



LATE AGENDA

Council Meeting

Tuesday 16 April 2024

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Jason Linnane
GENERAL MANAGER

Executive Summary

The purpose of this report is to consider the motions Council wishes to submit to the 2024 Australian Local Government Conference which will be held from 2 – 4 July, 2024.

RECOMMENDED that Council endorses the following motions for submission to the 2024 Australian Local Government Conference:

That the National General Assembly of Local Government (NGA) calls on the Australian Government to:

1. Intergovernmental Relations

Lead the delivery of place-based, whole-of-government policy and planning to drive the evolution of mining-affected regions toward net zero economies. This should include:

1. A clear vision and plan for each region's economic evolution
2. A coordinating entity with the necessary authority to influence the focus and coordination of cross government and agency delivery efforts
3. Sufficient resources to deliver on the objectives established, including:
 - Supporting communities adversely impacted by the move to a net zero economy
 - Exploring city/regional deals as a mechanism for delivery
4. Support for and investment in circular economy solutions
5. Clear and certain planning pathways for the adaptive reuse of mining and industrial lands to deliver new, high-value jobs
6. A commitment to local government representation in place-based decision making that affects local and regional communities.

2. Financial Sustainability

Lead collaboration with State and Local Government to review, simplify and streamline the delivery and governance of grant funding to local government, focussing on:

1. Consolidating currently disparate funding programs delivered across various Commonwealth and State Government agencies towards a "block funding" approach to providing grant funding to local government, delivered over timeframes that align with local government planning cycles.
2. Identifying broader options than requiring direct co-contributions from Council to access grant funding. This aims to remove the inherent disadvantage currently experienced in accessing grant funds by local Councils who do not have the financial or resource capacity to offer co-contributions, yet to whom the dependence on grant funds to deliver delivery of community services and infrastructure remains vital.
3. Reducing the administrative burden on Local Government through more consistency in the governance frameworks, systems and documentation required across various funding programs and governing agencies.

3. Roads and Infrastructure

Lead systems reform across all three levels of government to improve the planning, administration and delivery of road funding, with a focus on ensuring greater equity, certainty and sustainability in funding across regional and metropolitan communities.

4. Housing and Homelessness

Support the urgent delivery of new housing and improve housing affordability and access by:

1. Investing in the transport and community infrastructure required to unlock development-ready land
2. Leading collaboration across Australian, State and Local Government to develop a collaborate framework for biodiversity planning that will enhance conservation outcomes and provide greater planning and investment certainty for local and regional communities around the availability of land for housing.
3. Investing in additional public housing and incentivising affordable housing schemes.
4. Repurposing existing government facilities such as underutilised health facilities, or other government buildings that could be repurposed for short term housing.

Background

The Australian Local Government Association has invited submissions of motions for its Annual Conference to be held from 2 to 4 July, 2024.

The Theme of the 2024 NGA is “Building Community Trust”. The Theme aims to explore the critical importance of that in governments, its institutions, and its citizens. Trust is a fundamental building block for our nation’s democracy. Local government have an important role in building, maintaining and at times repairing government-community relationships. Motions to be considered at the Annual Conference are required to be endorsed by Council and submitted online by 30 April, 2024.

Motions for this year’s NGA should consider:

- How all levels of government in Australia can build trust in each other and earn greater trust from the community
- Practical opportunities for the Australian Government to leverage the trust that local communities have in their local council
- Focus on practical programs that can strengthen the system of local government nationally to provide the services and infrastructure required to support and strengthen our communities, and
- New program ideas that would help the local government sector to deliver the Australian Government’s objectives.

Motions should be considered, practical and implementable and meet the guidelines for motions set out in the Conference paper.

Attachments

There are no attachments for this report.

13. 2022/2023 Audited Financial Reports
Author: Chief Financial Officer**FILE:** 22/00288

Executive Summary

The purpose of this report is to present Council's audited 2022/2023 Annual Financial Statements for adoption.

RECOMMENDED that Council:

1. Adopt the 2022/2023 Annual Financial Statements and Auditor's Reports for the financial year ended 30 June 2023.
2. Approve the Mayor and Deputy Mayor to sign the Statement by Councillors and Management.
3. Endorse the lodgement of the audited Annual Financial Statements with the Office of Local Government.

