



Singleton Council

General Purpose  
Financial Statements

For the year ended 30 June 2014

# **SINGLETON COUNCIL**

## **General purpose financial statements for the year ended 30 June 2014**

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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 29 October 2014. 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](http://www.singleton.nsw.gov.au).

# SINGLETON COUNCIL

## General purpose financial statements for the year ended 30 June 2014

### 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 15<sup>th</sup> September, 2014.

  
Cr John Martin OAM  
**Mayor**

  
Cr Godfrey Adamthwaite  
**Councillor**

  
Lindy Hyam  
**General Manager**

  
Damien Jenkins  
**Responsible Accounting Officer**



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A progressive  
community of  
excellence and  
sustainability."*

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SINGLETON COUNCIL

**Income statement**  
for the year ended 30 June 2014

Original Budget <sup>1</sup> 2014 \$'000		Notes	Actual 2014 \$'000	Actual 2013 \$'000
	<b>Income from continuing operations</b>			
	<b>Revenue:</b>			
20,885	Rates and annual charges	3(a)	20,526	20,469
11,226	User charges and fees	3(b)	11,531	14,623
2,536	Interest and investment revenues	3(c)	4,684	4,680
413	Other revenues	3(d)	440	3,421
6,458	Grants and contributions provided for operating purposes	3(e),(f)	5,248	6,922
1,778	Grants and contributions provided for capital purposes	3(e),(f)	5,686	12,291
	<b>Other Income:</b>			
1,338	Net gain from the disposal of assets	5	531	2,529
-	Net share of interests in joint ventures and associates using the equity method	19	14	9
44,632	<b>Total income from continuing operations</b>		48,660	64,944
	<b>Expenses from continuing operations</b>			
13,919	Employee benefits and on-costs	4(a)	14,725	14,117
903	Borrowing costs	4(b)	721	695
13,913	Materials and contracts	4(c)	13,936	18,161
11,536	Depreciation and amortisation	4(d)	11,294	11,806
-	Impairment	4(d)	-	-
5,071	Other expenses	4(e)	4,329	4,658
-	Net share of interests in joint ventures and associates using the equity method	19	-	-
45,341	<b>Total expenses from continuing operations</b>		45,005	49,437
(709)	<b>Operating result from continuing operations</b>		3,655	15,507
(709)	<b>Net operating result for the year</b>		3,655	15,507
	Attributable to:			
(709)	- Council		3,655	15,507
-	- Non Controlling interests		-	-
(709)			3,655	15,507
(2,487)	<b>Net operating result for the year before grants and contributions provided for capital purposes</b>		(2,031)	3,216

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 2014**

	Notes	Actual 2014 \$'000	Actual 2013 \$'000
<b>Net Operating result for the year - from Income statement</b>		3,655	15,507
<b>Other comprehensive income</b>			
<b>Amounts which will not be reclassified subsequently to operating result</b>			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	20(b)	6,028	11,406
Adjustment to correct prior period errors	20(d)	(35)	311
<b>Amounts which will be reclassified subsequently to operating result when specific conditions are met</b>			
Gain (loss) on revaluation of available-for-sale investments	20(b)	-	-
Realised available-for-sale investments gains recognised in revenue	20(b)	-	-
<b>Total other comprehensive income for the year</b>		5,993	11,717
<b>Total comprehensive income for the year</b>		9,648	27,224
<b>Attributable to</b>			
<b>- Council</b>		9,648	27,224
<b>- Non Controlling interests</b>		-	-

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 2014

	Notes	Actual 2014 \$'000	Actual 2013 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	6(a)	7,456	8,430
Investments	6(b)	50,340	49,702
Receivables	7	4,708	6,186
Inventories	8	5,508	5,500
Other	8	164	129
<b>Total current assets</b>		<b>68,176</b>	<b>69,947</b>
<b>Non-current assets</b>			
Investments	6(b)	22,500	16,768
Receivables	7	64	53
Infrastructure, property, plant and equipment	9	583,734	574,870
Investments accounted for using the equity method	19	73	59
<b>Total non-current assets</b>		<b>606,371</b>	<b>591,750</b>
<b>Total assets</b>		<b>674,547</b>	<b>661,697</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	10	3,405	4,170
Borrowings	10	1,258	887
Provisions	10	3,454	3,101
<b>Total current liabilities</b>		<b>8,117</b>	<b>8,158</b>
<b>Non-current liabilities</b>			
Borrowings	10	10,241	7,500
Provisions	10	7,662	7,160
<b>Total non-current liabilities</b>		<b>17,903</b>	<b>14,660</b>
<b>Total liabilities</b>		<b>26,020</b>	<b>22,818</b>
<b>Net assets</b>		<b>648,527</b>	<b>638,879</b>
<b>Equity</b>			
Retained earnings	20	399,977	396,322
Revaluation reserve	20	248,550	242,557
Council equity interest		648,527	638,879
Non-controlling equity interest	19	-	-
<b>Total Equity</b>		<b>648,527</b>	<b>638,879</b>

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 2014**

		Actual 2014 \$'000						Actual 2013 \$'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	396,322	242,557	-	638,879	-	638,879	380,504	231,151	-	611,655	-	611,655
Correction of errors		-	(35)	-	(35)	-	(35)	311	-	-	311	-	311
Changes in Accounting Policies		-	-	-	-	-	-	-	-	-	-	-	-
Restated opening balance	20	396,322	242,522	-	638,844	-	638,844	380,815	231,151	-	611,966	-	611,966
Net operating result for the year	20	3,655	-	-	3,655	-	3,655	15,507	-	-	15,507	-	15,507
Other comprehensive income	20	-	6,028	-	6,028	-	6,028	-	11,406	-	11,406	-	11,406
Total comprehensive income	20	3,655	6,028	-	9,683	-	9,683	15,507	11,406	-	26,913	-	26,913
Closing Balance	20	399,977	248,550	-	648,527	-	648,527	396,322	242,557	-	638,879	-	638,879

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 2014

Budget 2014 \$'000		Notes	Actual 2014 \$'000	Actual 2013 \$'000
<b>Cash flows from operating activities</b>				
<i><b>Receipts:</b></i>				
20,845	Rates and annual charges		20,529	20,405
11,201	User charges and fees		13,312	14,853
2,536	Investment revenue and interest		3,184	3,495
8,236	Grants and contributions		8,456	16,707
-	Deposits and retentions received		211	27
413	Other		3,567	5,945
<i><b>Payments:</b></i>				
(13,884)	Employee benefits and on-costs		(14,898)	(13,924)
(13,983)	Materials and contracts		(15,904)	(19,360)
(892)	Borrowing costs		(518)	(695)
-	Deposits and retentions refunded		(96)	(86)
(5,071)	Other		(6,215)	(8,088)
9,401	<b>Net cash provided (or used) in operating activities</b>	11(b)	11,628	19,279
<b>Cash flows from investing activities</b>				
<i><b>Receipts:</b></i>				
6,545	Sale of investments		40,612	52,402
8,441	Sale of real estate assets		4,304	9,740
797	Sale of Infrastructure, property, plant and equipment		100	434
<i><b>Payments:</b></i>				
-	Purchase of investments		(45,792)	(67,728)
(16,000)	Purchase of infrastructure, property, plant and equipment		(11,287)	(10,677)
(7,536)	Purchase of real estate		(3,652)	(6,562)
(7,754)	<b>Net Cash Provided by (or used in) investing activities</b>		(15,715)	(22,391)
<b>Cash flows from financing activities</b>				
<i><b>Receipts:</b></i>				
4,000	Borrowings and advances		4,000	2,200
<i><b>Payments:</b></i>				
(1,114)	Borrowings and advances		(887)	(747)
2,886	<b>Net cash provided by (or used in) financing activities</b>		3,113	1,453
4,534	<b>Net increase/(decrease) in cash and cash equivalents</b>		(974)	(1,659)
-	<b>Cash and cash equivalents at beginning of reporting period</b>	11(a)	8,430	10,089
-	<b>Cash and cash equivalents at end of reporting period</b>	11(a)	7,456	8,430

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 2014**

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# SINGLETON COUNCIL

## Notes to the financial statements for the year ended 30 June 2014

### 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

During the current year, the following relevant standards became mandatory for Council and have been adopted:

- AASB 13 *Fair Value Measurement*
- AASB 119 *Employee Benefits*

AASB 13 has *Fair Value Measurement* has not affected the assets or liabilities which are to be measured at fair value, however it provides detailed guidance on how to measure fair value in accordance with the accounting standards. It introduces the concept of highest and best use for non-financial assets and has caused Council to review its valuation methodology. The level of disclosure regarding fair value has increased significantly and has been included in the financial statements at Note 24.

AASB 119 *Employee Benefits* has changed the basis for determining the income or expense relating to defined benefit plans and introduces revised definitions for short-term employee benefits. Council has reviewed the annual leave liability to determine the level of annual leave which is expected to be paid more than 12 months after the end of the reporting period.

##### 1.3 Early adoption of standards

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

##### 1.4 Historical cost convention

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

##### 1.5 Critical accounting estimates

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

- *Critical accounting estimates and assumptions*  
Singleton Council makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below.
  - (i) Estimated fair values of infrastructure, property, plant and equipment
  - (ii) Estimates tip remediation provisions.
- *Critical judgements in applying the entity's accounting policies*
  - (i) Projected Section 94 Commitments  
Council has used significant judgement in determining future Section 94 income and expenditure in Note 17.

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

# SINGLETON COUNCIL

## Notes to the financial statements for the year ended 30 June 2014

### Note 1 Significant accounting policies (cont)

#### 2. Principles of consolidation

##### 2.1 The Consolidated Fund

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

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

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

##### 2.1. The Consolidated Fund (continued)

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

##### 2.2 The Trust Fund

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

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

##### 2.3 Joint ventures

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

##### 2.4 County Councils

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

#### 3. Revenue recognition

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

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

##### *Rates, annual charges, grants and contributions*

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

# SINGLETON COUNCIL

## Notes to the financial statements for the year ended 30 June 2014

### Note 1 Significant accounting policies (cont)

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

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

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

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

#### 3. Revenue recognition (continued)

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

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

##### *User charges and fees*

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

##### *Sale of plant, property, infrastructure and equipment*

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

##### *Interest and rents*

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

#### 4. Acquisition of assets

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

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

#### 5. Impairment of assets

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

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

# **SINGLETON COUNCIL**

## **Notes to the financial statements for the year ended 30 June 2014**

### **Note 1 Significant accounting policies (cont)**

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

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

#### **8. Inventories**

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

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

##### **8.2 Land held for resale/capitalisation of borrowing costs**

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

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

# SINGLETON COUNCIL

## Notes to the financial statements for the year ended 30 June 2014

### Note 1 Significant accounting policies (cont)

#### 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.

#### 9. Investments and other financial assets (continued)

##### *(ii) Loans and receivables*

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

##### *(iii) Held-to-maturity investments*

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

##### *(iv) Available-for-sale financial assets*

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

#### 9.1 Financial assets - reclassification

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

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

#### 9.2 Recognition and de-recognition

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

# SINGLETON COUNCIL

## Notes to the financial statements for the year ended 30 June 2014

### Note 1 Significant accounting policies (cont)

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.

#### 9. Investments and other financial assets (continued)

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

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

#### 9.4 Impairment

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

##### **Assets carried at amortised cost**

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

#### 9.5 Investment policy

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

#### 10. Fair value estimation

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

# **SINGLETON COUNCIL**

## **Notes to the financial statements for the year ended 30 June 2014**

### **Note 1 Significant accounting policies (cont)**

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.

#### **10. Fair value estimation (continued)**

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

#### **11. Non-current assets held for sale**

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

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

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

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

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

##### **12.1 Land under roads**

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

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

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

##### **12.2 Infrastructure, property, plant & equipment policies**

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

#### **13 Payables**

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



# SINGLETON COUNCIL

## Notes to the financial statements for the year ended 30 June 2014

### Note 1 Significant accounting policies (cont)

#### 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.

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.

# SINGLETON COUNCIL

## Notes to the financial statements for the year ended 30 June 2014

### Note 1 Significant accounting policies (cont)

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.

###### *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 2014 was \$268,532. The last valuation of the Scheme was performed by Michael Smith, BSc, FIA, FIAA on 20 June 2014 and covers the period ended 30 June 2014.

# SINGLETON COUNCIL

## Notes to the financial statements for the year ended 30 June 2014

### Note 1 Significant accounting policies (cont)

However the position is monitored annually and the Actuary has estimated that as at 30 June 2014 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 2014.

#### *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**

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

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

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

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

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

#### **20. Budget Information**

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

#### **21. Rounding of amounts**

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

#### **22. New accounting standards and interpretations**

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2014 reporting periods. Council's assessment of the impact of these new standards and interpretations is set out below.

- (i) AASB 9 *Financial Instruments*, AASB 2009 11 *Amendment to Australian Accounting Standards arising from AASB 9*, AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 9 and AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and transitional disclosures and AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments* (effective from 1 January 2017).

# SINGLETON COUNCIL

## Notes to the financial statements for the year ended 30 June 2014

### Note 1 Significant accounting policies (cont)

AASB 9 *Financial Instruments* addresses the classification and measurement and derecognition of financial assets and liabilities. The standard is not applicable until 1 January 2015 but is available for early adoption. When adopted, the standard will affect in particular the Council's accounting for its available-for-sale financial assets, since AASB9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss although there is currently a proposal by the IASB to introduce Fair Value through Other Comprehensive Income category for debt instruments.

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

Council has not yet fully assessed the impact on the reporting financial position and performance on adoption of AASB 9.

- (ii) AASB 2013-3 Amendments to AASB 136 Recoverable Amount Disclosures for Non-Financial Assets (effective for Council's 30 June 2015 financial statements).

There are no changes to reported financial position or performance from AASB 2013-3, however additional disclosures may be required.

- (iii) AASB 10 *Consolidated Financial Statements*, AASB 11 *Joint Arrangements*, AASB 12 *Disclosure of Interests in Other Entities*, revised AASB 127 *Separate Financial Statements* and AASB 128 *Investments in Associates and Joint Ventures* and AASB 2011-7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards* (effective 1 January 2014 for non-for-profit entities).

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

AASB 10 replaces all of the guidance on control and consolidation in AASB 127 *Consolidated and Separate Financial Statements*, and Interpretation 12 *Consolidation – Special Purpose Entities*. The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However, the standard introduces a single definition of control that applies to all entities. It focuses on the need to have both power and rights or exposure to variable returns. Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both. Control exists when the investor can use its power to affect the amount of its returns. There is also new guidance on participating and protective rights and on agent/principal relationships. Council does not expect the new standard to have a significant impact on its composition.

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

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

AASB 12 sets out the required disclosures for entities reporting under the two new standards, AASB 10 and AASB 11, and replaces the disclosure requirements currently found in AASB 127 and AASB 128. Application

# SINGLETON COUNCIL

## Notes to the financial statements for the year ended 30 June 2014

### Note 1 Significant accounting policies (cont)

of this standard by Council will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to Council's investments.

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

Council does not expect to adopt the new standards before their operative date. They would therefore be first applied in the financial statements for the annual reporting period ending 30 June 2015.

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

#### 23. Self Insurance

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

#### 24. Crown Reserves

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

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

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

#### 25. Rural Fire Service assets

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

#### 26. Goods and Services Tax (GST)

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

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

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

**SINGLETON COUNCIL**

**Notes to the financial statements  
for the year ended 30 June 2014**

**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		Total assets held (current and non-current)	
	Original Budget	Actual	Actual	Original Budget	Actual	Actual	Original Budget	Actual	Actual	2014	2013	2014	2013
	2014	2014	2013	2014	2014	2013	2014	2014	2013				
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Governance	7	-	-	558	593	853	(551)	(593)	(853)	-	-	-	-
Administration	737	144	737	3,998	4,288	4,034	(3,261)	(4,144)	(3,297)	-	-	29,996	34,548
Public Order & Safety	662	1,173	892	1,330	1,449	1,488	(668)	(276)	(596)	737	1,073	4,857	5,598
Health	227	110	111	233	297	264	(6)	(187)	(153)	-	-	121	325
Community Services & Education	1,424	1,657	1,523	2,384	2,686	2,487	(960)	(1,029)	(964)	418	396	9,451	9,203
Housing & Community Amenities	8,103	7,157	8,030	11,240	8,612	8,939	(3,137)	(1,455)	(909)	189	121	63,218	59,584
Water Supplies	5,938	7,038	7,066	5,874	5,062	4,871	64	1,976	2,195	247	38	82,805	83,938
Sewerage Services	3,702	4,514	5,172	3,436	2,859	2,824	267	1,655	2,348	34	34	46,280	46,589
Recreation & Culture	917	1,685	4,267	5,660	7,180	7,631	(4,743)	(5,495)	(3,364)	81	135	63,107	56,563
Mining, Manufacturing & Construction	48	36	35	215	251	250	(167)	(215)	(215)	-	-	-	-
Transport & Communication	4,059	6,526	10,996	8,726	9,870	13,043	(4,667)	(3,344)	(2,047)	817	-	363,457	351,586
Economic Affairs	1,794	2,454	9,440	1,691	1,858	2,753	104	596	6,687	642	5,632	11,255	13,763
<b>Totals Functions &amp; Activities</b>	<b>27,618</b>	<b>32,494</b>	<b>48,269</b>	<b>45,341</b>	<b>45,005</b>	<b>49,437</b>	<b>(17,723)</b>	<b>(12,511)</b>	<b>(1,168)</b>	<b>3,165</b>	<b>7,429</b>	<b>674,547</b>	<b>661,697</b>
General purpose incomes	17,014	16,166	16,675	-	-	-	17,014	16,166	16,675	1,779	3,390	-	-
<b>Net Operating result for year</b>													
<sup>1</sup>	44,632	48,660	64,944	45,341	45,005	49,437	(709)	3,655	15,507	4,944	10,819	674,547	661,697

Note:

(1) As reported on the Income Statement.

## **SINGLETON COUNCIL**

### **Notes to the financial statements for the year ended 30 June 2014**

#### **Note 2(b) Components of functions**

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

##### **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.

##### **Administration**

Corporate support, engineering and works, other support services not otherwise attributed to other functions. Costs not otherwise attributed to other functions.

##### **Public Order & Safety**

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

##### **Health**

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

##### **Environment**

Noxious plants and insects/vermin control, other environmental protection, solid waste management street cleaning, drainage, stormwater management.

