-
b. Other expenses	220	247
c. Aboriginal Communities Water and Sewerage Program	-	-
5 Total expenses	3,070	3,059
Income		
6 Residential charges (including rates)	2,662	2,478
7 Non-residential charges		
a. Access (including rates)	899	694
b. Usage charges	-	-
8 Trade Waste Charges		
a. Annual fees	75	80
b. Usage fees	-	-
c. Excess mass charges	-	-
d. Re-inspection fees	-	-
9 Extra charges	9	8
10 Interest income	683	857
11 Other income	115	85
11a Aboriginal Communities Water and Sewerage Program	-	-
12 Grants		
a. Grants for acquisition of assets	-	-
b. Grants for pensioner rebates	36	34
c. Other grants	-	-
13 Contributions		
a. Developer charges	100	102
b. Developer provided assets	-	193
c. Other contributions	1	39
14 Total income	4,580	4,570
15 Gain or loss on disposal of assets	-	-
16 Operating result	1,510	1,511
16a Operating result (less grants for acquisition of assets)	1,510	1,511

SINGLETON COUNCIL

Special Schedule No. 5 (Cont'd)
Sewerage Income Statement
(Gross Including Internal Transactions)
for the year ended 30 June 2016

B. Capital transactions	2016	2015
	\$'000	\$'000
Non-operating expenditures		
17 Acquisition of fixed assets		
a. New Assets for Improved Standards	-	-
b. New assets for growth	453	325
c. Renewals	878	47
d. Plant and equipment	30	37
	<hr/> 1,361	<hr/> 409
18 Repayment of debt		
a. Loans	-	-
b. Advances	-	-
c. Finance Leases	-	-
	<hr/> -	<hr/> -
19 Totals	<hr/> 1,361	<hr/> 409
Non-operating funds employed		
20 Proceeds from disposal of assets	22	-
21 Borrowings utilised		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
	<hr/> -	<hr/> -
22 Totals	<hr/> 22	<hr/> -
C. Rates and charges		
23 Number of assessments		
a. Residential (occupied)	5,360	
b. Residential (unoccupied ie vacant land)	108	
c. Non-residential (occupied)	396	
d. Non-residential (unoccupied ie vacant land)	87	
24 Number of ETs for which developer charges were received	31.0	ET
25 Total amount of pensioner rebates	\$ 63,481.09	

SINGLETON COUNCIL

Special Schedule No. 6
Sewerage Services - Statement of Financial Position
(Gross Including Internal Transactions)
as at 30 June 2016

Assets	Current \$'000	Non- current \$'000	Total \$'000
28 Cash and investments			
a. - Developer charges	3,337	834	4,171
b. - Specific purpose grants	-	-	-
c. - Accrued leave	119	6	125
d. - Unexpended loans	-	-	-
e. - Other	13,228	3,307	16,535
27 Receivables			
a. - Specific purpose grants	-	-	-
b. - Rates and charges	75	-	75
c. - User Charges	64	-	64
d. - Other	235	-	235
28 Inventories	97	-	97
29 Property, plant and equipment			
a. - System assets	-	31,659	31,659
b. - Plant and equipment	-	124	124
30 Other assets	-	-	-
31 Total assets	17,155	35,930	53,085
Liabilities			
32 Creditors	-	-	-
33 Borrowings			
a. - Loans	-	-	-
b. - Advances	-	-	-
c. - Finance leases	-	-	-
34 Provisions			
a. - Tax equivalents	-	-	-
b. - Dividend	-	-	-
b. - Other	119	6	125
35 Total liabilities	119	6	125
36 Net assets committed	17,036	35,924	52,960
Equity			
37 Accumulated surplus	17,036	23,519	40,555
38 Asset revaluation reserve	-	12,405	12,405
39 Total equity	17,036	35,924	52,960
Note to system assets:			
40 Current replacement cost of system assets			72,710
41 Accumulated current cost depreciation of system assets			41,051
42 Written down current cost of system assets			31,659

SINGLETON COUNCIL

Notes to Special Schedules Nos. 3 & 5 for the year ended 30 June 2016

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

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

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

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

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

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

Other Expenses (item 4b of Special Schedules 3 & 5) include all expenses not recorded elsewhere, including impairment losses (used when the carrying amount of an asset exceeds its recoverable amount) and revaluation decrements (used when infrastructure assets have decreased in value and there is no related revaluation reserve).