Background

Council officers prepared the 2022/2023 Financial Statements (**Attachment 1**) in accordance with the *Local Government Act, 1993* and associated Regulations, the Local Government Code of Accounting Practice and Financial Reporting and Australian Accounting Standards.

The Financial Statements have been reviewed by Council's auditor (New South Wales Audit Office) and this report is to formally adopt the Financial Statements and associated Auditor's Reports. Adoption of the statements also presents them to the public, as is required by section 419 of the *Local Government Act, 1993*.

Council's General Purpose Financial Statements for the year ending 30 June 2023 shows a net operating profit for the year of \$12.3 million, with a \$2.2 million net operating profit for the year before grants and contributions provided for capital purposes. This result was \$2.8 million better than Council's Original Budget of a loss of \$0.6 million.

The improvement in the net operating result for the 2022/23 financial year compared to the 2021/22 financial year, is primarily due to an increase in grants and contributions of \$3.7 million, particularly Transport (roads to recover) grants and grants related to the repair of flood affected roads.

It should be noted that when budgeting for a net result (before capital revenue) close to zero, a small fluctuation in revenue or expenses can lead to a net operating result loss. Therefore, fluctuations from year to year in the net result, should be expected.

*Corporate and Commercial Services Report (Items Requiring Decision) - DCCS13/24***Community Strategic Plan**

The presentation of the audited Financial Reports addresses the following strategy contained within Council's adopted Community Strategic Plan:

Our Leadership

5.5 To lead, govern and regulate in an ethical, equitable and transparent way.

Delivery Program/Operational Plan

Adopting the recommendation will meet the following outcomes of Council's Delivery Program and Operational Plan:

5.5.4 Ensure all Finance and Rating activities are undertaken in accordance with legislation and audit requirements.

Council Policy/Legislation

- *Local Government Act, 1993*
- *Local Government Regulations (General), 2021*
- *Local Government Code of Accounting Practice and Financial Reporting, 2023*
- *Australian Accounting Standards*

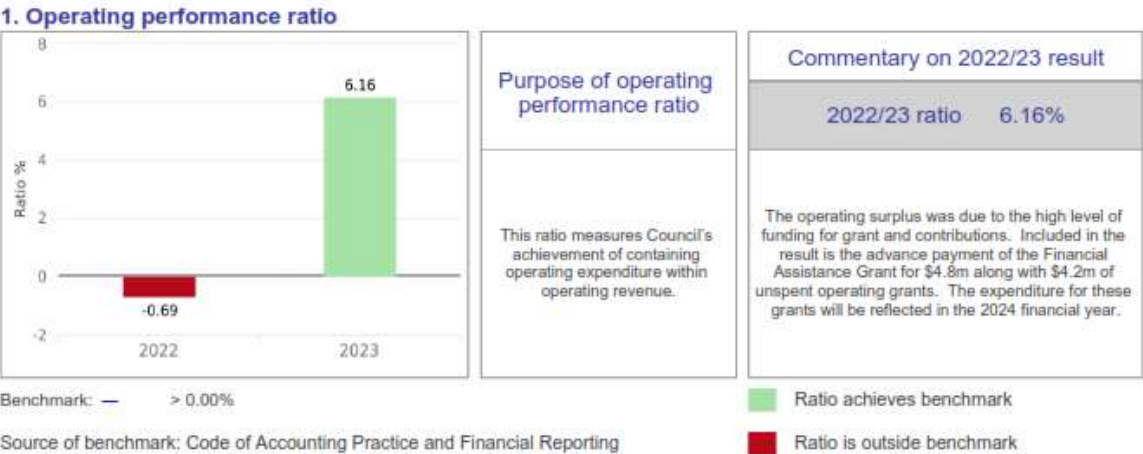
Financial Implications

The Financial Statements for the year ended 30 June 2023 for Singleton Council comprises the consolidation of General Fund, Water and Sewerage Funds and section 355 Committees of Council.

A summary of the key financial indicators is outlined below.

1. Operating performance

This ratio measures Council's achievement of containing operating expenditure within operating revenue. The benchmark is greater than 0%.