##### **Community Services & Education**

Administration, family day care, child care, youth services, other family and children, aged and disabled, migrant services, Aboriginal services, other community services, education.

##### **Housing & Community Amenities**

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

##### **Water Supplies**

Provision of water for 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, other sport and recreation.

##### **Mining, Manufacture and Construction**

Building control, quarries and pits, other.

##### **Transport & Communication**

Urban roads, sealed rural roads, unsealed rural roads, bridges, footpaths, parking areas, bus shelters and services, water transport, RMS Works, street lighting, other.

##### **Economic Affairs**

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

**SINGLETON COUNCIL**

**Notes to the financial statements  
for the year ended 30 June 2014**

**Note 3  
Income from continuing operations**

	<b>Actual 2014 \$'000</b>	<b>Actual 2013 \$'000</b>
<b>(a) Rates and annual charges</b>		
<b>Ordinary rates</b>		
Residential	6,129	5,877
Farmland	1,436	1,391
Mining	4,774	4,617
Business	1,255	1,193
<b>Total ordinary rates</b>	<b>13,594</b>	<b>13,078</b>
<b>Annual charges (pursuant to s.496, 496A, 496B, 501 &amp; 611)</b>		
Domestic waste management services	2,861	3,032
Water supply	1,320	1,252
Sewerage services	2,607	2,965
Stormwater management services	144	142
<b>Total annual charges</b>	<b>6,932</b>	<b>7,391</b>
<b>Total rates and annual charges</b>	<b>20,526</b>	<b>20,469</b>
Council has used 2010 base dated valuations provided by the NSW Valuers General in calculating its rates.		
<b>(b) User charges and fees</b>		
<b>User charges</b>		
Water supply services	3,714	3,343
Sewerage services	586	-
<b>Total user charges</b>	<b>4,300</b>	<b>3,343</b>
<b>Fees</b>		
Auditorium	55	57
Building services - Other		
CBD caretaker	86	77
Cemeteries	46	52
Child care	1,235	1,100
Gym & Swim	1,108	2,063
Inspection fees	62	67
Lake St Clair fees	237	141
Onsite sewer management	45	39
Planning and building - Regulatory	151	213
Private works	28	45
Registration fees	17	19
Regulatory and statutory fees	374	674
RMS works (State roads not controlled by Council)	1,138	3,231
Saleyards	282	260
s603 certificates	29	35
Tapping fees	45	55
Tipping fees	2,003	2,837
Other	290	315
<b>Total fees</b>	<b>7,231</b>	<b>11,280</b>
<b>Total user charges and fees</b>	<b>11,531</b>	<b>14,623</b>



**SINGLETON COUNCIL**

**Notes to the financial statements  
for the year ended 30 June 2014**

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

	<b>Actual 2014 \$'000</b>	<b>Actual 2013 \$'000</b>
<b>(c) Interest and investment revenue (losses)<sup>1</sup></b>		
Interest and Dividends		
- Overdue rates and charges <sup>2</sup>	52	53
- Cash and investments	3,442	3,431
Fair value adjustments		
- Investments	1,190	1,196
<b>Total interest and investment revenue (losses)<sup>1</sup></b>	<b>4,684</b>	<b>4,680</b>
<b>(d) Other revenues</b>		
GST Margin Scheme adjustments	-	2,206
Commissions and agency fees	16	17
Ex gratia payments in lieu of rates	-	4
Fines	11	22
Insurance claims	-	412
Lease rental	132	155
Recycling income (non-domestic)	-	5
Risk management bonus	104	95
Mayoral Scholarship Sponsorship	15	24
Sale of surplus items	10	166
Donations	23	-
Other charges for overdue rates and charges	106	92
Other	23	223
<b>Total other revenue</b>	<b>440</b>	<b>3,421</b>

*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 2014**

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

	<b>Operating</b>		<b>Capital</b>	
	<b>Actual 2014 \$'000</b>	<b>Actual 2013 \$'000</b>	<b>Actual 2014 \$'000</b>	<b>Actual 2013 \$'000</b>
<b>(e) Grants</b>				
<b>General purpose (Untied)</b>				
Financial assistance	1,680	3,295	-	-
Pensioners' rates subsidies:				
- General	99	95	-	-
<b>Special purpose</b>				
Pensioners' rate subsidies:				
- Water	37	37	-	-
- Sewer	34	34	-	-
- DWM	43	45	-	-
Community	396	403	527	-
Transport (3x3, Flood Works, Road to Recovery)	508	685	264	5,285
Library services	79	83	-	-
Bus Shelters	-	-	44	-
LEP review	-	32	-	-
NSW Rural Fire Services	491	567	186	165
Parks & Reserves	-	36	-	-
Floodplain Management Plan	-	8	-	-
Other	301	49	255	-
<b>Total Grants</b>	<b>3,668</b>	<b>5,369</b>	<b>1,276</b>	<b>5,450</b>
<b>Comprising:</b>				
- Commonwealth funding	2,193	3,993	508	-
- State funding	1,406	1,318	768	5,450
- Other funding	69	58	-	-
	<b>3,668</b>	<b>5,369</b>	<b>1,276</b>	<b>5,450</b>
<b>(f) Contributions</b>				
Developer contributions:				
- Section 94	-	-	546	453
- Planning agreements	-	-	-	1,500
Developer dedications	-	-	3,017	2,471
Section 64:				
- Water	-	-	191	318
- Sewerage	-	-	102	234
RMS contributions (Regional/Local, Block Grant)	730	724	400	405
Community enhancement contributions	-	-	152	-
Roadworks and carparks	192	171	-	1,449
Street lighting	38	38	-	-
Motor vehicle leaseback	90	89	-	-
Parks and gardens	25	16	-	-
Bushfire services	14	21	-	-
C&A Community Trust	90	45	-	-
Tidy Towns	26	2	-	-
Trade Waste	44	40	-	-
Pressure sewer connections	37	92	-	-
Rural Fire Service - Section 44	124	-	-	-
Waste Services	-	135	-	-
Other	170	180	2	11
<b>Total contributions</b>	<b>1,580</b>	<b>1,553</b>	<b>4,410</b>	<b>6,841</b>
<b>Total grants and contributions</b>	<b>5,248</b>	<b>6,922</b>	<b>5,686</b>	<b>12,291</b>

**SINGLETON COUNCIL**

**Notes to the financial statements  
for the year ended 30 June 2014**

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

	<b>Actual 2014 \$'000</b>	<b>Actual 2013 \$'000</b>
<b>(g) Restrictions relating to grants and contributions</b>		
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	775	1,779
Less:		
Grants recognised in previous reporting periods which have been spent in the current reporting period	(1,896)	(1,809)
Net increase/(decrease) in restricted grants	<u>(1,121)</u>	<u>(30)</u>
Contributions recognised in the current period which have not been spent	1,305	1,005
Less:		
Contributions recognised in previous reporting periods which have been spent in the current reporting period	(221)	(510)
Net increase/(decrease) in restricted contributions	<u>1,084</u>	<u>495</u>
Net increase/(decrease) in restricted grants and contributions	<u>(37)</u>	<u>465</u>

**SINGLETON COUNCIL**

**Notes to the financial statements  
for the year ended 30 June 2014**

**Note 4  
Expenses from continuing operations**

	<b>Actual 2014 \$'000</b>	<b>Actual 2013 \$'000</b>
<b>(a) Employee benefits and on costs</b>		
Salaries and wages	11,443	11,694
Travelling	22	16
Employee leave entitlements	1,327	1,078
Superannuation	1,335	1,248
Workers' compensation insurance	410	408
FBT	143	109
Training costs (excluding salaries)	563	401
Other	164	110
Less: Capitalised costs	(682)	(947)
<b>Total employee costs expensed</b>	<b>14,725</b>	<b>14,117</b>
Number of FTE employees	205	189
<b>(b) Borrowing costs</b>		
Interest on loans	532	515
Amortisation of Discounts and Premiums:		
- Remediation (tip)	261	223
Less: Capitalised costs	(72)	(43)
<b>Total borrowing costs expensed</b>	<b>721</b>	<b>695</b>
<b>(c) Materials and contracts</b>		
Raw materials and consumables	10,821	11,937
- Golden Highway Resurfacing/Heavy Patching	-	1,944
- Bridgeman Road Intersection	-	1,266
Contractor and consultancy costs	2,215	2,117
Remuneration of Auditors <sup>(1)</sup>	237	185
Legal Fees:		
- Planning and development	28	29
- Other	154	132
Operating leases:		
- Computers	323	321
- Motor vehicles	9	9
- Other	149	214
Other	-	7
<b>Total materials and contracts</b>	<b>13,936</b>	<b>18,161</b>
<sup>(1)</sup> 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 Spencer Steer	27	-
- Audit services - PricewaterhouseCoopers Newcastle	43	65
- Internal Audit - Forsyths	41	-
Total remuneration for audit and other assurance services	111	65
<i>(ii) Taxation services</i>		
- Tax compliance services	126	120
Total remuneration for taxation services	126	120
Total remuneration of Audit Services	237	185

**SINGLETON COUNCIL**

**Notes to the financial statements  
for the year ended 30 June 2014**

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

	<b>Depreciation/Amortisation</b>		<b>Impairment</b>	
	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>(d) Depreciation, amortisation and impairment</b>				
Plant and equipment	1,080	1,148	-	-
Office equipment	14	12	-	-
Furniture and fittings	152	144	-	-
Land improvements (depreciable)	38	38	-	-
Buildings - Non specialised	53	46	-	-
- Specialised	1,550	1,416	-	-
Other structures	538	453	-	-
Infrastructure:				
- Roads, bridges and footpaths	4,553	4,426	-	-
- Storm water drainage	555	539	-	-
- Water supply network	1,649	1,638	-	-
- Sewerage network	1,055	1,042	-	-
Other Assets:				
- Library books	87	97	-	-
Tip asset	160	900	-	-
Less: Capitalised costs/Impairment reversals/ impairments offset against asset revaluations reserves	(190)	(93)	-	-
<b>Total depreciation and total impairment</b>	<b>11,294</b>	<b>11,806</b>	<b>-</b>	<b>-</b>

	<b>Actual</b>	<b>Actual</b>
	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>(e) Other expenses</b>		
Other expenses for the year include the following:		
Bad and doubtful debts	10	42
Contributions and donations	221	227
Operating Lease Rentals	83	76
Insurance	811	713
Electricity and heating	957	973
Mayoral fee	23	22
Councillors' fees	103	107
Councillors' (incl Mayor) expenses	2	217
Street lighting	484	452
Telephone	170	174
Planning levy	30	55
Waste levy	863	945
Emergency services levy	493	585
Other	79	70
<b>Total other expenses from continuing operations</b>	<b>4,329</b>	<b>4,658</b>

**SINGLETON COUNCIL**

**Notes to the financial statements  
for the year ended 30 June 2014**

**Note 5**

**Gain or loss from disposal of assets**

	<b>Actual 2014 \$'000</b>	<b>Actual 2013 \$'000</b>
<b>Gain (or loss) on disposal of Infrastructure, Plant and Equipment</b>		
Proceeds from disposal	72	434
Less: Carrying amount of assets sold	(180)	(447)
<b>Gain (or loss) on disposal</b>	<b>(108)</b>	<b>(13)</b>
<b>Gain (or loss) on Disposal of Real Estate assets held for sale</b>		
Proceeds from sales	4,304	9,740
Less: Cost of Sales	(3,665)	(7,198)
<b>Gain (or loss) on disposal</b>	<b>639</b>	<b>2,542</b>
<b>Gain (or loss) on disposal of Financial assets</b>		
Proceeds from disposal	40,612	52,402
Less: Carrying value of financial assets	(40,612)	(52,402)
<b>Gain (or loss) on disposal</b>	<b>-</b>	<b>-</b>
<b>Net gain (or loss) from disposal of assets</b>	<b>531</b>	<b>2,529</b>

**SINGLETON COUNCIL**

**Notes to the financial statements  
for the year ended 30 June 2014**

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

	<b>Actual 2014 \$'000</b>	<b>Actual 2013 \$'000</b>
Cash at bank and on hand	1,707	938
Deposits at call and Term Deposits maturing within 3 months	5,749	7,492
	<u>7,456</u>	<u>8,430</u>

**Note 6(b)  
Investments**

The following financial assets are held as investments:

	<b>Actual 2014</b>		<b>Actual 2013</b>	
	<b>Current \$'000</b>	<b>Non-current \$'000</b>	<b>Current \$'000</b>	<b>Non-current \$'000</b>
Financial assets at fair value through Profit and Loss - Held for trading	19,753	-	17,895	-
Held to maturity investments	30,587	22,500	31,807	16,768
<b>Total</b>	<u>50,340</u>	<u>22,500</u>	<u>49,702</u>	<u>16,768</u>
<b>Financial assets at fair value through Profit and Loss - Held for trading</b>				
At beginning of the year	17,895	-	13,385	-
Revaluation to Income statement	1,190	-	1,196	-
Additions	2,354	-	6,293	-
Disposals (Sale/Redemption)	(1,686)	-	(2,979)	-
At end of the year	<u>19,753</u>	<u>-</u>	<u>17,895</u>	<u>-</u>
<b>Comprising of:</b>				
- CDOs	-	-	684	-
- FRNs	10,140	-	6,098	-
- Other	9,613	-	11,113	-
	<u>19,753</u>	<u>-</u>	<u>17,895</u>	<u>-</u>
<b>Held to maturity investments</b>				
At beginning of the year	31,807	16,768	24,000	12,565
Additions	24,438	19,000	57,230	4,203
Disposals	(38,926)	-	(49,423)	-
Transfer to Current	13,268	(13,268)	-	-
At end of the year	<u>30,587</u>	<u>22,500</u>	<u>31,807</u>	<u>16,768</u>
<b>Comprising Of:</b>				
- Term Deposits	30,587	22,500	31,807	16,768
	<u>30,587</u>	<u>22,500</u>	<u>31,807</u>	<u>16,768</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 2014**

**Note 6(c)**

**Restricted Cash, cash equivalents and investments**

	<b>Actual 2014</b>		<b>Actual 2013</b>	
	<b>Current \$'000</b>	<b>Non-current \$'000</b>	<b>Current \$'000</b>	<b>Non-current \$'000</b>
Total cash, cash equivalents and investments	57,796	22,500	58,132	16,768
External restrictions	44,435	22,500	42,381	16,768
Internal restrictions	13,361	-	15,751	-
Unrestricted	-	-	-	-
	57,796	22,500	58,132	16,768

	<b>Opening balance \$'000</b>	<b>Transfers to restrictions \$'000</b>	<b>Transfers from restrictions \$'000</b>	<b>Closing balance \$'000</b>
<b>Notes</b>				
<b>External restrictions</b>				
<b>Included in liabilities</b>				
Specific purpose unexpended loans	4,127	4,000	2,262	5,865
	4,127	4,000	2,262	5,865
<b>Other</b>				
Developer contributions	17 9,829	1,305	221	10,913
Specific purpose unexpended grants	2,208	2,356	3,477	1,087
Water	22,045	2,545	-	24,590
Sewerage	12,759	1,880	-	14,639
Domestic waste management	7,686	1,935	328	9,293
Stormwater management	190	118	54	254
Employee leave entitlements - water & sewer	305	-	11	294
<b>Total restrictions other</b>	55,022	10,139	4,091	61,070
<b>Total external restrictions</b>	59,149	14,139	6,353	66,935

*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 2014**

**Note 6(c) (continued)**

**Restricted cash, cash equivalents and investments**

	<b>Opening balance \$'000</b>	<b>Transfers to restrictions \$'000</b>	<b>Transfers from restrictions \$'000</b>	<b>Closing balance \$'000</b>
<b>Internal restrictions</b>				
Employee leave entitlements	545	34	-	579
Replacement - plant & vehicles	917	589	571	935
Sinking funds	194	205	194	205
Asset Management	21	-	-	21
Auditorium kitchen upgrade	40	14	8	46
Building maintenance	-	21	-	21
Carbon pricing	791	593		1,384
C&A Community Trust - Grants Officer	32	-	-	32
Community enhancement contribution	75	153	-	228
Community Services Projects	50	50	-	100
DIPNR - Synptic Plan Review	5	-	-	5
GIS Mapping	99	-	-	99
Insurance Claims - buildings	11	-	-	11
Interest on unexpended loans	482	137	-	619
Land bank development	6,725	3,776	7,299	3,202
Land development (Developer cont.)	2,035	88	-	2,123
Parks & Facilities	73	218	73	218
Ravensthorpe VPA	1,352	-	264	1,088
Roads & Bridges	1,391	225	118	1,498
Rural Fire Services	97	25	-	122
s355 Committees	72	9	23	58
Section 94 Plan Revision	39	12	5	46
Sedgefield Cemetery	207	45	66	186
Singleton Hall of Fame	6	-	-	6
Social Plan review	13	-	-	13
Special Variation - Storm water	4	-	-	4
Stormwater replacement	65	-	-	65
Tidy Towns	33	3	2	34
Uncompleted works	338	375	339	374
Waste Management	36	-	-	36
Youth Programs/Entertainment	3	-	-	3
<b>Total internal restrictions</b>	<b>15,751</b>	<b>6,572</b>	<b>8,962</b>	<b>13,361</b>
<b>Total restrictions</b>	<b>74,900</b>	<b>20,711</b>	<b>15,315</b>	<b>80,296</b>

*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 2014

### Note 7 Receivables

Purpose	Actual 2014		Actual 2013	
	Current \$'000	Non-current \$'000	Current \$'000	Non-current \$'000
Rates and annual charges	375	47	387	38
Interest and extra charges	94	4	79	2
User charges and fees	876	-	2,027	-
Accrued revenues	1,238	-	945	-
Deferred debtors	-	13	-	13
Government grants and subsidies	1,477	-	1,672	-
Private works	-	-	2	-
Sale of plant and equipment	11	-	39	-
GST	189	-	581	-
Road/Bridge maintenance contributions	68	-	-	-
Rent - Council properties	58	-	69	-
Australian Taxation Office	117	-	-	-
Other	250	-	468	-
<b>Total</b>	<b>4,753</b>	<b>64</b>	<b>6,269</b>	<b>53</b>
Less: Provision for impairment				
- Rates and annual charges	8	-	8	-
- User charges and fees	37	-	75	-
	<b>4,708</b>	<b>64</b>	<b>6,186</b>	<b>53</b>

#### 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 9.00% (2013: 10.00%). Although Council is not materially exposed to any individual ratepayer, credit risk exposure is concentrated within the Council boundaries in the State of New South Wales. 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 \$37,380.