Aboriginal Communities Water and Sewerage Program (item 4c of Special Schedules 3 & 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 (items 6a, 6b and item 6 of Special Schedules 3 and 5 respectively) include all income from residential charges. Item 6 of Schedule 3 should be separated into 6a Access Charges (including rates if applicable) and 6b User Charges. Exclude non-residential charges.

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

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

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

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

SINGLETON COUNCIL

**Special Schedule No. 7
Report on Infrastructure Assets
as at 30 June 2016**

Asset Class	Asset Category	Estimated cost to bring asset to satisfactory standard	2015/16 Required maintenance^	2015/16 Actual maintenance	Carrying Value	Gross Replacement Cost (CRC)	Asset Condition as a % of Gross Replacement Cost				
							1	2	3	4	5
		\$'000	\$'000	\$'000	\$'000	\$'000					
Buildings		990	232	197	38,251	62,883	3%	44%	54%	12%	1%
Other Structures		599	97	80	3,319	5,944	28%	22%	29%	6%	0%
Roads	Sealed Roads	3,859	3,395	2,966	187,071	219,899	70%	24%	6%	0%	0%
	Unsealed Roads	929	706	536	3,351	4,618	2%	19%	78%	1%	0%
	Bridges	854	162	68	32,092	48,008	1%	22%	74%	3%	0%
	Footpaths	10	50	31	5,721	9,487	1%	22%	74%	3%	0%
	Other road assets (incl. bulk earth works)	163	54	27	225,290	228,587	7%	43%	47%	3%	0%
	<i>Sub Total</i>	5,815	4,367	3,628	453,525	510,599					
Water supply network		3,426	1,100	521	55,659	107,020	92%	3%	1%	4%	0%
Sewerage network		2,324	500	315	29,139	70,190	75%	3%	9%	10%	2%
Stormwater drainage		-	-	-	80,542	94,679	89%	11%	1%	0%	0%
Open Space/Recreational Assets	Swimming Pools	1,900	839	292	1,154	1,667	0%	11%	32%	53%	4%
	Other Open Space/Recreational Assets	86	20	70	11,891	24,476	33%	59%	21%	6%	3%
	<i>Sub Total</i>	1,986	859	362	13,045	26,143					
Total - Classes	Total - All Assets	15,140	7,155	5,103	592,938	782,779					

*In accordance with Note 9.

^ Required maintenance is the amount identified in council's asset management plans.

SINGLETON COUNCIL

Special Schedule No. 7
Report on Infrastructure Assets
as at 30 June 2016

\$'000	Amounts	Current year indicators	2015	2014
Building and infrastructure renewals ratio				
<u>Asset renewals</u>	20,435	1.83:1	0.92:1	0.63:1
Depreciation, amortisation and impairment	11,144			
Infrastructure backlog ratio				
<u>Estimated cost to bring assets to a satisfactory standard</u>	15,140	0.03:1	0.04:1	0.05:1
Carrying value of infrastructure assets	592,938			
Asset maintenance ratio				
<u>Actual asset maintenance</u>	5,103	0.71:1	0.97:1	0.69:1
Required asset maintenance	7,155			
Infrastructure Asset Performance Indicators – General, Water & Sewer Funds				
Current year		General	Water	Sewer
Building and infrastructure renewals ratio				
<u>Asset renewals</u>		2.25:1	0.39:1	0.56:1
Depreciation, amortisation and impairment				
Infrastructure backlog ratio				
<u>Estimated cost to bring assets to a satisfactory standard</u>		0.02:1	0.06:1	0.08:1
Carrying value of infrastructure assets				
Asset maintenance ratio				
<u>Actual asset maintenance</u>		0.77:1	0.47:1	0.63:1
Required asset maintenance				