The operating performance of Council has increased from the previous financial year result largely due to the increase in grant funds. This result is positive, however Council continues to experience financial challenges in the form of rising costs and limited revenue sources.

2. Own source operating revenue

This ratio measures fiscal flexibility and the degree of reliance on external funding sources such as operating grants and contributions. Council's fiscal flexibility improves with a higher level of its own source revenue. The benchmark is greater than 60%.

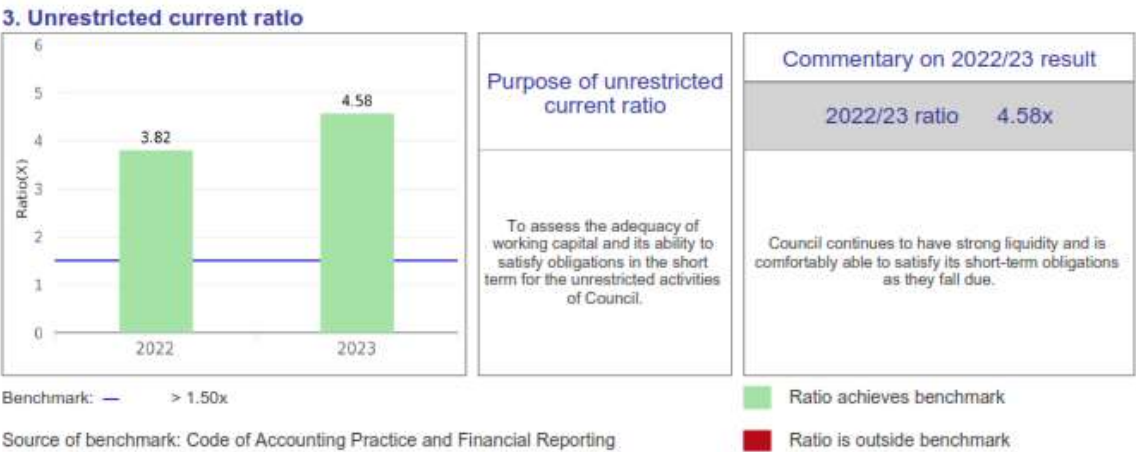


Council's result for the 2022/23 year has increased slightly from the prior year.

3. Unrestricted current ratio

The unrestricted current ratio is specific to local government and is designed to represent Council's ability to meet short term obligations as they fall due. This ratio demonstrates the ability of Council to satisfy its financial obligations in the short term, without the assistance of externally restricted funds. The benchmark is 1.5.

Corporate and Commercial Services Report (Items Requiring Decision) - DCCS13/24



Council’s liquidity ratio of 4.58 is well above the industry benchmark minimum of greater than 1.5 times, indicating Council has sufficient liquidity to meet its current liabilities as they fall due.

4. Debt service cover ratio

This ratio measures the availability of operating cash to service debt including interest, principal and lease payments. The benchmark is 2.0.



For 2023, the ratio indicated that operating results before capital, interest and depreciation covered payments required to service debt, by a factor of 5.33 to 1, up on the 2022 position. Council’s position increased largely due to the repayment of debt, with borrowings decreasing from \$16.3 million to \$13.9 million over the 2022/23 financial year.

5. Rates and annual charges outstanding

The purpose of this ratio is to assess the impact of uncollected rates and annual charges on liquidity and the adequacy of recovery efforts. The benchmark is less than 10.

Corporate and Commercial Services Report (Items Requiring Decision) - DCCS13/24



Council’s outstanding rates and annual charges percentage was 3.90% as at 30 June 2023. Although well below the benchmark, the slight increase is believed to be associated with the cost of living pressures.

Corporate and Commercial Services Report (Items Requiring Decision) - DCCS13/24

6. Cash expense cover ratio

This liquidity ratio indicates the number of months Council can continue paying for its immediate expenses without additional cash inflow. The benchmark is greater than 3 months.

6. Cash expense cover ratio

This ratio indicates that Council can continue to pay expenses for 13.87 months without additional cash inflows, which is above 2022 largely due to an increase in cash and investments.