#### 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 2014**

**Note 7 (continued)  
Receivables**

	Actual 2014		Actual 2013	
	Current \$'000	Non-current \$'000	Current \$'000	Non-current \$'000
<b>Restricted Receivables</b>				
<b>Externally restricted receivables</b>				
Water supply	808	-	982	-
Sewerage services	429	-	334	-
Domestic waste management	73	-	69	-
Stormwater management	4	-	4	-
<b>Total externally restricted receivables</b>	<b>1,314</b>	<b>-</b>	<b>1,389</b>	<b>-</b>
<b>Unrestricted receivables</b>	<b>3,394</b>	<b>64</b>	<b>4,797</b>	<b>53</b>
<b>Total receivables</b>	<b>4,708</b>	<b>64</b>	<b>6,186</b>	<b>53</b>

**SINGLETON COUNCIL**

**Notes to the financial statements  
for the year ended 30 June 2014**

**Note 8  
Inventories and other assets**

	<b>Actual 2014</b>		<b>Actual 2013</b>	
	<b>Current \$'000</b>	<b>Non-current \$'000</b>	<b>Current \$'000</b>	<b>Non-current \$'000</b>
<b>Inventories</b>				
Real estate (refer (i) below)	5,255	-	5,268	-
Stores and materials	253	-	232	-
<b>Total inventories</b>	5,508	-	5,500	-
<b>Inventories not expected to be realised within the next 12 months</b>	4,848	-	4,865	-
<b>Other assets</b>				
Prepayments	164	-	129	-
<b>Total other assets</b>	164	-	129	-
<b>(i) Real estate development</b>				
Residential	4,488	-	4,501	-
Industrial/Commercial	767	-	767	-
<b>Total real estate held for sale</b>	5,255	-	5,268	-
<b>(Valued at the lower of cost and net realisable value)</b>				
<b>Represented by:</b>				
Acquisition costs	4,118	-	208	-
Development costs	1,102	-	1,102	-
Borrowing costs	1	-	1	-
Other holding costs	34	-	33	-
	5,255	-	1,344	-
<b>Total real estate held for sale</b>	5,255	-	1,344	-

SINGLETON COUNCIL

Notes to the financial statements  
for the year ended 30 June 2014

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

	Actual 2014		Actual 2013	
	Current \$'000	Non-current \$'000	Current \$'000	Non-current \$'000
<b>Externally restricted inventories and other assets</b>				
<b>Sewerage</b>				
Stores and materials	95	-	95	-
<b>Total Sewerage</b>	95	-	95	-
<b>Total externally restricted inventories and other assets</b>	95	-	95	-
<b>Unrestricted inventories and other assets</b>	5,577	-	5,534	-
<b>Total inventories and other assets</b>	5,672	-	5,629	-

# SINGLETON COUNCIL

## Notes to the financial statements for the year ended 30 June 2014

### 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 Division of Local Government. At balance date the following classes of Infrastructure, Property, Plant and Equipment (IPPE) were stated at their fair value:

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

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

Increases in the carrying amounts arising on revaluation are credited to the asset revaluation reserve. To the extent that the increase 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	120 years
Vehicles and road making equipment	5 – 8 years	Culverts	120 years
Other plant and equipment	5 -15 years	Flood control structures	80 – 100 years
Buildings - Masonry	50 – 100 years	Sealed roads - Surface	15 years
- Other	20 – 40 years	- Structure	45 years
Playground Equipment	5 -15 years	Unsealed Roads	20 years
Benches, seat etc.	10 – 20 years	Bridge - Concrete	120 years
Reservoirs	80 – 100 years	- Other	60 years
Bores	20 – 40 years	Bulk earthworks	Infinite
Reticulation pipes - PVC	70 – 80 years	Library Books	5 – 15 years
- Other	25 – 75 years		

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

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

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

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

# SINGLETON COUNCIL

## Notes to the financial statements for the year ended 30 June 2014

### 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 2012. In order to determine the replacement cost of assets, management was required to undertake a physical inspection of these assets.

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

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

for the year ended 30 June 2014

**Note 9(a)**  
**Infrastructure, Property, Plant and Equipment**  
**By Asset Type<sup>(1)</sup>**

	At 30 June 2013				Movements During the Year					At 30 June 2014			
	Cost/ Deemed Cost \$'000	Fair Value \$'000	Accum Depn and Impairment \$'000	WDV \$'000	Additions <sup>(2)</sup> \$'000	WDV of Disposals \$'000	Depn and Impairment \$'000	Transfers/ Adjustments \$'000	Revaluation Increments/ (decrements) \$'000	Cost/ Deemed Cost \$'000	Fair Value \$'000	Accum Depn and Impairment \$'000	WDV \$'000
Capital WIP	1,608	-	-	1,608	1,488	-	-	(1,190)	-	1,906	-	-	1,906
Plant and equipment	-	12,112	(7,495)	4,617	776	39	1,079	-	-	-	12,688	(8,413)	4,275
Office equipment	-	1,352	(1,314)	38	25	-	14	-	-	-	1,377	(1,328)	49
Furniture and fittings	-	1,735	(965)	770	43	-	152	-	-	-	1,778	(1,117)	661
Land:													
- Operational land	-	31,752	-	31,752	1,927	-	-	-	-	-	33,679	-	33,679
- Community land	-	12,322	-	12,322	-	-	-	-	3,813	-	16,135	-	16,135
Land under roads													
- Post July 2008	-	6	-	6	-	-	-	-	-	-	6	-	6
Non depreciable land improvements	-	2,831	-	2,831	-	-	-	-	-	-	2,831	-	2,831
Depreciable land improvements	-	2,807	(1,240)	1,567	-	-	38	-	-	-	2,807	(1,278)	1,529
Buildings <sup>(3)</sup> :													
- Non specialised	-	3,093	(1,210)	1,883	-	-	53	-	-	-	3,093	(1,263)	1,830
- Specialised	-	54,583	(18,518)	36,065	702	-	1,550	(35)	-	-	55,290	(20,108)	35,182
Other structures	-	27,396	(6,467)	20,929	501	-	538	-	-	-	27,897	(7,005)	20,892
Infrastructure:													
- Roads	-	155,336	(36,509)	118,827	6,282	-	4,129	75	-	-	161,692	(40,637)	121,055
- Bridges	-	40,189	(5,819)	34,370	525	141	370	1,048	-	-	41,338	(5,906)	35,432
- Footpaths	-	4,834	(1,339)	3,495	96	-	55	-	-	-	4,930	(1,394)	3,536
- Bulk earthworks (non depreciable)	-	178,627	-	178,627	416	-	-	36	-	-	179,079	-	179,079
- Stormwater drainage	-	48,022	(9,103)	38,919	423	-	555	3	-	-	48,448	(9,658)	38,790
- Water supply network <sup>(3)</sup>	-	96,916	(43,648)	53,268	636	-	1,649	-	1,445	-	100,265	(46,565)	53,700
- Sewerage network <sup>(3)</sup>	-	64,337	(35,775)	28,562	409	-	1,055	-	770	-	66,548	(37,862)	28,686
Other assets:													
- Library books	-	1,235	(821)	414	70	-	87	-	-	-	1,305	(908)	397
- Art Collection	-	398	-	398	2	-	-	-	-	-	400	-	400
Tip asset	-	5,790	(2,188)	3,602	242	-	160	-	-	-	6,032	(2,348)	3,684
Other remediation assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Totals	1,608	745,673	(172,411)	574,870	14,563	180	11,484	(63)	6,028	1,906	767,618	(185,790)	583,734

Notes:

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

(2) Additions to Buildings and Infrastructure are made up of Asset Renewals **(\$6,300)** and New Assets **(\$3,690)**. Renewals are defined as replacements of existing assets as opposed to the acquisition of new assets

(3) The *Water Supply network* and *Sewerage network* asset classes do not include those fixed assets 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.

(4) Refer to Note 24 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 2014**

**Note 9(b)**

**Restricted infrastructure, property, plant and equipment**

	Actual 2014 \$'000				Actual 2013 \$'000			
	Cost \$'000	Fair value \$'000	Accum depn and impairment \$'000	WDV \$'000	Cost \$'000	Fair value \$'000	Accum depn and impairment \$'000	WDV \$'000
<b>Water supply</b>								
Capital WIP	-	11	-	11	-	-	-	-
Plant and equipment	-	537	(351)	186	-	468	(287)	181
Office equipment	-	58	(58)	-	-	58	(58)	-
Furniture and fittings	-	8	(8)	-	-	8	(8)	-
Land:								
- Operational land	-	1,729	-	1,729	-	1,674	-	1,674
- Community land	-	88	-	88	-	85	-	85
Non depreciable land improvements	-	-	-	-	-	-	-	-
Land improvements - depreciable	-	680	(262)	418	-	680	(244)	436
Buildings	-	1,041	(405)	636	-	1,045	(386)	659
Other structures	-	620	(183)	437	-	508	(181)	327
Infrastructure:								
- Water supply	-	100,265	(46,565)	53,700	-	96,916	(43,648)	53,268
<b>Total water supply</b>	-	105,037	(47,832)	57,205	-	101,442	(44,812)	56,630
<b>Sewerage services</b>								
Plant and equipment	-	375	(313)	62	-	375	(294)	81
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	(135)	165	-	302	(128)	174
Other structures	-	475	(170)	305	-	475	(168)	307
Infrastructure:								
- Sewerage assets	-	66,548	(37,862)	28,686	-	64,337	(35,776)	28,561
<b>Total Sewerage services</b>	-	69,677	(38,514)	31,163	-	67,468	(36,400)	31,068
<b>Domestic waste management</b>								
Plant and equipment	-	952	(289)	663	-	945	(145)	800
Office equipment	-	22	(14)	8	-	12	(12)	-
Furniture and fittings	-	5	(3)	2	-	5	(2)	3
Land:								
- Operational land	-	389	-	389	-	389	-	389
Land improvements - depreciable	-	1,774	(827)	947	-	1,774	(807)	967
Buildings	-	96	(25)	71	-	89	(48)	41
Other structures	-	1,681	(320)	1,361	-	1,508	(280)	1,228
Infrastructure:								
- Roads, Bridges and Footpaths	-	-	-	-	-	-	-	-
<b>Total Domestic waste management</b>	-	4,919	(1,478)	3,441	-	4,722	(1,294)	3,428
<b>Total restrictions</b>	-	179,633	(87,824)	91,809	-	173,632	(82,506)	91,126

**SINGLETON COUNCIL**

**Notes to the financial statements  
for the year ended 30 June 2014**

**Note 10**

**(a) Payables, interest bearing liabilities and provisions**

	<b>Actual 2014</b>		<b>Actual 2013</b>	
	<b>Current \$'000</b>	<b>Non-current \$'000</b>	<b>Current \$'000</b>	<b>Non-current \$'000</b>
<b>Payables</b>				
Goods and services	2,383	-	2,953	-
Accrued wages and salaries	-	-	410	-
Accrued expenses - Other	111	-	97	-
Payments received in advance	412	-	324	-
Deposits and retentions	498	-	383	-
Other payables	1	-	3	-
<b>Total payables</b>	<b>3,405</b>	<b>-</b>	<b>4,170</b>	<b>-</b>
<b>Current payables not expected to be settled within the next 12 months</b>	<b>349</b>	<b>-</b>	<b>268</b>	<b>-</b>
<b>Borrowings</b>				
Loans:				
- Secured <sup>(1)</sup>	1,258	10,241	887	7,500
- Unsecured	-	-	-	-
<b>Total interest bearing liabilities</b>	<b>1,258</b>	<b>10,241</b>	<b>887</b>	<b>7,500</b>
<b>Provisions<sup>(2)</sup></b>				
Annual leave	1,224	-	1,108	-
Long service leave	2,105	74	1,950	75
Other leave	125	-	43	-
Asset remediation (Note 23)	-	7,588	-	7,085
<b>Total Provisions</b>	<b>3,454</b>	<b>7,662</b>	<b>3,101</b>	<b>7,160</b>
<b>Current provisions not expected to be settled within the next 12 months</b>	<b>2,266</b>	<b>-</b>	<b>2,094</b>	<b>-</b>
<b>Liabilities relating to restricted assets</b>				
Domestic waste management	-	7,588	-	7,085
Water	244	1	236	1
Sewer	91	-	100	1
<b>Total restricted liabilities</b>	<b>335</b>	<b>7,589</b>	<b>336</b>	<b>7,087</b>
<b>Liabilities related to unrestricted assets</b>	<b>7,782</b>	<b>10,314</b>	<b>7,822</b>	<b>7,573</b>
<b>Total</b>	<b>8,117</b>	<b>17,903</b>	<b>8,158</b>	<b>14,660</b>

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**

<b>Class of Provision</b>	<b>Opening balance \$'000</b>	<b>Increases in provision \$'000</b>	<b>Payments \$'000</b>	<b>Remeasurement \$'000</b>	<b>Closing balance \$'000</b>
Annual leave	1,108	875	759	-	1,224
Long service leave	2,025	364	210	-	2,179
Carbon tax	-	-	-	-	-
Asset remediation	7,085	242	-	261	7,588
Other	-	-	-	-	-
<b>Total</b>	<b>10,218</b>	<b>1,481</b>	<b>969</b>	<b>261</b>	<b>10,991</b>

**SINGLETON COUNCIL**

**Notes to the financial statements  
for the year ended 30 June 2014**

**Note 11**

**Reconciliation of operating result to net cash movement from operating activities**

	Notes	Actual 2014 \$'000	Actual 2013 \$'000
<b>(a) Reconciliation of cash assets</b>			
Total cash and cash equivalents	6(a)	7,456	8,430
<b>Balances as per cash flow statement</b>		<b>7,456</b>	<b>8,430</b>
<b>(b) Reconciliation of net operating result to cash provided from operating activities</b>			
Net operating result from Income statement		3,655	15,507
<b>Add:</b>			
Depreciation and impairment		11,294	11,806
Increase in provision for doubtful debts		-	42
Increase in provision for leave entitlements		352	-
Increase in other provisions		503	223
Decrease in receivables		1,477	-
Increase in payables		-	612
Increase in accrued interest payable		14	1
Increase in other liabilities		113	-
		<b>17,408</b>	<b>28,191</b>
<b>Less:</b>			
Decrease in provision for doubtful debts		38	-
Decrease in employee leave entitlements		-	81
Increase in receivables		-	2,320
Increase in inventories		21	18
Increase in other current assets		35	65
Share of profit in joint ventures		14	9
Decrease in payables		892	-
Decrease in other current liabilities		-	75
Non cash contributions and dedications		3,059	2,619
Gain on sale of assets		531	2,529
Fair value adjustments to financial assets at fair value through Profit and loss		1,190	1,196
<b>Net cash provided from (or used in) operating activities from Cash flow statement</b>		<b>11,628</b>	<b>19,279</b>

**SINGLETON COUNCIL**

**Notes to the financial statements  
for the year ended 30 June 2014**

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

	Notes	Actual 2014 \$'000	Actual 2013 \$'000
<b>(c) Non-cash financing and investing activities</b>			
Bushfire grants		39	143
Developer contributions in kind		3,018	2,471
Purchase of plant and equipment via trade ins		-	449
Other - Civic Art Collection		2	5
		3,059	3,068
<b>(d) Financing arrangements</b>			
Unrestricted access was available at balance date to the following:			
Asset finance - leasing facility		1,000	1,000
Bank overdraft facility <sup>(1)</sup>		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 2014

### Note 12 Commitments for expenditure

	Actual 2014 \$'000	Actual 2013 \$'000
<b>(a) Capital commitments (exclusive of GST)</b>		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
- Buildings	2,731	-
- Roads and Bridges	-	440
<b>Total</b>	<b>2,731</b>	<b>440</b>
These expenditures are payable as follows:		
- Not later than one year	2,731	440
<b>Total</b>	<b>2,731</b>	<b>440</b>
<b>(b) Non-cancellable operating lease commitments</b>		
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	469	449
- Later than one year and not later than five years	933	421
- Later than five years	7	90
<b>Total</b>	<b>1,409</b>	<b>960</b>

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

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

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

**SINGLETON COUNCIL**

**Notes to the financial statements  
for the year ended 30 June 2014**

**Note 13(a)**

**Statement of performance measures - Consolidated results**

	Amounts	Current Year Indicators	2013	2012
<b>1. Operating performance</b>				
Operating revenue <sup>1</sup> excluding capital grants and contributions - operating expenses	- 3,766	-9.13%	-1.06%	-0.14%
Operating revenue <sup>1</sup> excluding capital grants and contributions	41,239			
<b>2. Own source operating revenue</b>				
Rates, fees and charges <sup>2</sup>	35,991	76.70%	68.61%	75.38%
Total operating revenue <sup>1</sup> (inclusive of capital grants and contributions)	46,925			
<b>3. Unrestricted current ratio</b>				
Current assets less all external restrictions	17,484	3.38:1	3.89:1	2.47:1
Current liabilities less specific purpose liabilities	5,167			
<b>4. Debt service cover ratio</b>				
Operating results <sup>1</sup> before interest and depreciation (EBITDA)	8,249	5.13:1	8.31:1	9.87:1
Principal repayments (from the statement of cash flows) + borrowing interest costs (from the income statement)	1,608			
<b>5. Rates and annual charges outstanding Percentage</b>				
Rates and annual charges outstanding	512	2.43%	2.38%	2.26%
Rates and annual charges collectible	21,076			
<b>6. Cash expense cover ratio</b>				
Current year's cash and cash equivalents including term deposits	60,543	18.86	15.95	16.13
Payments from cash flow of operating and financing activities /12	3,210			

Notes:

(1) Excludes fair value adjustments and reversal of revaluation decrements

(2) Rates & annual charges + user charge and fees

# SINGLETON COUNCIL

## Notes to the financial statements for the year ended 30 June 2014

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

	Current Year Indicators			Current Year Indicators		
	General	Water	Sewer	General	Water	Sewer
<b>1. Operating performance</b>						
Operating revenue <sup>1</sup> excluding capital grants and contributions - operating expenses	(6,630)	1,548	1,316	-22.10%	22.54%	30.07%
Operating revenue <sup>1</sup> excluding capital grants and contributions	29,994	6,868	4,377			
<b>2. Own source operating revenue</b>						
Rates, fees and charges <sup>2</sup>	25,802	5,987	4,202	73.37%	83.31%	91.95%
Total operating revenue <sup>1</sup> (inclusive of capital grants and contributions)	35,169	7,186	4,570			
<b>3. Unrestricted current ratio</b>						
Current assets less all external restrictions	17,484	18,169	11,115	3.38:1	74.46:1	122.14:1
Current liabilities less specific purpose liabilities	5,168	244	91			
<b>4. Debt service cover ratio</b>						
Operating results <sup>1</sup> before interest and depreciation (EBITDA)	2,351	3,303	2,406	1.66:1	0:1	0:1
Principal repayments (from the statement of cash flows) + borrowing interest costs (from the income statement)	1,419	-	-			
<b>5. Rates and annual charges outstanding Percentage</b>						
Rates and annual charges outstanding	409	50	69	2.45%	3.60%	2.09%
Rates and annual charges collectible	16,668	1,388	3,305			
<b>6. Cash expense cover ratio</b>						
Current year's cash and cash equivalents including term deposits *12	18,366	24,648	17,529	6.68	82.97	106.72
(Total expenses - depreciation - interest costs)	32,982	3,565	1,971			

**SINGLETON COUNCIL**

**Notes to the Financial Statements  
for the year ended 30 June 2014**

**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 2014**

**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:

	<b>Carrying value</b>		<b>Fair value</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Financial assets</b>				
Cash and cash equivalents	7,456	8,430	7,456	8,430
Receivables	4,772	6,239	4,772	6,239
Financial assets at fair value through profit or loss - Held for trading	19,753	17,895	19,753	17,895
Held-to-maturity investments	53,087	48,575	53,087	48,575
	<u>85,068</u>	<u>81,139</u>	<u>85,068</u>	<u>81,139</u>
<b>Financial Liabilities</b>				
Payables	3,405	4,170	3,405	4,170
Borrowings	11,499	8,387	11,499	8,387
	<u>14,904</u>	<u>12,557</u>	<u>14,904</u>	<u>12,557</u>

# SINGLETON COUNCIL

## Notes to the financial statements for the year ended 30 June 2014

### 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.

	2014 \$'000	2013 \$'000
Impact of a 10% <sup>(1)</sup> movement in price of investments:		
- Equity	1,975	1,790
- Income Statement	1,975 <sup>(2)</sup>	1,790 <sup>(2)</sup>
Impact of a 1% <sup>(1)</sup> movement in interest rates on cash and investments:		
- Equity	851	811
- Income Statement	851	811

#### 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 2014

### 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 2014	30 June 2013
Percentage of Rates and Annual charges:		
- Current	0%	0%
- Overdue	100%	100%
Analysis of Overdue debts	<b>\$'000</b>	<b>\$'000</b>
Current (not yet overdue)		
Overdue	422	425
Percentage of Other Receivables:		
- Current	87%	75%
- Overdue	13%	25%
Analysis of Overdue debts	<b>\$'000</b>	<b>\$'000</b>
Current (not yet overdue)	3,808	5,110
0-30 days overdue	247	295
30-60 days overdue	164	55
60-90 days overdue	15	333
90 days+ overdue	161	106

**SINGLETON COUNCIL**

**Notes to the financial statements  
for the year ended 30 June 2014**

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

**(c) Payables  
Borrowings**

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

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

<b>2014 \$'000</b>	<b>Due within 1 year \$'000</b>	<b>Due between 1 and 5 years \$'000</b>	<b>Due after 5 years \$'000</b>	<b>Total Contractual Cash Flows \$'000</b>	<b>Carrying Values \$'000</b>
Payables	3,405	-	-	3,405	3,405
Borrowings	1,926	7,593	3,137	12,656	11,499
	5,331	7,593	3,137	16,061	14,904

<b>2013 \$'000</b>	<b>Due within 1 year \$'000</b>	<b>Due between 1 and 5 years \$'000</b>	<b>Due after 5 years \$'000</b>	<b>Total Contractual Cash Flows \$'000</b>	<b>Carrying Values \$'000</b>
Payables	4,213	-	-	4,213	4,213
Borrowings	1,390	6,997	2,074	10,461	8,387
	5,603	6,997	2,074	14,674	12,600

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:

	<b>30 June 2014</b>		<b>30 June 2013</b>	
	<b>Weighted average interest rate %</b>	<b>Balance \$'000</b>	<b>Weighted average interest rate %</b>	<b>Balance \$'000</b>
Bank Loans				
- Fixed	5.45	11,499	5.66	8,387
- Variable <sup>(1)</sup>	-	-	-	-
		<u>11,499</u>		<u>8,387</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 2014

### Note 16 Material budget variations

Council's original budget comprised part of the Management Plan adopted by Council on 17 June 2013. 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 Interest and investment revenues

(F + 85%)

Interest on investments was \$1.0M (F 40%) higher than original anticipated. Rate of return on investments was higher than anticipated and we also experienced an increase in funds available for investing due to delays in works programs.

Investment revenues provided an accounting gain of \$1.14m for the 2013/2014 financial year and recouped some prior year losses in Restricted Assets. On 20 March 2014, Council's final Collateralised Debt Obligation (CDO), the Corsair (Cayman Island) No.4 "Kakado" Note, matured. \$2 million was invested in this CDO on 5 December 2006 and the Note has seen substantial revaluations during its life due to matters arising from the Global Financial Crisis (GFC). As at 30 June 2013, the Note was valued at \$684k. On maturity \$1.8m in principle was received.

##### 1.2 Grants and contributions – Operating

(U -27%). \$1.7m below budget for the year.

Financial Assistance Grant receipts were \$1.7m below original budget expectations as a direct result of the initial Grant payment being received and accounted for in June 2013.

##### 1.3 Grants and contributions – Capital

(F +248%).

A favourable result above budget by \$4.4m.

Significant developments at Branxton and Hunterview during 2013/14 contributed "Developer Provided Assets" of \$3m.; including \$318k for water assets and \$193k of sewer assets. Other significant contributions include \$154k for the Upper Hunter Fire Control Centre, \$152k Coal mines and \$94 Bushfire Services contributions of \$194k.

Capital Grants received were \$800k above original budget (F). In many instances, the actual amount of grants received depends on decisions made by State and Federal governments after the original Budget was adopted. In particular, major variations occurred in grants received for the following purposes:

Restart NSW	\$186,000
Community Recycling Centre	\$139,500
Heavy Vehicle Safety	\$114,400
Town Centre Master Plan	\$527,400

##### 1.4 Net Gain from the Disposal of Assets

(U -60%) \$807k below budget.

Vehicle fleet renewals were delayed pending finalisation of the new vehicle policy.

##### 1.5 Borrowing Costs

(F -20%) \$182k below budget.

Interest of loans for Road Maintenance were below budget as a result of delays on project commencements.

##### 1.6 Other Expenses

(F -15%) \$742k below budget for year.

The Waste Facility was (F -35%) \$530k below budget for the year with less waste going into the ground requiring less land fill and reduced waste levy.

**SINGLETON COUNCIL**

**Notes to the financial statements  
for the year ended 30 June 2014**

**Note 17  
Statement of developer contributions**

**(a) Summary of developer contributions**

Purpose	Opening balance \$'000	Contributions received during year		Interest & investment income earned during year \$'000	Expended during year \$'000	Internal borrowings (to)/from \$'000	Held as restricted asset \$'000	Projected future contributions \$'000	Projected cost of works still outstanding \$'000	Projected over/(under) funding \$'000
		Cash \$'000	Non-cash \$'000							
Drainage	4	-	-	-	-	-	4	-	3	1
Roads	429	162	-	16	(207)	-	400	4,292	9,090	(4,398)
Traffic facilities	-	-	-	-	-	-	-	-	-	-
Parking	217	83	-	13	-	-	313	-	8	305
Open space	457	88	-	24	(1)	-	568	4,325	12,394	(7,501)
Community facilities	1,360	18	-	59	(12)	-	1,425	850	3,054	(779)
Bushfire facilities	257	194	-	19	-	-	470	746	4,025	(2,809)
Waste facilities	30	1	-	1	-	-	32	-	24	8
S94 Under Plans	2,754	546	-	132	(220)	-	3,212	10,213	28,598	(15,173)
S94A Levies	-	-	-	-	-	-	-	-	-	-
Planning agreements	-	-	-	-	-	-	-	-	-	-
Section 64	7,075	293	-	334	(1)	-	7,701			
<b>Total contributions</b>	<b>9,829</b>	<b>839</b>	<b>-</b>	<b>466</b>	<b>(221)</b>	<b>-</b>	<b>10,913</b>	<b>10,213</b>	<b>28,598</b>	<b>(15,173)</b>

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

**(b) Contribution Plan - No. 1**

Purpose	Opening balance \$'000	Contributions received during year		Interest & investment income earned during year \$'000	Expended during year \$'000	Internal borrowings (to)/from \$'000	Held as restricted asset \$'000	Projected future contributions \$'000	Projected cost of works still outstanding \$'000	Projected over/(under) funding \$'000
		Cash \$'000	Non-cash \$'000							
Drainage	4	-	-	-	-	-	4	-	3	1
Roads	158	27	-	8	-	-	193	-	155	38
Parking	8	-	-	-	-	-	8	-	8	-
Open Space	92	-	-	4	-	-	96	-	89	7
Community facilities	624	-	-	27	-	-	651	-	701	(50)
<b>Total</b>	<b>886</b>	<b>27</b>	<b>-</b>	<b>39</b>	<b>-</b>	<b>-</b>	<b>952</b>	<b>-</b>	<b>956</b>	<b>(4)</b>

Notes to the financial statements  
for the year ended 30 June 2014

**Note 17 (continued)**  
**Statement of developer contributions**

**(c) Singleton Development Contributions Plan 2005**

Purpose	Opening balance \$'000	Contributions received during year		Interest & investment income earned during year \$'000	Expended during year \$'000	Internal borrowings (to)/from \$'000	Held as restricted asset \$'000	Projected future contributions \$'000	Projected cost of works still outstanding \$'000	Projected over/(under) funding \$'000
		Cash \$'000	Non-cash \$'000							
Roads	101	22	-	5	-	-	128	-	95	33
Parking	-	-	-	-	-	-	-	-	-	-
Open Space	88	2	-	4	(1)	-	93	-	82	11
Community facilities	624	3	-	26	(12)	-	641	-	588	53
Bushfire facilities	63	23	-	4	-	-	90	-	56	34
Waste facilities	26	1	-	1	-	-	28	-	24	4
<b>Total</b>	<b>902</b>	<b>51</b>	<b>-</b>	<b>40</b>	<b>(13)</b>	<b>-</b>	<b>980</b>	<b>-</b>	<b>845</b>	<b>135</b>

**(d) Singleton Development Contributions Plan 2008**

Purpose	Opening balance \$'000	Contributions received during year		Interest & investment income earned during year \$'000	Expended during year \$'000	Internal borrowings (to)/from \$'000	Held as restricted asset \$'000	Projected future contributions \$'000	Projected cost of works still outstanding \$'000	Projected over/(under) funding \$'000
		Cash \$'000	Non-cash \$'000							
Roads	170	113	-	3	(207)	-	79	4,292	8,840	(4,469)
Parking	209	83	-	13	-	-	305	-	-	305
Open Space	277	86	-	16	-	-	379	4,325	12,223	(7,519)
Community facilities	112	15	-	6	-	-	133	850	1,765	(782)
Bushfire facilities	194	171	-	15	-	-	380	746	3,969	(2,843)
Waste facilities	4	-	-	-	-	-	4	-	-	4
<b>Total</b>	<b>966</b>	<b>468</b>	<b>-</b>	<b>53</b>	<b>(207)</b>	<b>-</b>	<b>1,280</b>	<b>10,213</b>	<b>26,797</b>	<b>(15,304)</b>

## **SINGLETON COUNCIL**

### **Notes to the financial statements for the year ended 30 June 2014**

#### **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 its Defined Benefit Scheme obligations in accordance with AASB 119.

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

###### **Contingent Assets**

Nil



# SINGLETON COUNCIL

## Notes to the financial statements for the year ended 30 June 2014

### Note 19 Interest in joint ventures

#### Joint venture partnership

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

Hunter Council 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 Local Government Act 1993.

	2014	2013
<b>Hunter Councils Limited</b>		
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%
<b>Movements in investment in the joint operation</b>	<b>\$'000</b>	<b>\$'000</b>
- Opening balance	59	50
- Share in operating result	14	9
- <b>Share in equity of the joint operation</b>	<b>73</b>	<b>59</b>
	<b>Actual 2014 \$'000</b>	<b>Actual 2013 \$'000</b>
<b>Share of partnership's assets and liabilities</b>		
Current assets	25	18
Non-current assets	244	181
<b>Total assets</b>	<b>269</b>	<b>199</b>
Current Liabilities	32	22
Non-current liabilities	163	118
<b>Total liabilities</b>	<b>195</b>	<b>140</b>
<b>Net assets</b>	<b>74</b>	<b>59</b>
<b>Share of partnership's revenue, expenses and results</b>		
Revenues	78	59
Expenses	64	51
<b>Operating result</b>	<b>14</b>	<b>8</b>
<b>Share of partnership's commitments</b>		
Capital commitments	8	-

#### Contingent liabilities relating to joint ventures

Each of the partners in Hunter Council's Limited are jointly and severally liable for the debts of the organisation.

As at 30 June 2014, the company had no contingent liabilities.

**SINGLETON COUNCIL**

**Notes to the financial statements  
for the year ended 30 June 2014**

**Note 20  
Revaluation reserves and retained earnings**

	<b>Actual 2014 \$'000</b>	<b>Actual 2013 \$'000</b>
<b>(a) Retained earnings</b>		
Movements in retained earnings were as follows:		
At beginning of the year	396,322	380,504
Adjustments to correct prior period errors (Note 20(d))	-	311
Land under roads derecognised (Note 20(f))	-	-
Net operating result for the year	3,655	15,507
At end of the year	<u>399,977</u>	<u>396,322</u>
<b>(b) Revaluation reserves</b>		
Infrastructure, property, plant and equipment revaluation reserve	248,550	242,557
	<u>248,550</u>	<u>242,557</u>
<b>Movements:</b>		
<i>Infrastructure, property, plant and equipment revaluation reserve</i>		
At beginning of the year	242,557	231,151
Revaluations (Note 9)	6,028	11,406
Adjustments to correct prior period errors (Note 20(d))	(35)	-
At end of the year	<u>248,550</u>	<u>242,557</u>
<b>(c) Nature and purpose of reserves</b>		
<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.		
<b>(d) Correction of error in previous years</b>		
Council identified an inconsistency in the formulation of the 2013 revaluation of Specialised Buildings, which resulted in an understatement of Fair Value, and an overstatement of Accumulated Depreciation.		
As a result, Council adjusts the Fair Value and Accumulated Depreciation for Specialised Buildings in the current year to correct the prior year errors.		
Depreciation Overstated/(Understated)	(40)	311
Error in Fair Value	5	-
	<u>(35)</u>	<u>311</u>

**SINGLETON COUNCIL**

**Notes to the financial statements  
for the year ended 30 June 2014**

**Note 21  
Results by Fund**

<b>Income Statement by Fund</b>	<b>Actual 2014 \$'000 General<sup>(1)</sup></b>	<b>Actual 2014 \$'000 Water</b>	<b>Actual 2014 \$'000 Sewer</b>
<b>Income from continuing operations</b>			
<b>Revenue:</b>			
Rates & annual charges	15,991	1,363	3,172
User charges & fees	8,357	3,174	-
Interest & investment revenues	2,436	1,383	865
Other revenues	208	67	165
Grants and contributions provided for operating purposes	5,177	37	34
Grants and contributions provided for capital purposes	4,190	1,162	334
<b>Other Income:</b>			
Net gain from disposal of assets	531	-	-
Share of interests in joint ventures and associates using the equity method	14	-	-
<b>Total income from continuing operations</b>	<b>36,904</b>	<b>7,186</b>	<b>4,570</b>
<b>Expenses from continuing operations</b>			
Employee benefits and on-costs	13,120	1,338	267
Borrowing costs	721	-	-
Materials and contracts	10,434	1,953	1,549
Depreciation and amortisation	8,449	1,755	1,090
Impairment	-	-	-
Other expenses	3,900	274	155
Interest and investment losses	-	-	-
Net Loss from the disposal of assets	-	-	-
Share of interests in joint ventures and associates using the equity method	-	-	-
<b>Total expenses from continuing operations</b>	<b>36,624</b>	<b>5,320</b>	<b>3,061</b>
<b>Operating result from continuing operations</b>	<b>280</b>	<b>1,866</b>	<b>1,509</b>
<b>Operating result from discontinued operations</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net operating result for the year</b>	<b>280</b>	<b>1,866</b>	<b>1,509</b>
Attributable to:			
- Council	280	1,866	1,509
- Non-Controlling interests	-	-	-
	<b>280</b>	<b>1,866</b>	<b>1,509</b>
<b>Net operating result for the year before grants and contributions provided for capital purposes</b>	<b>(3,910)</b>	<b>704<sup>(2)</sup></b>	<b>1,175<sup>(2)</sup></b>

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:

	<b>\$'000</b>
Water	1,885
Sewer	1,511

**SINGLETON COUNCIL**

**Notes to the financial statements  
for the year ended 30 June 2014**

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

<b>Statement of Financial Position by Fund</b>	<b>Actual 2014 \$'000 General<sup>(1)</sup></b>	<b>Actual 2014 \$'000 Water</b>	<b>Actual 2014 \$'000 Sewer</b>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash & cash equivalents	7,456	-	-
Investments	22,388	17,361	10,591
Receivables	3,471	808	429
Inventories	5,413	-	95
Other	164	-	-
Non-current assets classified as held for sale	-	-	-
<b>Total Current assets</b>	<b>38,892</b>	<b>18,169</b>	<b>11,115</b>
<b>Non-current assets</b>			
Investments	3,238	12,324	6,938
Receivables	64	-	-
Inventories	-	-	-
Infrastructure, property, plant and equipment	495,366	57,205	31,163
Investments accounted for using the equity method	-	-	-
Investment property	-	-	-
Intangible assets	-	-	-
Other	-	-	-
<b>Total non-current assets</b>	<b>498,668</b>	<b>69,529</b>	<b>38,101</b>
<b>Total Assets</b>	<b>537,560</b>	<b>87,698</b>	<b>49,216</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	3,363	42	-
Borrowings	1,258	-	-
Provisions	3,161	202	91
<b>Total Current liabilities</b>	<b>7,782</b>	<b>244</b>	<b>91</b>
<b>Non-current liabilities</b>			
Payables	-	-	-
Borrowings	10,241	-	-
Provisions	7,661	1	-
<b>Total non-current liabilities</b>	<b>17,902</b>	<b>1</b>	<b>-</b>
<b>Total liabilities</b>	<b>25,684</b>	<b>245</b>	<b>91</b>
<b>Net assets</b>	<b>511,876</b>	<b>87,453</b>	<b>49,125</b>
<b>Equity</b>			
Retained earnings	310,669	51,463	37,845
Revaluation reserve	201,280	35,990	11,280
Other reserves	-	-	-
	<b>511,949</b>	<b>87,453</b>	<b>49,125</b>
Non-controlling equity interest	-	-	-
<b>Total Equity</b>	<b>511,949</b>	<b>87,453</b>	<b>49,125</b>

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 2014

#### Note 22 Events occurring after Reporting Date

Events that occur after the reporting date of 30 June 2014, 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 29 October 2014

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 2014.