SINGLETON COUNCIL

Special Schedule No. 8 Permissible Income for General Rates

	2015/16 Calculation \$'000	2016/17 Calculation \$'000
Notional General Income Calculation ⁽¹⁾		
Last Year Notional Income Yield	\$ 15,217	\$ 15,640
Plus/minus adjustments ⁽²⁾	\$ 60	\$ 110
Notional General Income	\$ 15,277	\$ 15,750
Permissible Income Calculation		
Special Variation ⁽³⁾	0.00%	9.75%
OR Rate Peg	2.40%	0.00%
OR Crown land adjustment incl. rate peg	0.00%	0.00%
Less expiring special variations amount	\$ -	\$ -
Plus Special variation amount	\$ -	\$ 1,535
OR Plus rate peg amount	\$ 367	\$ -
OR Plus crown land adjustment and rate peg amount	\$ -	\$ -
	\$ 367	\$ 1,535
Plus/minus last year's carry forward total	\$ -	\$ 6
Less valuation objection claims in the previous year	\$ -	\$ 1
	\$ -	\$ 5
Total Permissible Income	\$ 15,644	\$ 17,290
Less Notional Income yield	\$ 15,640	\$ 17,287
Catch up or (excess) result	\$ 4	\$ 3
Plus income lost due to valuation objections claimed ⁽⁴⁾	\$ 1	\$ 2
Less unused catch up ⁽⁵⁾	\$ -	\$ -
Carry forward to next year ⁽⁶⁾	\$ 5	\$ 5

Notes:

- 1 Notional General Income represents the income council could have collected in the previous year.
- 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 adjustments.
- 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 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 Carrying 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 Act. The OLG will extract these amounts from councils' Special Schedule 8 in the Financial Data Return (FDR) to administer this process.



SINGLETON COUNCIL

SPECIAL SCHEDULE NO. 8

INDEPENDENT AUDITORS' REPORT

REPORT ON SPECIAL SCHEDULE NO. 8

We have audited the accompanying special purpose financial statement comprising the reconciliation of total permissible general income (Special Schedule No. 8) of Singleton Council for the year ending 30 June 2017.

Responsibility of Council for Special Schedule No. 8

The Council is responsible for the preparation and fair presentation of Special Schedule No. 8 in accordance with the Local Government Code of Accounting Practice and Financial Reporting (Guidelines) Update No. 24. This responsibility includes the maintenance of adequate accounting records and internal controls designed to prevent and detect fraud and error; designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of Special Schedule No. 8 that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on Special Schedule No. 8 based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether Special Schedule No. 8 is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in Special Schedule No. 8. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of Special Schedule No. 8, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of Special Schedule No. 8.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with Australian Auditing Standards.

In making our risk assessments, we consider internal controls relevant to the entity's preparation of Special Schedule No. 8 in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

Assurance Partners

Practising as Hill Rogers Assurance Partners | ABN 56 435 338 966

Member of Morison KSi, an association of global independent accounting firms. Liability limited by a scheme approved under Professional Standards Legislation.



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

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

Audit Opinion

In our opinion, Special Schedule No. 8 of Singleton Council for 2016/17 is properly drawn up in accordance with the requirements of the Office of Local Government and in accordance with the books and records of the Council.

Basis of Accounting

Without modifying our opinion, we advise that this schedule has been prepared for distribution to the Office of Local Government for the purposes of confirming that Council's reconciliation of Council's total permissible general income is presented fairly. As a result, the schedule may not be suitable for another purpose.

HILL ROGERS



BRETT HANGER

Partner

Dated at Sydney this 31st day of October 2016