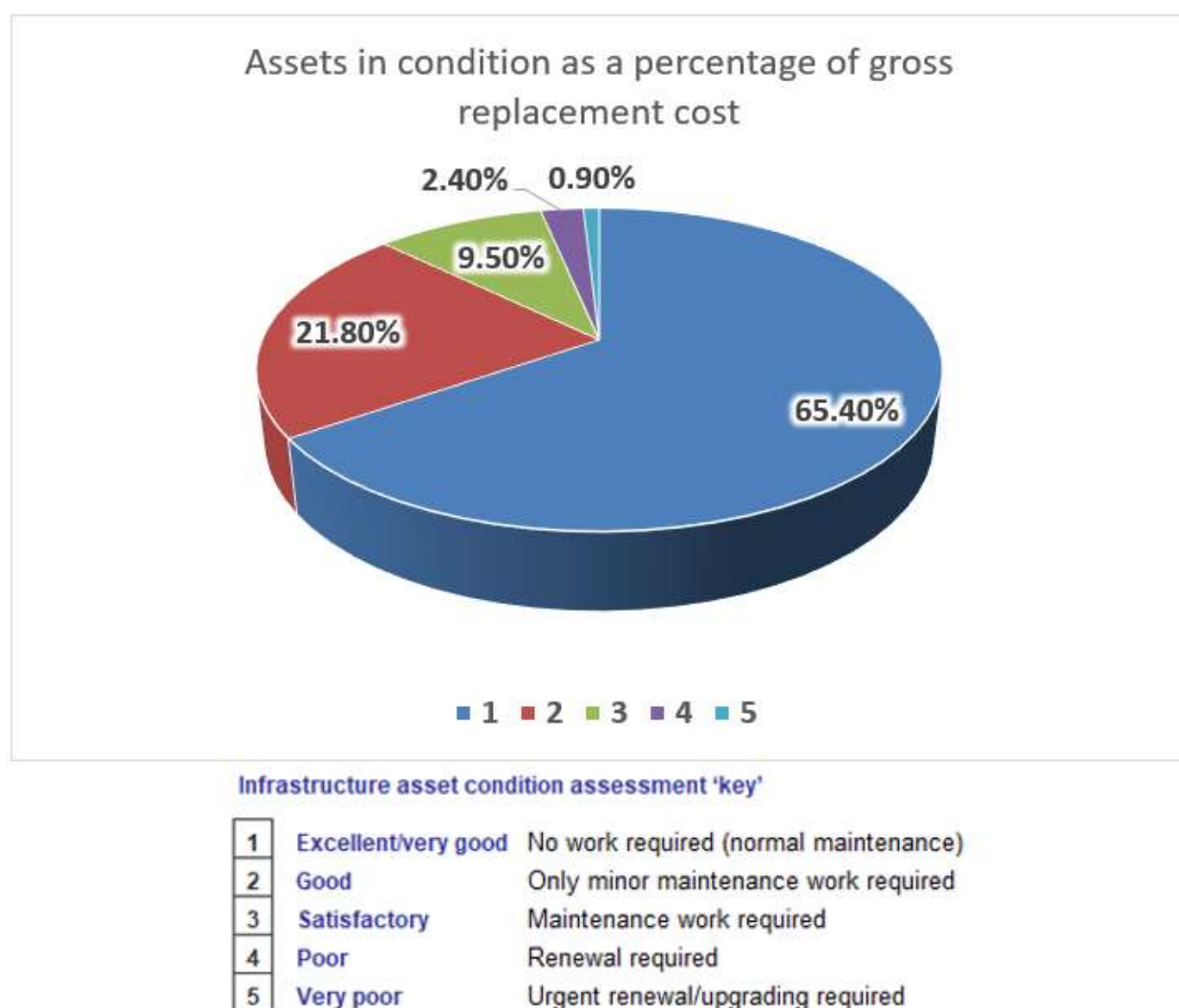
7. Infrastructure renewals

The Infrastructure Renewals Ratio measures the rate at which these assets are renewed against the rate at which they are depreciating. The benchmark is 100% or greater.