(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 2014 and which are only indicative of conditions that arose after 30 June 2014.

#### 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 2014 \$'000	Actual 2013 \$'000
At Beginning of the Year	7,085	6,862
Amounts capitalised to tip asset		
- New disturbance	-	-
- Revised costs	242	-
- Revised life	-	-
- Revised discount rate	-	-
Amortisation of discount - Expensed to borrowing costs	261	223
At End of the Year	7,588	7,085

##### 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 2014**

**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:

2014	Note	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
<b>Recurring fair value measurements</b>					
<b>Financial Assets</b>					
Held for Trading	6	-	19,753	-	19,753
<b>Total Financial Assets</b>		-	19,753	-	19,753
<b>Infrastructure, Property, Plant &amp; Equipment</b>					
Plant & Equipment	9	-	-	4,275	4,275
Office Equipment	9	-	-	49	49
Furniture & Fittings	9	-	-	661	661
Leased Plant & Equipment	9	-	-	-	-
Operational Land	9	-	-	33,679	33,679
Community Land	9	-	-	16,135	16,135
Land Under Roads	9	-	-	6	6
Non depreciable land improvements	9	-	-	2,831	2,831
Depreciable land improvements	9	-	-	1,529	1,529
Buildings - Non-Specialised	9	-	-	1,830	1,830
Buildings - Specialised	9	-	-	35,182	35,182
Other Structures	9	-	-	20,892	20,892
Roads	9	-	-	121,055	121,055
Bridges	9	-	-	35,432	35,432
Footpaths	9	-	-	3,536	3,536
Bulk Earthworks	9	-	-	179,079	179,079
Stormwater Drainage	9	-	-	38,790	38,790
Water Supply Network	9	-	-	53,700	53,700
Sewerage Network	9	-	-	28,686	28,686
Library Books	9	-	-	397	397
Art Collection	9	-	-	400	400
<b>Total Infrastructure, Property, Plant &amp; Equipment</b>		-	-	578,144	578,144

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

	2014 (\$)
<b>Opening Balance 1 July 2013</b>	569,660
plus Additions	12,833
plus Revaluation Increments	6,028
plus Transfers	1,127
less Depreciation & Impairment	11,324
less Sales	180
<b>Closing Balance 30 June 2014</b>	578,144

**SINGLETON COUNCIL**

**Notes to the financial statements  
for the year ended 30 June 2014**

**Note 24**

**Fair Value Measurement (continued)**

**(2) Transfers between Level 1 & Level2 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 2014**

#### **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:



## **SINGLETON COUNCIL**

### **Notes to the financial statements for the year ended 30 June 2014**

#### **Note 24 (cont) Fair value measurement**

- 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.

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 Division 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 Division 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.

## **SINGLETON COUNCIL**

### **Notes to the financial statements for the year ended 30 June 2014**

#### **Note 24 (cont) Fair value measurement**

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.

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

## **SINGLETON COUNCIL**

### **Notes to the financial statements for the year ended 30 June 2014**

#### **Note 24 (cont) Fair value measurement**

- 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 undertaken 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 2010 utilising the in house SMEG 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)

The unobservable Level 3 inputs used include:

## **SINGLETON COUNCIL**

### **Notes to the financial statements for the year ended 30 June 2014**

#### **Note 24 (cont) Fair value measurement**

- Pattern of Consumption
- Useful life and residual value
- 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
- Residual value
- 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.

## **SINGLETON COUNCIL**

### **Notes to the financial statements for the year ended 30 June 2014**

#### **Note 24 (cont) Fair value measurement**

##### **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 published by the Office of Water.

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

##### **Other Assets**

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

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

The unobservable Level 3 inputs used include:

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

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

# SINGLETON COUNCIL

## Notes to the financial statements for the year ended 30 June 2014

### 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 (30/6/2014) \$'000	Valuation Techniques	Unobservable Inputs	Range of Inputs (incl probable)	Relationship of unobservable inputs to Fair Value
Plant & Equipment	4,275	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	49	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	661	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	33,679	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	4,360	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 2014

### Note 24 (cont) Fair value measurement

Class	Fair Value (30/6/2014) \$'000	Valuation Techniques	Unobservable Inputs	Range of Inputs (incl probable)	Relationship of unobservable inputs to Fair Value
Buildings Specialised	35,182	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
Buildings Non Specialised	1,830	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 Building non specialised
Other Structures	20,892	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 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	121,055	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 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	35,432	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 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	3,536	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 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	179,079	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% 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.

# SINGLETON COUNCIL

## Notes to the financial statements for the year ended 30 June 2014

### Note 24 (cont) Fair value measurement

Class	Fair Value (30/6/2014) \$'000	Valuation Techniques	Unobservable Inputs	Range of Inputs (incl probable)	Relationship of unobservable inputs to Fair Value
Stormwater Drainage	38,790	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 change in the gross replacement cost, pattern of consumption, residual value or components, asset condition, will increase or decrease the fair value of stormwater drainage assets.
Water Network	53,700	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 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	28,686	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 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	797	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 2014, 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. Nor does our responsibility extend to the projected future developer contributions and costs disclosed in Note 17. Accordingly, no opinion is expressed on these matters.

**Assurance Partners**

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Steer Assurance Partners

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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.

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 SPENCER STEER**



### **BRETT HANGER**

Partner

Dated at Sydney this 29th day of October 2014

29 October 2014

The Mayor  
Singleton Council  
PO Box 314  
**SINGLETON NSW 2330**

Mayor,

### **Audit Report - Year Ended 30 June 2014**

We are pleased to advise completion of the audit of Council's books and records for the year ended 30 June 2014 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;

## **I. RESULTS FOR THE YEAR**

### ***I.1 Operating Result***

The operating result for the year was a surplus of \$3.655 million as compared with \$15.507 million in the previous year.

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

	2014 \$000	% of Total	2013 \$000	% of Total	Increase (Decrease) \$000
<b>Revenues before capital items</b>					
Rates & annual charges	20,526	48%	20,469	39%	57
User charges, fees & other revenues	12,516	29%	20,582	39%	(8,066)
Grants & contributions provided for operating purposes	5,248	12%	6,922	13%	(1,674)
Interest & investment revenue	4,684	11%	4,680	9%	4
	<b>42,974</b>	<b>100%</b>	<b>52,653</b>	<b>100%</b>	<b>(9,679)</b>
<b>Expenses</b>					
Employee benefits & costs	14,725	33%	14,117	29%	608
Materials, contracts & other expenses	18,265	41%	22,819	46%	(4,554)
Depreciation, amortisation & impairment	11,294	25%	11,806	24%	(512)
Borrowing costs	721	2%	695	1%	26
	<b>45,005</b>	<b>100%</b>	<b>49,437</b>	<b>100%</b>	<b>(4,432)</b>
<b>Surplus (Deficit) before capital items</b>	<b>(2,031)</b>		<b>3,216</b>		<b>(5,247)</b>
Grants & contributions provided for capital purposes	5,686		12,291		(6,605)
<b>Net Surplus (Deficit) for the year</b>	<b>3,655</b>		<b>15,507</b>		<b>(11,852)</b>
<b>Performance Measures</b>					
	<b>2014</b>		<b>2013</b>		
Operating Performance	-9.13%		-1.06%		
Own Source Operating Revenue	76.70%		68.61%		

The above table shows an overall decrease of \$11.852 million from the previous year. Contributing to the decrease was reduced revenue from grants and contributions (down \$8.279 million) and RMS works on State Roads (down \$2.093 million). Additionally, revenue in the previous year included the receipt of a GST refund relating to prior period property sales (\$2.206 million).

**Operating Performance** measures the ability to contain operating expenditure within operating revenue excluding capital amounts. For 2014, this indicator was -9.13% 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 2014, this indicator was 76.7% and exceeded 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.

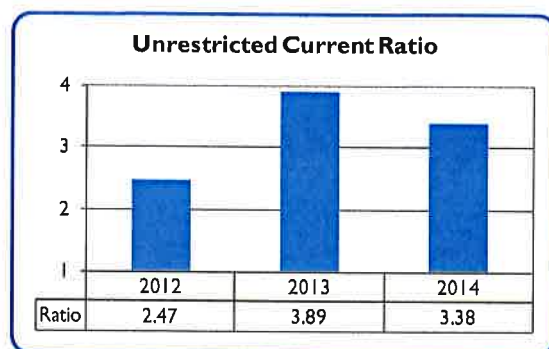
	2014	2013
<b>Funds were provided by:-</b>	\$000	\$000
<b>Operating Result (as above)</b>	<b>3,655</b>	<b>15,507</b>
<b>Add back non funding items:-</b>		
- Depreciation, amortisation & impairment	11,294	11,806
- Book value of non-current assets sold	180	447
- Non-cash contributions of assets acquired	(3,059)	(3,068)
- (Surplus)/Deficit in joint ventures	(14)	(9)
	12,056	24,683
New loan borrowings	4,000	2,200
Transfers from internal reserves (net)	2,390	0
Net Changes in current/non-current assets & liabilities	1,193	361
	19,639	27,244
<b>Funds were applied to:-</b>		
Purchase and construction of assets	(11,504)	(10,319)
Increase/Purchase in non-current investments	(5,732)	(3,793)
Principal repaid on loans	(887)	(747)
Transfers to externally restricted assets (net)	(1,980)	(3,940)
Transfers to internal reserves (net)	0	(6,948)
	(20,103)	(25,747)
<b>Increase/(Decrease) in Available Working Capital</b>	<b>(464)</b>	<b>1,497</b>

## 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 \$12.317 million representing a factor of 3.38 to 1.



## 2.2 Available Working Capital – (Working Funds)

At the close of the year the Available Working Capital of Council stood at \$1.551 million as detailed below;

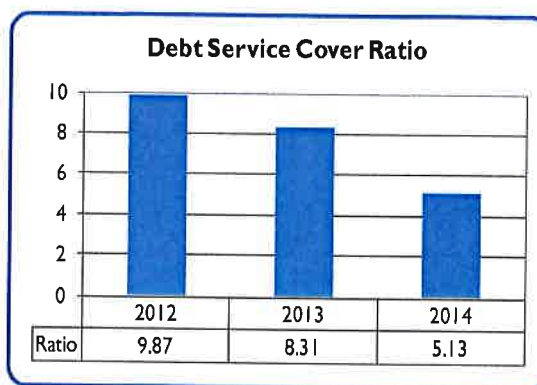
	2014 \$000	2013 \$000	Change \$000
<b>Net Current Assets (Working Capital) as per Accounts</b>	<b>60,059</b>	<b>61,789</b>	<b>(1,730)</b>
<b>Add:</b> Payables & provisions not expected to be realised in the next 12 months included above	2,615	2,362	253
<b>Less:</b> Inventories not expected to be realised in the next 12 months included above	(4,848)	(4,865)	17
<b>Adjusted Net Current Assets</b>	<b>57,826</b>	<b>59,286</b>	<b>(1,460)</b>
<b>Add:</b> Budgeted & expected to pay in the next 12 months			
- Borrowings	1,258	887	371
- Employees leave entitlements	1,188	1,007	181
- Deposits & retention moneys	149	115	34
<b>Less:</b> Externally restricted assets	(45,509)	(43,529)	(1,980)
<b>Less:</b> Internally restricted assets	(13,361)	(15,751)	2,390
<b>Available Working Capital as at 30 June</b>	<b>1,551</b>	<b>2,015</b>	<b>(464)</b>

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. Taking into consideration the nature and level of the internally restricted assets (Reserves) set aside to fund future works and services and liabilities, Council's Available Working Capital at year end was satisfactory.

## 2.3 Debt

After repaying principal and interest of \$1.347 million and taking up new borrowings of \$4 million, total debt as at 30 June 2014 stood at \$11.499 million (2013 - \$8.387 million).

The debt service cover ratio measures the availability of operating cash to service debt repayments. For 2014, the ratio indicated that operating results before capital, interest and depreciation covered payments required to service debt by a factor of 5.13 to 1.





## 2.4 Summary

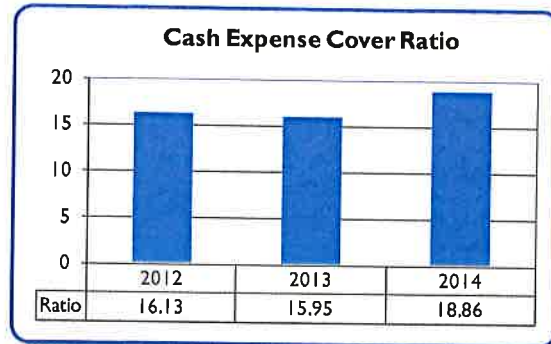
Council's overall financial position, when taking into account the above financial indicators was, in our opinion, satisfactory.

## 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.

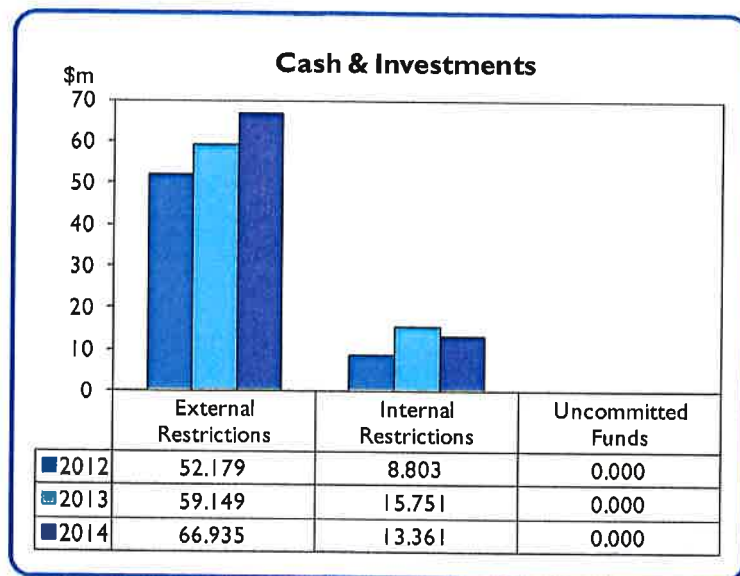
For 2014, this ratio stood at 18.86 months compared to the benchmark of 3.



### 3.2 Cash & Investment Securities

Cash and investments amounted \$80.296 million at 30 June 2014 as compared with \$74.9 million in 2013 and \$60.982 million in 2012.

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 (\$5.865 million), unexpended development contributions (\$10.913 million), domestic waste and stormwater management charges (\$9.547 million), specific purpose grants and contributions (\$1.087 million) and water and sewerage funds (\$39.523 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 \$13.361 million and their purposes are more fully disclosed in Notes 6 of the financial statements.

**Unrestricted cash and investments** amounted was nil as all funds had been either externally or internally restricted.

### 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 decreased by \$974,000 to \$8.43 million at the close of the year.

In addition to operating activities which contributed net cash of \$11.628 million were the proceeds from the sale of investment securities (\$40.612 million), sale of assets (\$4.404 million) and the receipt of new borrowings (\$4 million). Cash outflows other than operating activities were used to purchase investment securities (\$45.792 million), repay loans (\$887,000) and to purchase and construct assets (\$14.939 million).

## 4. RECEIVABLES

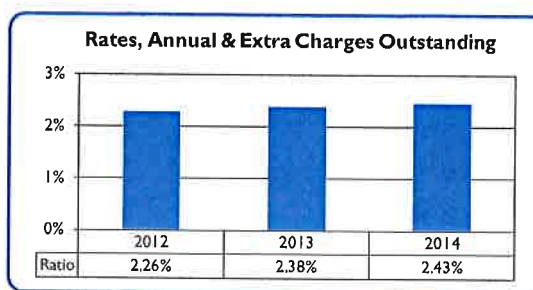
### 4.1 Rates & Annual Charges (excluding interest & extra charges)

Net rates and annual charges levied during the year totalled \$20.526 million and represented 42% of Council's total revenues.

Including arrears, the total rates and annual charges collectible was \$20.943 million of which \$20.529 million (98%) was collected.

### 4.2 Rates, Annual & Extra Charges

Arrears of rates, annual and extra charges stood at \$512,000 at the end of the year and represented 2.43% of those receivables.



### 4.3 Other Receivables

Receivables (other than rates & annual charges) totalled \$4.297 million and included amounts due from other levels of government of \$1.783 million and accrued interest on investments of \$1.238 million. Receivables considered to be uncertain of collection have been provided for as doubtful debts and this provision amounted to \$37,000.



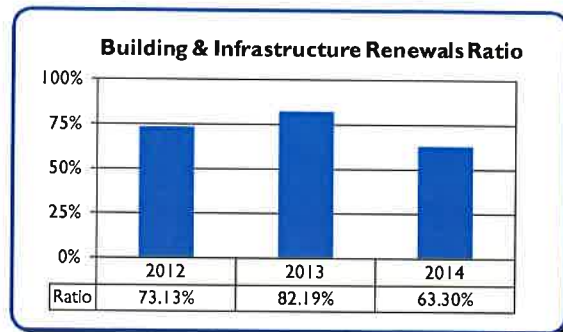
## 5. PAYABLES

**Employees Leave Entitlements** - Council's provision for its liability toward employees leave entitlements and associated on costs amounted to \$3.403 million. Internally restricted cash and investments of \$579,000 was held representing 17% of this liability and was, in our opinion, sufficient to meet unbudgeted and unanticipated retirements.

## 6. BUILDING AND INFRASTRUCTURE RENEWALS

The Building and 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 2014 represented 63% of the depreciation charges for these assets. An industry benchmark is considered to be 100%, measured annually over the long term.



## 7. MANAGEMENT LETTER

An audit management letter addressing the findings from our interim audit was issued on 5 May 2014 and included our recommendations on possible ways to strengthen and/or improve procedures. We received a written response on 22 May 2014 outlining management's comments and proposed action.

## 8. CONCLUSION

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

Yours faithfully,

**HILL ROGERS SPENCER STEER**

**BRETT HANGER**

Partner



Singleton Council

Special Purpose  
Financial Statements

For the year ended 30 June 2014

# **SINGLETON COUNCIL**

## **Special purpose financial statements for the year ended 30 June 2014**

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#### **Auditor's report**

SINGLETON COUNCIL

**Income statement for the Water Supply business activity  
for the year ended 30 June 2014**

	Actual 2014 \$'000	Actual 2013 \$'000	Actual 2012 \$'000
<b>Income from continuing operations</b>			
Access charges	1,363	1,289	1,226
User charges	3,174	2,974	2,320
Interest	1,383	1,881	939
Grants and contributions provided for non capital purposes	37	37	38
Other income	67	69	121
<b>Total income from continuing operations</b>	6,024	6,250	4,644
<b>Expenses from continuing operations</b>			
Employee benefits and on-costs	1,338	684	684
Materials and contracts	1,953	2,322	1,596
Depreciation and impairment	1,755	1,745	1,749
Water purchase charges	77	169	169
Loss on sale of assets	-	-	11
Calculated taxation equivalents	19	19	19
Debt guarantee fee	-	-	-
Other expenses	178	178	178
<b>Total expenses from continuing operations</b>	5,320	5,117	4,406
<b>Surplus (deficit) from continuing operations before capital amounts</b>	704	1,133	238
Grants & contributions provided for capital purposes	1,162	1,195	1,120
<b>Surplus (deficit) from continuing operations after capital amounts</b>	1,866	2,328	1,358
Surplus (deficit) from discontinued operations	-	-	-
<b>Surplus (deficit) from all operations before tax</b>	1,866	2,328	1,358
Less Corporate Taxation Equivalent (30%) [Based on Surplus results before capital]	212	340	71
<b>Surplus (deficit) after tax</b>	1,654	1,988	1,287
<b>Opening retained profits</b>	49,577	47,230	45,853
<b>Adjustments for amounts unpaid</b>			
Taxation equivalent payments	19	19	19
Debt guarantee fees	-	-	-
Corporate taxation equivalent	212	340	71
<b>Less: TER dividend paid</b>	-	-	-
<b>Surplus dividend paid</b>	-	-	-
<b>Closing retained profits</b>	51,462	49,577	47,230
Return on Capital (%)	1.23%	2.00%	0.42%
Subsidy from Council	1,430	1,416	1,411
Expected Return on Capital (%) before Council Subsidy	2.50%	2.50%	2.50%
<b>Calculation of Dividend Payable:</b>			
Surplus (deficit) after tax	1,654	1,988	1,287
Less: Capital grants & contributions (excluding developer contributions)	1,162	1,195	1,120
Surplus for dividend calculation	492	793	167
Dividend calculated from surplus	246	397	84

SINGLETON COUNCIL

**Income statement for the Sewerage Business activity  
for the year ended 30 June 2014**

	Actual 2014 \$'000	Actual 2013 \$'000	Actual 2012 \$'000
<b>Income from continuing operations</b>			
Access charges	3,172	2,947	2,682
Liquid Trade Waste	80	76	64
Interest	865	1,025	683
Grants and contributions provided for non capital purposes	34	34	34
Other income	85	86	79
<b>Total income from continuing operations</b>	4,236	4,168	3,542
<b>Expenses from continuing operations</b>			
Employee benefits and on-costs	267	606	606
Materials and contracts	1,549	1,144	869
Depreciation and impairment	1,090	1,073	933
Loss on sale of assets	-	8	12
Calculated taxation equivalents	2	2	2
Other expenses	153	153	153
<b>Total expenses from continuing operations</b>	3,061	2,986	2,575
<b>Surplus (deficit) from continuing operations before capital amounts</b>	1,175	1,182	967
Grants & contributions provided for capital purposes	334	1,221	725
<b>Surplus (deficit) from continuing operations after capital amounts</b>	1,509	2,403	1,692
Surplus (deficit) from discontinued operations	-	-	-
<b>Surplus (deficit) from all operations before tax</b>	1,509	2,403	1,692
Less Corporate Taxation Equivalent (30%) [Based on Surplus results before capital]	353	355	290
<b>Surplus (deficit) after tax</b>	1,156	2,048	1,402
<b>Opening retained profits</b>	36,334	33,929	32,235
<b>Adjustments for amounts unpaid</b>			
Taxation equivalent payments	2	2	2
Debt guarantee fees	-	-	-
Corporate taxation equivalent	353	355	290
<b>Less: TER dividend paid</b>	-	-	-
<b>Surplus dividend paid</b>	-	-	-
<b>Closing retained profits</b>	37,845	36,334	33,929
Return on Capital (%)	3.77%	3.80%	3.23%
Subsidy from Council	-	-	-
Expected Return on Capital (%) before Council Subsidy	2.50%	2.50%	2.50%
<b>Calculation of Dividend Payable:</b>			
Surplus (deficit) after tax	1,156	2,048	1,402
Less: Capital grants & contributions (excluding developer contributions)	334	1,221	725
Surplus for dividend calculation	822	827	677
Dividend calculated from surplus	411	414	339

**SINGLETON COUNCIL**

**Income statement of Other business activities  
for the year ended 30 June 2014**

	Actual 2014 Hunter Councils Ltd  (Cat. 2) \$'000	Actual 2014 Singleton Regional Livestock Markets (Cat. 2) \$'000	Actual 2014 Singleton Swim & Gym (Cat. 2) \$'000	Actual 2013 Hunter Councils Ltd  (Cat. 2) \$'000	Actual 2013 Singleton Regional Livestock Markets (Cat. 2) \$'000	Actual 2013 Singleton Swim & Gym (Cat. 2) \$'000
<b>Income from continuing operations</b>						
User charges	70	-	-	55	-	-
Fees	-	281	1,196	-	260	2,063
Other income	8	13	-	4	12	-
<b>Total income from continuing operations</b>	<b>78</b>	<b>294</b>	<b>1,196</b>	<b>59</b>	<b>272</b>	<b>2,063</b>
<b>Expenses from continuing operations</b>						
Employee benefits and on-costs	-	75	188	-	68	478
Borrowing costs	6	-	24	6	-	26
Materials and contracts	47	242	1,408	35	268	1,867
Depreciation and impairment	8	77	332	7	74	310
Calculated taxation equivalents	-	2	1	-	2	1
Debt guarantee fee	-	-	4	1	-	4
Other expenses	3	43	254	3	37	276
<b>Total expenses from continuing operations</b>	<b>64</b>	<b>439</b>	<b>2,211</b>	<b>52</b>	<b>449</b>	<b>2,962</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>14</b>	<b>(145)</b>	<b>(1,015)</b>	<b>7</b>	<b>(177)</b>	<b>(899)</b>
Grants & contributions provided for capital purposes	-	114	-	-	-	-
<b>Surplus (deficit) from continuing operations. after capital amounts</b>	<b>14</b>	<b>(31)</b>	<b>(1,015)</b>	<b>7</b>	<b>(177)</b>	<b>(899)</b>
Surplus (deficit) from discontinued operations	-	-	-	-	-	-
<b>Surplus (deficit) from all operations before tax</b>	<b>14</b>	<b>(31)</b>	<b>(1,015)</b>	<b>7</b>	<b>(177)</b>	<b>(899)</b>
Less Corporate Taxation Equivalent (30%) [Based on Surplus results before capital]	4	-	-	2	-	-
<b>Surplus (deficit) after tax</b>	<b>10</b>	<b>(31)</b>	<b>(1,015)</b>	<b>5</b>	<b>(177)</b>	<b>(899)</b>
Dividend Payment (5% on Surplus after tax)	1	-	-	-	-	-
<b>Surplus after dividend payment</b>	<b>10</b>	<b>(31)</b>	<b>(1,015)</b>	<b>5</b>	<b>(177)</b>	<b>(899)</b>
<b>Opening Retained Profits</b>	<b>-</b>	<b>489</b>	<b>(745)</b>	<b>-</b>	<b>664</b>	<b>149</b>
Subsidy from Council	-	-	-	-	-	-
<b>Adjustments for Amounts Unpaid</b>						
Taxation Equivalent Payments	-	2	1	-	2	1
Debt Guarantee Fees	-	-	4	1	-	4
Corporate Taxation Equivalent	4	-	-	2	-	-
Dividend Payment	-	-	-	-	-	-
<b>Closing Retained Profits</b>	<b>14</b>	<b>460</b>	<b>(1,755)</b>	<b>8</b>	<b>489</b>	<b>(745)</b>
<b>Return on Capital (%)</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>Subsidy from Council</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

SINGLETON COUNCIL

**Statement of Financial Position of the Water Supply business activity**  
for the year ended 30 June 2014

	Actual 2014 \$'000	Actual 2013 \$'000
<b>ASSET</b>		
<b>Current assets</b>		
Investments	17,361	16,964
Receivables	808	558
<b>Total current assets</b>	<b>18,169</b>	<b>17,522</b>
<b>Non-current assets</b>		
Investments	12,324	10,199
Infrastructure, Property, Plant and Equipment	57,205	56,630
<b>Total non-current assets</b>	<b>69,529</b>	<b>66,829</b>
<b>Total assets</b>	<b>87,698</b>	<b>84,351</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	42	33
Provisions	202	203
<b>Total current liabilities</b>	<b>244</b>	<b>236</b>
<b>Non-current liabilities</b>		
Provisions	1	1
<b>Total non-current liabilities</b>	<b>1</b>	<b>1</b>
<b>Total liabilities</b>	<b>245</b>	<b>237</b>
<b>Net assets</b>	<b>87,453</b>	<b>84,114</b>
<b>EQUITY</b>		
Retained earnings	51,463	49,577
Revaluation reserve	35,990	34,537
<b>Total equity</b>	<b>87,453</b>	<b>84,114</b>

SINGLETON COUNCIL

**Statement of Financial Position of the Sewerage Business activity  
for the year ended 30 June 2014**

	<b>Actual 2014 \$'000</b>	<b>Actual 2013 \$'000</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Investments	10,591	8,840
Receivables	429	108
Inventories	95	95
<b>Total current assets</b>	<b>11,115</b>	<b>9,043</b>
<b>Non-current assets</b>		
Investments	6,938	6,829
Infrastructure, Property, Plant and Equipment	31,163	31,068
<b>Total non-current assets</b>	<b>38,101</b>	<b>37,897</b>
<b>Total assets</b>	<b>49,216</b>	<b>46,940</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Provisions	91	100
<b>Total current liabilities</b>	<b>91</b>	<b>100</b>
<b>Non-current liabilities</b>		
Provisions	-	1
<b>Total non-current liabilities</b>	<b>-</b>	<b>1</b>
<b>Total liabilities</b>	<b>91</b>	<b>101</b>
<b>Net assets</b>	<b>49,125</b>	<b>46,839</b>
<b>EQUITY</b>		
Retained earnings	37,845	36,334
Revaluation reserve	11,280	10,505
<b>Total equity</b>	<b>49,125</b>	<b>46,839</b>



SINGLETON COUNCIL

**Statement of Financial Position of other business activities**  
for the year ended 30 June 2014

	Actual 2014 Hunter Councils Ltd (Cat. 2) \$'000	Actual 2014 Singleton Regional Livestock Markets (Cat. 2) \$'000	Actual 2014 Singleton Swim & Gym (Cat. 2) \$'000	Actual 2013 Hunter Councils Ltd (Cat. 2) \$'000	Actual 2013 Singleton Regional Livestock Markets (Cat. 2) \$'000	Actual 2013 Singleton Swim & Gym (Cat. 2) \$'000
<b>ASSETS</b>						
<b>Current assets</b>						
Cash and cash equivalents	15	-	-	9	-	-
Receivables	10	52	19	9	49	153
<b>Total current assets</b>	25	52	19	18	49	153
<b>Non-current assets</b>						
Infrastructure, property, plant and equipment	244	3,230	10,024	181	3,233	10,047
<b>Total non-current assets</b>	244	3,230	10,024	181	3,233	10,047
<b>Total assets</b>	269	3,282	10,043	199	3,282	10,200
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Payables	6	-	-	5	-	-
Borrowings	18	-	36	3	-	33
Provisions	4	-	-	10	-	-
Other	4	-	-	4	-	-
<b>Total current liabilities</b>	32	-	36	22	-	33
<b>Non-current liabilities</b>						
Borrowings	162	-	303	118	-	338
Provisions	1	-	-	-	-	-
<b>Total non-current liabilities</b>	163	-	303	118	-	338
<b>Total liabilities</b>	195	-	339	140	-	371
<b>Net assets</b>	74	3,282	9,704	59	3,282	9,829
<b>EQUITY</b>						
Retained earnings	(6)	650	(635)	(21)	681	380
Revaluation reserve	80	2,632	10,339	80	2,601	9,449
<b>Total equity</b>	74	3,282	9,704	59	3,282	9,829

# **SINGLETON COUNCIL**

## **Notes to the Special Purpose Financial Statements for the year ended 30 June 2014**

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Note 3      Sewerage Business best practice management disclosure requirements	13
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# SINGLETON COUNCIL

## Notes to the Special Purpose Financial Statements for the year ended 30 June 2014

### 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
Hunter Councils Limited	Hunter Council Limited has been established to improve the quality and efficiency of local government service throughout the Hunter Region, via resource sharing.

# SINGLETON COUNCIL

## Notes to the Special Purpose Financial Statements for the year ended 30 June 2014

### 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):

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

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

#### Income Tax

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

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

# **SINGLETON COUNCIL**

## **Notes to the Special Purpose Financial Statements for the year ended 30 June 2014**

### **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 2014 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 2014**

**Note 2**

**Water Supply Business best practice management disclosure requirements**

**2014**

**Calculation and Payment of Tax-Equivalents**

(i)	Calculated Tax-Equivalents	\$	19,000
(ii)	No. of assessments multiplied by \$3/assessment	\$	20,691
(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>	\$	246,000
(ii)	No. of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment	\$	187,910
(iii)	Cumulative Surplus before Dividends for the 3 years to 30 June 2014, less the cumulative Dividends Paid for the 2 years to 30 June 2013.	\$	1,452,000
(iv)	Maximum Dividend from Surplus (least of (i), (ii) and (iii))	\$	187,910
(v)	Dividend paid from Surplus	\$	-

**Required Outcomes for 6 Criteria**

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

**National Water Initiative (NWI) Financial Performance Indicators**

NWI F1	Total Revenue (Water) = Total income (W13) - Grants for acquisition of assets (w11a) - Interest Income (w9)	\$'000	5,826
NWI F4	Residential Revenue from Usage Charges (Water) = Revenue from Residential Usage Charges (w6b) x 100 divided by sum of [Residential Usage Charges (w6a) + Residential Access Charges (w6b) + Environmental Levies for Water Supply]	%	66.56
NWI F9	Written Down Replacement Costs of Fixed Assets (Water) = Written down current cost of system assets (w47)	\$'000	57,019
NWI F11	Operating Cost (OMA) (Water) = Management expenses (w1) + Operation and maintenance expenses (w2)	\$'000	3,313
NWI F14	Capital Expenditure (Water) = Acquisitions of fixed assets (w16)	\$'000	882
NWI F17	Economic Real Rate of Return (Water) = (Total income (w13) - Interest income (w9) - Grants for acquisition of assets (w11a) - Operating cost (NWI F11) - Current cost depreciation (w3)) X 100 divided by Written down current cost of system assets (w47) + Plant and equipment (w33b)).	%	1.33
NWI F26	Capital Works Grants (Water) = Grants for Acquisition of Assets (w11a)	\$'000	-

**Notes**

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

**SINGLETON COUNCIL**

**Notes to the Special Purpose Financial Statements  
for the year ended 30 June 2014**

**Note 3**

**Sewerage business best practice management disclosure requirements**

**2014**

**Calculation and Payment of Tax-Equivalents**

(i)	Calculated Tax-Equivalents	\$	2,000
(ii)	No. of assessments multiplied by \$3/assessment	\$	18,261
(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>	\$	205,500
(ii)	No. of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment	\$	180,610
(iii)	Cumulative Surplus before Dividends for the 3 years to 30 June 2014, less the cumulative Dividends Paid for the 2 years to 30 June 2013	\$	2,280,000
(iv)	Maximum Dividend from Surplus <i>(least of (i), (ii) and (iii))</i>	\$	180,610
(v)	Dividend paid from Surplus	\$	-

**Required Outcomes for 4 Criteria**

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

**National Water Initiative (NWI) Financial Performance Indicators**

NWI F2	Total Revenue (Sewerage) <i>= Total income (s14) - Grants for acquisition of assets (s12a) - Interest Income (s10)</i>	\$'000	3,713
NWI F10	Written Down Replacement Cost of Fixed Assets (Sewerage) <i>= Written down current cost of system assets (s48)</i>	\$'000	31,101
NWI F12	Operating Cost (Sewerage) <i>= Management expenses (s1) + Operation and maintenance expenses (s2)</i>	\$'000	1,722
NWI F15	Capital Expenditure (Sewerage) <i>= Acquisitions of fixed assets (s17)</i>	\$'000	409
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>	%	2.89
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	9,539
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>	%	0.74
NWI F13	Operating Cost (OMA) (Water and Sewerage) <i>= Operating cost (Water and Sewerage) (NWI F11+ NWI F12)</i>	\$'000	5,035
NWI F16	Capital Expenditure (Water and Sewerage) <i>= Acquisition of Fixed Assets (w16 + s17)</i>	\$'000	1,291
NWI F19	Economic Real Rate of Return (Water and Sewerage) <i>= (Total Revenue (w13 + s14) - Interest Income (w9 + s10) - Grants for Assets (w11a + s12a) - Total Cost (NWI F11 + NWI F12) - Depreciation (w3 + s3)) x 100 divided by (WDRC of operational assets (NWIF9 + NWIF10) + Plant &amp; Equipment (w33b + s33b))</i>	%	1.88
NWI F20	Dividend (Water and Sewerage) <i>= Dividend paid from surplus (2(v) of Note 2 + 2(v) of Note 3)</i>	\$'000	-
NWI F21	Dividend Payout Ratio (Water and Sewerage) <i>= Dividend (NWI F20) x 100 divided Net profit after tax (NWI F24)</i>	%	-
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>	%	(34.57)

# SINGLETON COUNCIL

## Notes to the Special Purpose Financial Statements for the year ended 30 June 2014

### Note 3

### Sewerage business best practice management disclosure requirements (continued)

		2014
NWI F23	Interest Cover (Water and Sewerage) = $EBIT/NI$ <b>Earnings before Interest and Tax (EBIT)</b> = Operating result (w15a+s16a) + Interest expense (w4a+s4a) - Interest income (w9+s10) - Gain/loss on disposal of assets (w14 + s15) <b>Net Interest (NI)</b> = Interest expense (w4a+s4a) - Interest income (w9+s10) <b>Note:</b> 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="3,396"/>
NWI F25	Community Service Obligations (Water and Sewerage) = Grants for Pensioner Rebates (w11b + s12b)	\$'000 <input type="text" value="71"/>

#### Notes:

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



**SINGLETON COUNCIL**

**Notes to the Special Purpose Financial Statements  
for the year ended 30 June 2014**

**Note 4**

**Events occurring after Reporting Period**

Events that occur after the reporting date of 30 June 2014, 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 29 October 2014.