Buildings and infrastructure renewals ratio

Council has renewed \$14.8 million of assets in 2022/23 financial year, compared to \$17.3 million of assets in the prior year, and remains well above the benchmark of 100%.

8. Condition of Infrastructure Assets –



The Condition of Infrastructure Assets measure as at 30 June 2023, shows Council's assets being rated at 87.2% in Excellent, Very Good and Good conditions; 9.5% in Satisfactory; and only 3.3% in Poor or Very Poor condition. In addition, the Infrastructure Backlog Ratio of 3%, is a little above the benchmark of 2.0% or lower, and shows an estimated \$30 million would be required to bring all assets to a satisfactory standard. Even though this measure does not meet the benchmark, it is common for councils to not meet this measure due to the cost of doing so.

Consultation/Social Implications

Corporate and Commercial Services Report (Items Requiring Decision) - DCCS13/24

A Councillor Briefing was held on 14 November 2023 on the Financial Statements and end of year result.

At a special meeting on 26 September 2023, Council's Audit Risk Improvement Committee supported the draft 2022/23 Financial Statements. Council then referred the statements to audit at its meeting of 3 October 2023.

The Audit Office issued its Audit Closing Report on 28 March 2024, indicating it would issue an unmodified opinion.

The Audit Risk and Improvement Committee reviewed the audited statements and endorsed them to Council, out of session (via email) on 8 April 2024.

Public notice of the presentation of the audited Financial Statements will be published in the local media.

Copies of the Financial Statements will be available for inspection from 19 April 2024 at Council's Administration Office. A copy of the Financial Reports will also be placed on Council's website. In accordance with Section 420 of the *Local Government Act, 1993*, submissions on the Financial Reports and Auditor's Reports can be made by members of the public until 17 May 2024.

Risk Implications

Risk	Risk Ranking	Proposed Treatments	Residual Risk Ranking	Within Existing Resources?
There is a risk that Council will not comply with the <i>Local Government Act</i> and <i>Regulations</i> which may lead to restrictions being applied upon Council by the Office of Local Government.	Medium	Adoption of the recommendation.	Low	Yes
There is a risk that if Council does not adopt the audited financial statements which may lead to reputational damage.	Medium	Adopt the recommendation.	Low	Yes
There is risk that Council's ability to borrow in the future may be impacted if Council does not prepare Financial Statements which may	Medium	Adopt the recommendation.	Low	Yes

Corporate and Commercial Services Report (Items Requiring Decision) - DCCS13/24

Risk	Risk Ranking	Proposed Treatments	Residual Risk Ranking	Within Existing Resources?
lead to Council being unable to fund its future obligations.				
By not producing and adopting audited financial statements annually, there is a risk that Council will be seen as not being transparent with their community, leading to reputational damage.	High	Adopt the recommendation.	Low	Yes

Options

The following options are available to Council:

Option 1

1. Adopt the 2022/23 Annual Financial Statements and Auditor's Reports for the financial year ended 30 June 2023.
2. Approve the Mayor and Deputy Mayor to sign the Statement by Councillors and Management.
3. Endorse the lodgement of the audited Annual Financial Statements with the Office of Local Government.

Option 2

Not adopt the 2022/23 audited Financial Reports. This is not recommended as it would result in Council not complying with the requirements of the *Local Government Act, 1993*.

Option one is recommended.

Conclusions

A copy of the audited Financial Reports including the Auditor's Reports for the 2022/23 financial year is tabled.

Attachments

AT-1 [↓](#) 2022/2023 Annual Financial Statements

Singleton Council

ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2023

Vibrant/Connected/Sustainable/Resilient/Progressive



Singleton Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2023

Vibrant/Connected/Sustainable/Resilient/Progressive



Singleton Council

General Purpose Financial Statements

for the year ended 30 June 2023

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Overview

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

12-14 Queen Street
SINGLETON NSW 2330

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

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

A description of the nature of Council's operations and its principal activities are provided in Note B1-1.

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

Singleton Council

General Purpose Financial Statements

for the year ended 30 June 2023

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

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

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

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

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

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

Signed in accordance with a resolution of Council made on 16 April 2024 .