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 2014.

(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 2014 and which are only indicative of conditions that arose after 30 June 2014.

(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 2014, 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.

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ABN 56 435 338 966

Our audit did not involve an analysis of the prudence of business decisions made by Council or management.

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 I and the Local Government Code of Accounting Practice and Financial Reporting.

***Basis of Accounting***

Without modifying our opinion, we draw attention to Note I 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 Division of Local Government. As a result, the financial statements may not be suitable for another purpose.

**HILL ROGERS SPENCER STEER**



**BRETT HANGER**

Partner

Dated at Sydney this 29th day of October 2014

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Singleton Council

Special Schedules

For the year ended 30 June 2014

# SINGLETON COUNCIL

## Special schedules for the year ended 30 June 2014

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#### Special Schedules (*Not Audited*)

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**SINGLETON COUNCIL**

**Special Schedule No. 1**

**Net cost of services  
for the year ended 30 June 2014**

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
<b>Governance</b>	593	-	-	593
<b>Administration</b>	4,285	510	2	3,773
<b>Public Order &amp; Safety</b>				
Fire Service Levy, Fire Protection, Emergency Services	1,441	681	381	379
Beach Control	-	-	-	-
Enforcement of Regs	-	-	-	-
Animal Control	7	26	-	(19)
Other	1	85	-	(84)
<b>Total Public Order &amp; Safety</b>	1,449	792	381	276
<b>Health</b>	223	110	-	113
<b>Environment</b>				
Noxious Plants and Insect/Vermin Control	74	-	-	74
Other Environmental Protection	52	-	152	(100)
Solid Waste Management	4,260	5,132	141	(1,013)
Street Cleaning	-	-	-	-
Drainage	-	-	-	-
Stormwater Management	670	144	226	300
<b>Total Environment</b>	5,056	5,276	519	(739)
<b>Community Services &amp; Education</b>				
Administration & Education	505	86	-	419
Social Protection (welfare)	-	-	-	-
Aged Persons & Disabled	16	-	-	16
Childrens Services	2,165	1,571	-	594
<b>Total Community Services &amp; Education</b>	2,686	1,657	-	1,029
<b>Housing &amp; Community Amenities</b>				
Public Cemeteries	66	46	-	20
Public Conveniences	-	-	-	-
Street Lighting	484	38	-	446
Town Planning	3,316	664	527	2,125
Other Community Amenities	248	18	107	123
<b>Total Housing &amp; Community Amenities</b>	4,114	766	634	2,714
<b>Water Supplies</b>	5,069	6,349	508	(1,788)
<b>Sewerage Services</b>	2,852	4,031	295	(1,474)
<b>Recreation &amp; Culture</b>				
Public Libraries	1,917	131	-	1,786
Museums	1	-	-	1
Art Galleries	-	-	-	-
Community Centres and Halls	713	99	-	614
Performing Arts Venues	-	-	-	-
Other Performing Arts	-	-	-	-
Other Cultural Services	16	6	-	10
Sporting Grounds and Venues	1,275	8	-	1,267
Swimming Pools	2,077	1,196	-	881
Parks & Gardens (Lakes)	1,174	245	-	929
Other Sport & Recreation	7	-	-	7
<b>Total Recreation &amp; Culture</b>	7,180	1,685	-	5,495
<b>Fuel &amp; Energy</b>	-	-	-	-

**SINGLETON COUNCIL**

**Special Schedule No. 1**

**Net cost of services (continued)**  
for the year ended 30 June 2014

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
<b>Agriculture</b>	-	-	-	-
<b>Mining, Manufacturing &amp; Construction</b>				
Building Control	251	36	-	215
Other Mining, Manufacturing & Construction	-	-	-	-
<b>Total Mining, Manufacturing &amp; Construction</b>	251	36	-	215
<b>Transport &amp; Communication</b>				
Urban Roads (UR) - Local	2,284	10	2,259	15
Urban Roads - Regional	341	-	9	332
Sealed Rural Roads (SRR) - Local	3,011	741	855	1,415
Sealed Rural Roads (SRR) - Regional	1,193	716	78	399
Unsealed Rural Roads (URR) - Local	692	-	-	692
Unsealed Rural Roads (URR) - Regional	-	-	-	-
Bridges on UR - Local	90	-	-	90
Bridges on SRR - Local	562	56	-	506
Bridges on URR - Local	10	-	-	10
Bridges on Regional Roads	-	-	400	(400)
Parking Areas	18	-	-	18
Footpaths	307	86	96	125
Aerodromes	-	-	-	-
Other Transport & Communication	878	1,138	44	(304)
<b>Total Transport &amp; Communication</b>	9,386	2,747	3,741	2,898
<b>Economic Affairs</b>				
Camping Areas and Caravan Parks	-	-	-	-
Other Economic Affairs	1,861	2,341	114	(594)
<b>Total Economic Affairs</b>	1,861	2,341	114	(594)
<b>Totals – Functions</b>	45,005	26,300	6,194	12,511
General Purpose Revenues <sup>(2)</sup>				16,166
<b>Share of interests in joint ventures and associates using the equity method<sup>(1)</sup></b>				-
<b>Net operating result for the year<sup>(1)</sup></b>				3,655

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 2014**

(\$'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
<b>LOANS (By Source)</b>											
Commonwealth Government	-	-	-	-	-	-	-	-	-	-	-
Treasury Corporation	139	1,005	1,144	-	139	-	-	61	146	859	1,005
Other State Government	-	-	-	-	-	-	-	-	-	-	-
Public Subscription	-	-	-	-	-	-	-	-	-	-	-
Financial Institutions	748	6,495	7,243	4,000	563	185	197	471	1,112	9,383	10,495
Other	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL LOANS</b>	<b>887</b>	<b>7,500</b>	<b>8,387</b>	<b>4,000</b>	<b>702</b>	<b>185</b>	<b>197</b>	<b>532</b>	<b>1,258</b>	<b>10,242</b>	<b>11,500</b>
<b>OTHER LONG TERM DEBT</b>											
Ratepayers' Advances	-	-	-	-	-	-	-	-	-	-	-
Government Advances	-	-	-	-	-	-	-	-	-	-	-
Finance Leases	-	-	-	-	-	-	-	-	-	-	-
Deferred Payment	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL LONG TERM DEBT</b>	<b>887</b>	<b>7,500</b>	<b>8,387</b>	<b>4,000</b>	<b>702</b>	<b>185</b>	<b>197</b>	<b>532</b>	<b>1,258</b>	<b>10,242</b>	<b>11,500</b>



**SINGLETON COUNCIL**

**Special Schedule No. 2(b)**

**Statement of internal loans (Section 410(3) LGA 1993)  
for the year ended 30 June 2014**

(\$'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	-	-	-
<b>Totals</b>	-	-	-

**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
<b>Totals</b>							-	-	-

SINGLETON COUNCIL

Special Schedule No. 3  
**Water Supply Income Statement**  
(Gross Including Internal Transactions)  
for the year ended 30 June 2014

<b>A. Expenses and Income</b>	<b>2014</b>	<b>2013</b>
<b><u>Expenses</u></b>	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>
1 Management expenses		
a. Administration	511	479
b. Engineering and Supervision	505	419
2 Operation and Maintenance		
Dams and Weirs		
a. Operation expenses	-	-
b. Maintenance expenses	-	-
Mains		
c. Operation expenses	392	454
d. Maintenance expenses	149	168
Reservoirs		
e. Operation expenses	1	1
f. Maintenance expenses	18	12
Pumping Stations		
g. Operation expenses (excluding energy costs)	23	9
h. Energy costs	223	243
i. Maintenance expenses	99	55
Treatment		
j. Operation expenses (excluding chemical costs)	783	658
k. Chemical costs	136	97
l. Maintenance expenses	129	116
Other		
m. Operation expenses	267	296
n. Maintenance expenses	-	-
o. Purchase of water	77	129
3 Depreciation		
a. System assets	1,697	1,683
b. Plant and equipment	58	62
4 Miscellaneous expenses		
a. Interest expenses	-	-
b. Revaluation decrements	-	-
c. Other expenses	233	217
<b>5 Total expenses</b>	<b>5,301</b>	<b>5,098</b>
<b><u>Income</u></b>		
6 Residential charges		
a. Access (including rates)	1,015	959
b. Usage charges	2,020	1,806
7 Non-residential charges		
a. Access (including rates)	348	330
b. Usage charges	1,154	1,168
8 Extra charges	23	19
9 Interest income	1,360	1,862
10 Other income	67	69
11 Grants		
a. Grants for acquisition of assets	-	-
b. Grants for pensioner rebates	37	37
c. Other grants	-	-
12 Contributions		
a. Developer charges	191	579
b. Developer provided assets	318	156
c. Other contributions	653	460
<b>13 Total income</b>	<b>7,186</b>	<b>7,445</b>
14 Gain or loss on disposal of assets	-	-
<b>15 Operating result</b>	<b>1,885</b>	<b>2,347</b>
<b>15a. Operating result</b> (less grants for acquisition of assets)	<b>1,885</b>	<b>2,347</b>

**SINGLETON COUNCIL**

**Special Schedule No. 3 (Cont'd)**  
**Water Supply Income Statement**  
**(Gross Including Internal Transactions)**  
**for the year ended 30 June 2014**

<b><u>B. Capital transactions</u></b>	<b>2014 \$'000</b>	<b>2013 \$'000</b>
<b><u>Non-operating expenditures</u></b>		
16 Acquisition of fixed assets		
a. New Assets for Improved Standards	-	-
b. New assets for growth	799	790
c. Renewals	15	22
d. Plant and equipment	68	123
	<u>882</u>	<u>935</u>
17 Repayment of debt		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
	<u>-</u>	<u>-</u>
18 Transfer to sinking funds	-	-
19 <b><u>Totals</u></b>	<u>882</u>	<u>935</u>
<b><u>Non-Operating funds employed</u></b>		
20 Proceeds from disposal of assets	-	-
21 Borrowings utilised		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
	<u>-</u>	<u>-</u>
22 Transfers from sinking funds	-	-
23 <b><u>Totals</u></b>	<u>-</u>	<u>-</u>
<b><u>C. Rates and charges</u></b>		
24 Number of assessments		
a. Residential (occupied)	6,030	
b. Residential (unoccupied ie vacant land)	377	
c. Non-residential (occupied)	394	
d. Non-residential (unoccupied ie vacant land)	96	
25 Number of ETs for which developer charges were received	110.0	ET
26 Total amount of pensioner rebates	\$ 66,754.81	

**SINGLETON COUNCIL**

**Special Schedule No. 3 (Cont'd)  
Water Supply - Cross-subsidies  
as at 30 June 2014**

	<u>Yes</u>	<u>No</u>	<u>Amount</u> \$'000
<b>D. Best practice annual charges and developer charges<sup>#</sup></b>			
<b>27 Annual charges</b>			
a. Does Council have best-practice water supply annual charges and usage charges*?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
If Yes. Go to 28a.			
If No, please report if Council has removed <b>land value</b> from access charges (i.e. rates)?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
<p>* Such charges for both residential customers and non-residential customers comply with section 3.2 of 'Water Supply, Sewerage and Trade Waste Pricing Guidelines', NSW Office of Water, December, 2002. Such charges do not involve significant cross-subsidies.</p>			
b. Cross-subsidy <b>from</b> residential customers using less than allowance (page 25 of Guidelines)			-
c. Cross-subsidy <b>to</b> non-residential customers (page 24 of Guidelines)			-
d. Cross-subsidy <b>to</b> large connections in unmetered supplies (page 26 of Guidelines)			-
<b>28 Developer charges</b>			
a. Has Council completed a water supply Development Servicing** Plan?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
b. Total cross-subsidy in water supply developer charges for 2013/14 (page 47 of Guidelines)			-
			\$3,249 per lot
<p>** In accordance with page 9 of <i>Developer Charges Guidelines for Water Supply, Sewerage and Stormwater</i>, NSW Office of Water, December, 2002</p>			
<b>29 Disclosure of cross-subsidies</b>			
<b>Total of cross-subsidies (27b + 27c + 27d + 28b)</b>			-

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

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

**SINGLETON COUNCIL**

**Special Schedule No. 4**  
**Water Supply - Statement of Financial Position**  
**(Gross Including Internal Transactions)**  
**as at 30 June 2014**

<b><u>ASSETS</u></b>	<b>Current \$'000</b>	<b>Non- current \$'000</b>	<b>Total \$'000</b>
30 Cash and investments			
a. - Developer charges	500	6,561	7,061
b. - Specific purpose grants	-	-	-
c. - Accrued leave	202	1	203
d. - Unexpended loans	-	-	-
e. - Sinking funds	-	-	-
f. - Other	16,659	5,762	22,421
31 Receivables			
a. - Specific purpose grants	-	-	-
b. - Rates and charges	305	-	305
c. - User Charges			
d. - Other	503	-	503
32 Inventories	-	-	-
33 Property, plant and equipment			
a. - System assets	-	57,019	57,019
b. - Plant and equipment	-	186	186
34 Other assets	-	-	-
<b>35 Total assets</b>	<b>18,169</b>	<b>69,529</b>	<b>87,698</b>
<b><u>LIABILITIES</u></b>			
36 Bank overdraft	-	-	-
37 Creditors	42	-	42
38 Borrowings			
a. - Loans	-	-	-
b. - Advances	-	-	-
c. - Finance leases	-	-	-
39 Provisions			
a. - Tax equivalents	-	-	-
b. - Dividend	-	-	-
c. - Other	202	1	203
<b>40 Total liabilities</b>	<b>244</b>	<b>1</b>	<b>245</b>
<b>41 Net assets committed</b>	<b>17,925</b>	<b>69,528</b>	<b>87,453</b>
<b><u>EQUITY</u></b>			
42 Accumulated surplus	17,925	33,538	51,463
43 Asset revaluation reserve	-	35,990	35,990
<b>44 Total equity</b>	<b>17,925</b>	<b>69,528</b>	<b>87,453</b>

**Note to system assets:**

45 Current replacement cost of system assets	<u>103,584</u>
46 Accumulated current cost depreciation of system assets	<u>46,565</u>
47 Written down current cost of system assets	<u>57,019</u>

**SINGLETON COUNCIL**

**Special Schedule No. 5  
Sewerage Income Statement  
(Gross Including Internal Transactions)  
for the year ended 30 June 2014**

<b><u>A. Expenses and income</u></b>	<b>2014</b>	<b>2013</b>
<b><u>Expenses</u></b>	<b>\$'000</b>	<b>\$'000</b>
1 Management expenses		
a. Administration	259	250
b. Engineering and supervision	304	290
2 Operations and Maintenance		
- Mains		
a. Operation expenses	73	148
b. Maintenance expenses	447	316
- Pumping Stations		
c. Operation expenses (excluding energy costs)	2	1
d. Energy costs	4	4
e. Maintenance expenses	109	68
- Treatment		
f. Working expenses (excluding chemical, energy, effluent and biosolids management costs)	261	314
g. Chemical costs	12	3
h. Energy costs	163	153
i. Effluent management	-	-
j. Biosolids management	-	-
k. Maintenance expenses	73	102
- Other		
l. Operation expenses	15	10
m. Maintenance expenses	-	-
3 Depreciation		
a. System assets	1,071	1,054
b. Plant and equipment	19	19
4 Miscellaneous		
a. Interest expenses	-	-
b. Revaluation decrements	-	-
c. Other expenses	247	244
5 <b>Total expenses</b>	<b>3,059</b>	<b>2,976</b>
<b><u>Income</u></b>		
6 Residential charges (including rates)	2,478	2,296
7 Non-residential charges		
a. Access (including rates)	694	651
b. Usage charges	-	-
8 Trade Waste Charges		
a. Annual fees	80	76
b. Usage fees	-	-
c. Excess mass charges	-	-
d. Re-inspection fees	-	-
9 Extra charges	8	8
10 Interest income	857	1,017
11 Other income	85	86
12 Grants		
a. Grants for acquisition of assets	-	-
b. Grants for pensioner rebates	34	34
c. Other grants	-	-
13 Contributions		
a. Developer charges	102	391
b. Developer provided assets	193	783
c. Other contributions	39	47
14 <b>Total income</b>	<b>4,570</b>	<b>5,389</b>
15 Gain or loss on disposal of assets	-	(8)
16 <b>Operating result</b>	<b>1,511</b>	<b>2,405</b>
16a <b>Operating result</b> (less grants for acquisition of assets)	<b>1,511</b>	<b>2,405</b>

**SINGLETON COUNCIL**

**Special Schedule No. 5 (Cont'd)**  
**Sewerage Income Statement**  
**(Gross Including Internal Transactions)**  
**for the year ended 30 June 2014**

<b><u>B. Capital transactions</u></b>	<b>2014 \$'000</b>	<b>2013 \$'000</b>
<b><u>Non-operating expenditures</u></b>		
17 Acquisition of fixed assets		
a. New Assets for Improved Standards	-	-
b. New assets for growth	325	881
c. Renewals	47	32
d. Plant and equipment	37	64
	<u>409</u>	<u>977</u>
18 Repayment of debt		
a. Loans	-	-
b. Advances	-	-
c. Finance Leases	-	-
	<u>-</u>	<u>-</u>
19 Transfer to sinking funds	-	-
	<u>-</u>	<u>-</u>
20 <b><u>Totals</u></b>	<u>409</u>	<u>977</u>
<b><u>Non-operating funds employed</u></b>		
21 Proceeds from disposal of assets	-	18
22 Borrowings utilised		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
	<u>-</u>	<u>-</u>
23 Transfers from sinking funds	-	-
	<u>-</u>	<u>-</u>
24 <b><u>Totals</u></b>	<u>-</u>	<u>18</u>
<b><u>C. Rates and charges</u></b>		
25 Number of assessments		
a. Residential (occupied)	5,284	
b. Residential (unoccupied ie vacant land)	210	
c. Non-residential (occupied)	554	
d. Non-residential (unoccupied ie vacant land)	39	
26 Number of ETs for which developer charges were received	110.0	ET
27 Total amount of pensioner rebates	\$ 61,370.11	

**SINGLETON COUNCIL**

**Special Schedule No. 5 (Cont'd)  
Sewerage - Cross-subsidies  
as at 30 June 2014**

	<u>Yes</u>	<u>No</u>	<u>Amount</u> \$'000
<b>D. Best practice annual charges &amp; developer charges<sup>#</sup></b>			
<b>28 Annual Charges</b>			
a. Does Council have best-practice sewerage annual charges, usage charges and trade waste fees and charges*?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
If Yes. Go to 29a.			
If No, please report if Council has removed <b>land value</b> from access charges (i.e. rates)?	<input type="checkbox"/>	<input type="checkbox"/>	
<p>* Such charges for both residential customers and non-residential customers and trade waste dischargers comply with section 4.2 of 'Water Supply, Sewerage and Trade Waste Pricing Guidelines', NSW Office of Water, December, 2002. Such charges do not involve significant cross-subsidies.</p>			
b. Cross-subsidy <b>to</b> non-residential customers (page 45 of Guidelines)			-
c. Cross-subsidy <b>to</b> trade waste dischargers (page 46 of Guidelines)			-
<b>29 Developer charges</b>			
a. Has Council completed a sewerage Development Servicing** Plan?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	-
b. Total cross-subsidy in sewerage supply developer charges for 2013/14 (page 47 of Guidelines)      \$0 per lot			-
<p>** In accordance with page 9 of <i>Developer Charges Guidelines for Water Supply, Sewerage and Stormwater</i>, NSW Office of Water, December, 2002</p>			
<b>30 Disclosure of cross-subsidies</b>			
<b>Total of cross-subsidies (28b + 28c + 29b)</b>			-
<p><sup>#</sup> Councils which have not yet implemented best-practice sewerage pricing and liquid trade waste pricing should disclose cross-subsidies in items 28b and 28c above.</p>			-

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



**SINGLETON COUNCIL**

**Special Schedule No. 6**

**Sewerage Services - Statement of Financial Position**

**(Gross Including Internal Transactions)**

**as at 30 June 2014**

<b><u>Assets</u></b>	<b>Current \$'000</b>	<b>Non- current \$'000</b>	<b>Total \$'000</b>
31 Cash and investments			
a. - Developer charges	2,500	1,261	3,761
b. - Specific purpose grants	-	-	-
c. - Accrued leave	91	-	91
d. - Unexpended loans	-	-	-
e. - Sinking funds	-	-	-
f. - Other	8,000	5,677	13,677
32 Receivables			
a. - Specific purpose grants	-	-	-
b. - Rates and charges	132	-	132
c. - User Charges			
d. - Other	297	-	297
33 Inventories	95	-	95
34 Property, plant and equipment			
a. - System assets	-	31,101	31,101
b. - Plant and equipment	-	62	62
35 Other assets	-	-	-
<b>36 Total assets</b>	<b>11,115</b>	<b>38,101</b>	<b>49,216</b>
<b><u>Liabilities</u></b>			
37 Bank overdraft	-	-	-
38 Creditors	-	-	-
39 Borrowings			
a. - Loans	-	-	-
b. - Advances	-	-	-
c. - Finance leases	-	-	-
40 Provisions			
a. - Tax equivalents	-	-	-
b. - Dividend	-	-	-
b. - Other	91	-	91
<b>41 Total liabilities</b>	<b>91</b>	<b>-</b>	<b>91</b>
<b>42 Net assets committed</b>	<b>11,024</b>	<b>38,101</b>	<b>49,125</b>
<b><u>Equity</u></b>			
43 Accumulated surplus	11,024	26,821	37,845
44 Asset revaluation reserve	-	11,280	11,280
<b>45 Total equity</b>	<b>11,024</b>	<b>38,101</b>	<b>49,125</b>
<b>Note to system assets:</b>			
46 Current replacement cost of system assets			<u>68,963</u>
47 Accumulated current cost depreciation of system assets			<u>37,862</u>
48 Written down current cost of system assets			<u>31,101</u>

## SINGLETON COUNCIL

### Notes to Special Schedules Nos. 3 & 5 for the year ended 30 June 2014

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

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

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

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

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

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

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

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

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

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

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

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

**SINGLETON COUNCIL**

**Special Schedule No. 7  
Report on Infrastructure Assets  
as at 30 June 2014**

Asset Class	Asset Category	WDV	Estimated cost to bring to a satisfactory standard <sup>(1)</sup>	Required annual maintenance <sup>(2)</sup>	Actual annual maintenance <sup>(3)</sup>	Asset Condition as a % of WDV <sup>(4)</sup>				
						1	2	3	4	5
		\$'000	\$'000	\$'000	\$'000					
Buildings	Council Offices	4,821	-	68	65	100%				
	Council Works Depot	1,370	-	37	33			100%		
	Council Halls	2,453	-	78	77			100%		
	Council Houses	799	41	10	4			90%	10%	
	Recreation	10,813	1,486	120	160	10%	50%	30%	10%	
	Library	4,864	-	33	30	100%				
	Childcare Centre	1,616	-	18	15	100%				
	Community	4,869	790	50	46	10%	80%	10%		
	Amenities	1,644	265	85	80	10%	60%	20%	10%	
	Emergency Services	2,568	45	32	42			90%	10%	
	Dog Pound	58	-	5	3			100%		
	Saleyards	644	25	30	9			70%	20%	10%
	Council Treatment Works	165	500	15	12			90%	10%	
	Council Water Depot	191	-	-	6		100%			
<i>Sub Total</i>		36,875	3,152	581	582	0%	36%	48%	12%	4%
Public Roads	Sealed Roads	116,396	3,472	5,488	3,416	39%	48%	13%		
	Unsealed Roads	1,940	1,153	605	591	7%	12%	74%	7%	
	Bridges	35,432	2,297	185	99	87%	8%	5%		
	Footpaths	3,536	31	55	39	37%	43%	20%		
	Car Parks	347	-	11	6		89%	11%		
	Bus Shelters	285	60	4	-	90%	5%		3%	2%
	Traffic Facilities	2,088	-	27	-	68%	12%	20%		
<i>Sub Total</i>		160,024	7,013	6,375	4,151	50%	38%	12%	0%	0%
		<b>38,969</b>								

**SINGLETON COUNCIL**

**Special Schedule No. 7  
Report on Infrastructure Assets  
as at 30 June 2014**

Asset Class	Asset Category	WDV	Estimated cost to bring to a satisfactory standard <sup>(1)</sup>	Required annual maintenance <sup>(2)</sup>	Actual annual maintenance <sup>(3)</sup>	Asset Condition as a % of WDV <sup>(4)</sup>				
		\$'000	\$'000	\$'000	\$'000	1	2	3	4	5
Other Structures	Cycleway	799	35	40	112		20%	60%	20%	
	Park Shelters	708	10	7	-			90%	10%	
	Saleyards/Pens	588	204	85	70			30%	70%	
	Fencing	1,588	35	30	31		10%	70%	20%	
	Monuments	524	5	3	1			90%	10%	
	Paved Areas	8,725	25	20	2		40%	20%	40%	
	Weighbridges	85	10	7	3			80%	20%	
	Wheelwash	5	-	3	2		20%	80%		
	Cattle Crush	32	9	11	7			20%	80%	
	Signs	324	15	30	34		20%	60%	20%	
	Power / Lighting	1,276	60	50	4			80%	20%	
<i>Sub Total</i>		14,654	408	286	266	0%	26%	40%	33%	0%
Domestic Waste Management										
	Council Waste Depot	137	-	1,085	420	15%	20%	45%	10%	10%
<i>Sub Total</i>		137	-	1,085	420	15%	20%	45%	10%	10%
Open Space / Recreational Assets										
	Pool	1,193			11				100%	
	Playground Equipment	1,777	160	50	47		20%	70%		10%
	Sport / Recreation									
	Grounds	1,238	90	70	66		20%	70%	10%	
	Park Furniture	1,274	6	15	9		10%	80%	10%	
	Landscaping / Irrigation	756	150	90	91		80%	10%	10%	
<i>Sub Total</i>		6,238	406	225	224	0%	21%	51%	24%	3%

**SINGLETON COUNCIL**

**Special Schedule No. 7  
Report on Infrastructure Assets  
as at 30 June 2014**

Asset Class	Asset Category	WDV	Estimated cost to bring to a satisfactory standard <sup>(1)</sup>	Required annual maintenance <sup>(2)</sup>	Actual annual maintenance <sup>(3)</sup>	Asset Condition as a % of WDV <sup>(4)</sup>				
		\$'000	\$'000	\$'000	\$'000	1	2	3	4	5
Water	Treatment Plants	8,657	855	200	192	82%	10%		5%	3%
	Reticulated Mains	29,174	904	370	691	84%	1%	2%	13%	
	Trunk Mains	10,524	350	50	28	91%		4%	5%	
	Reservoirs	4,938	816	400	22	70%		3%	27%	
	Pump Station	407	450	150	134	61%			39%	
	<i>Sub Total</i>	53,700	3,375	1,170	1,067	84%	2%	2%	12%	0%
Sewerage	Pump Stations	2,754	750	356	231	38%	39%	14%	9%	
	Reticulation Mains	19,937	490	450	464	79%		15%	5%	1%
	Manholes	3,348	300	200	59	67%	23%	2%	5%	3%
	Treatment Works	2,647	750	250	134	75%	15%		5%	5%
	<i>Sub Total</i>	28,686	2,290	1,256	888	73%	8%	12%	5%	2%
Stormwater Drainage	Culverts	8,988	84	150	134	84%	15%	1%		
	Headwalls	3,001	44	45	33	36%	49%	14%	1%	
	Kerb & Gutter	7,105	86	87	54	16%	73%	11%		
	Gross Pollutant Traps	1,454	-	70	38	57%	43%			
	Pipes	14,339	304	60	14	47%	34%	19%		
	Pits	3,903	72	50	10	14%	68%	18%		
	<i>Sub Total</i>	38,790	590	462	283	46%	42%	12%	0%	0%
<b>Total - Classes</b>	<b>Total - All Assets</b>	<b>332,729</b>	<b>17,234</b>	<b>11,440</b>	<b>7,881</b>					

**SINGLETON COUNCIL**  
**Special Schedule No. 7**  
**Report on Infrastructure Assets**  
**as at 30 June 2014**

Notes:

1. Satisfactory refers to estimated cost to bring the asset to a satisfactory condition as deemed by Council. It does not include any planned enhancement(s) to the existing asset.
2. Required Annual Maintenance is what should be spent to maintain assets in a satisfactory standard.
3. Current Annual Maintenance is what has been spent in the current year to maintain assets.
4. The following condition codes have been used in this Schedule.

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

**SINGLETON COUNCIL**

**Special Schedule No. 7  
Report on Infrastructure Assets  
as at 30 June 2014**

	<b>\$'000</b>	<b>Current year indicators</b>	<b>2013</b>	<b>2012</b>
<b>Building and infrastructure renewals ratio</b>				
Asset renewals (building and infrastructure)	6,300	0.63:1	0.82:1	0.73:1
Depreciation, amortisation and impairment (building and infrastructure)	9,953			
<b>Infrastructure backlog</b>				
Estimated cost to bring assets to a satisfactory condition	17,234	0.05:1	0.06:1	0.05:1
	332,729			
Total value* of infrastructure, building, other structures and depreciable land improvement assets				
<b>Asset maintenance ratio</b>				
Actual asset maintenance	7,881	0.69:1	0.72:1	0.72:1
Required asset maintenance	11,440			
<b>Capital expenditure ratio</b>				
Annual capital expenditure	14,203	1.26:1	1.1:1	1.61:1
Annual depreciation	11,294			

\* Written down value

<b>Infrastructure Asset Performance Indicators – General, Water &amp; Sewer Funds</b>		<b>Current year \$'000</b>	<b>General</b>	<b>Water</b>	<b>Sewer</b>
<b>Current year \$'000</b>					
<b>Building and infrastructure renewals ratio</b>					
Asset renewals (building and infrastructure)	6,300	0.8:1	0.19:1	0.21:1	
Depreciation, amortisation and impairment (building and infrastructure)	9,953				
<b>Asset maintenance ratio</b>					
Actual asset maintenance	7,881	0.66:1	0.91:1	0.71:1	
Required asset maintenance	11,440				
<b>Capital expenditure ratio</b>					
Annual capital expenditure	9,369	1.21:1	0.39:1	0.39:1	
Annual depreciation	9,567				

**SINGLETON COUNCIL**

**Special Schedule No. 8  
Financial projections**

	<b>2014 \$'000</b>	<b>2015 \$'000</b>	<b>2016 \$'000</b>	<b>2017 \$'000</b>	<b>2018 \$'000</b>	<b>2019 \$'000</b>	<b>2020 \$'000</b>	<b>2021 \$'000</b>	<b>2022 \$'000</b>	<b>2023 \$'000</b>	<b>2024 \$'000</b>
<b>Recurrent budget</b>	(1)										
Income from continuing operations	48,660	65,573	55,952	52,715	53,174	53,398	54,593	55,847	57,257	59,085	59,250
Expenses from continuing operations	45,005	46,198	48,068	49,446	49,810	51,082	52,129	53,811	55,040	56,547	57,947
Operating result from continuing operations	3,655	19,375	7,884	3,269	3,364	2,316	2,464	2,036	2,217	2,538	1,303
<b>Capital Budget</b>											
New capital works <sup>(2)</sup>	3,553	10,542	5,961	3,493	3,148	3,500	2,604	2,590	6,765	3,991	6,084
Replacement / refurbishment of existing assets	11,010	24,599	13,908	8,149	7,344	8,167	6,076	6,042	15,784	9,313	14,197
	14,563	35,141	19,869	11,642	10,492	11,667	8,680	8,632	22,549	13,304	20,281
<i>Funded by</i>											
- Loans	2,262	1,230	1,320	-	-	-	-	-	-	-	-
- Asset Sales	4,404	316	667	1,237	881	738	1,297	818	853	1,334	1,336
- Reserves	6,046	10,934	8,421	6,066	5,575	6,806	3,169	3,507	17,293	7,468	14,017
- Grants/Contributions	787	20,628	7,367	2,182	2,214	2,247	2,281	2,317	2,353	2,390	2,753
- Recurrent revenue	1,064	2,033	2,094	2,157	1,822	1,876	1,932	1,990	2,050	2,112	2,175
- Other	-	-	-	-	-	-	-	-	-	-	-
	14,563	35,141	19,869	11,642	10,492	11,667	8,680	8,632	22,549	13,304	20,281

Notes:

(1) From Income statement.

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

(3) Financial Projections should be in accordance with Council's Integrated Planning and Reporting framework.



# SINGLETON COUNCIL

## Special Schedule No. 9

### Permissible Income Calculation as at 30 June 2014

		\$ '000
2013/14 Notional General Income Calculation #		
2013/14 Permissible Income		13,931
Plus/minus adjustments*		249
<b>2013/14 Notional General Income</b>		<b>14,180</b>
2014/15 Permissible Income Calculation		
Less expiring special variations		-
Plus 2014/15 special variation	7.30%	1,035
Or plus rate peg percentage	2.30%	-
Sub Total		1,035
Plus/minus last year's carry forward total		3
Less valuation objection claims in the previous year		-
<b>2014/15 Permissible Income</b>		<b>15,218</b>
Less proposed rating income yield (from 2014/15 Revenue Policy)		(15,217)
Catch up or (excess) result **		-
Plus income lost due to valuation objections claimed ***		-
Less unused catch up ****		(1)
<b>Carry forward total for 2015/16</b>		<b>-</b>

- # Notional General Income represents the income council could have collected in the previous year
- 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.
- \* If result is an 'excess', council will be require a Ministerial exemption unless the carry forward total is 0 or above.
- \*\* 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.
- \*\*\* Catch up will be deducted if it has not been caught up within 2 years.
- \*\*\*\*

**SINGLETON COUNCIL**  
**SPECIAL SCHEDULE NO. 9**  
**INDEPENDENT AUDITORS' REPORT**

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**REPORT ON SPECIAL SCHEDULE NO. 9**

We have audited the accompanying special purpose financial statement comprising the reconciliation of total permissible general income (Special Schedule No. 9) of Singleton Council for the year ending 30 June 2015.

***Responsibility of Council for Special Schedule No. 9***

The Council is responsible for the preparation and fair presentation of Special Schedule No. 9 in accordance with the Local Government Code of Accounting Practice and Financial Reporting (Guidelines) Update No. 22. 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. 9 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. 9 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. 9 is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in Special Schedule No. 9. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of Special Schedule No. 9, 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. 9.

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.

**Assurance Partners**

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Steer Assurance Partners

ABN 56 435 338 966

In making our risk assessments, we consider internal controls relevant to the entity's preparation of Special Schedule No. 9 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.

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. 9 of Singleton Council for 2014/15 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 SPENCER STEER**



**BRETT HANGER**

Partner

Dated at Sydney this 29th day of October 2014