Sue Moore
Mayor

Tony Jarrett
Deputy Mayor

Jason Linnane
General Manager

Kelly McGowan
Responsible Accounting Officer

Singleton Council

Income Statement

for the year ended 30 June 2023

Original unaudited budget 2023 \$ '000		Notes	Actual 2023 \$ '000	Actual 2022 \$ '000
Income from continuing operations				
34,340	Rates and annual charges	B2-1	34,918	33,559
17,138	User charges and fees	B2-2	21,071	18,244
336	Other revenues	B2-3	774	764
7,236	Grants and contributions provided for operating purposes	B2-4	15,228	11,559
11,403	Grants and contributions provided for capital purposes	B2-4	10,107	12,266
2,404	Interest and investment income	B2-5	3,984	1,654
271	Other income	B2-6	279	220
231	Net gain from the disposal of assets	B4-1	—	—
73,359	Total income from continuing operations		86,361	78,266
Expenses from continuing operations				
22,893	Employee benefits and on-costs	B3-1	25,036	23,906
21,172	Materials and services	B3-2	26,402	24,450
685	Borrowing costs	B3-3	594	664
15,427	Depreciation, amortisation and impairment of non-financial assets	B3-4	14,394	14,106
2,355	Other expenses	B3-5	5,133	3,318
—	Net loss from the disposal of assets	B4-1	2,482	1,511
62,532	Total expenses from continuing operations		74,041	67,955
10,827	Operating result from continuing operations		12,320	10,311
10,827	Net operating result for the year attributable to Council		12,320	10,311
(576)	Net operating result for the year before grants and contributions provided for capital purposes		2,213	(1,955)

Singleton Council | Statement of Comprehensive Income | for the year ended 30 June 2023

Singleton Council

Statement of Comprehensive Income

for the year ended 30 June 2023

	Notes	2023 \$ '000	2022 \$ '000
Net operating result for the year – from Income Statement		12,320	10,311
Other comprehensive income:			
Amounts which will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	62,309	75,772
Other comprehensive income – joint ventures and associates	D2-2	–	(200)
Tip remediation provision remeasurement effect		(1,389)	–
Total items which will not be reclassified subsequently to the operating result		60,920	75,572
Amounts which will be reclassified subsequently to the operating result when specific conditions are met			
Other movements		–	200
Total items which will be reclassified subsequently to the operating result when specific conditions are met		–	200
Total other comprehensive income for the year		60,920	75,772
Total comprehensive income for the year attributable to Council		73,240	86,083

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

Singleton Council | Statement of Financial Position | for the year ended 30 June 2023

Singleton Council

Statement of Financial Position

as at 30 June 2023

		2023	Restated	Restated
		2022 ¹	2021 ¹	
	Notes	\$ '000	\$ '000	\$ '000
ASSETS				
Current assets				
Cash and cash equivalents	C1-1	9,294	5,654	10,794
Investments	C1-2	80,758	92,500	83,200
Receivables	C1-4	7,851	8,852	6,417
Inventories	C1-5	4,992	4,948	4,918
Other	C1-7	3	178	139
Total current assets		102,898	112,132	105,468
Non-current assets				
Investments	C1-2	46,800	26,500	26,000
Receivables	C1-4	355	292	192
Infrastructure, property, plant and equipment (IPPE)	C1-6	1,089,866	1,021,687	935,511
Right of use assets	C2-1	1,703	2,039	1,989
Investments accounted for using the equity method	D2	—	—	200
Total non-current assets		1,138,724	1,050,518	963,892
Total assets		1,241,622	1,162,650	1,069,360
LIABILITIES				
Current liabilities				
Payables	C3-1	6,976	9,513	6,617
Contract liabilities	C3-2	10,464	1,384	1,716
Lease liabilities	C2-1	406	554	595
Borrowings	C3-3	2,272	2,343	1,921
Employee benefit provisions	C3-4	4,994	4,680	4,993
Total current liabilities		25,112	18,474	15,842
Non-current liabilities				
Payables	C3-1	—	—	322
Lease liabilities	C2-1	808	1,130	1,371
Borrowings	C3-3	11,633	13,936	8,925
Employee benefit provisions	C3-4	252	238	333
Provisions	C3-5	25,528	23,823	23,601
Total non-current liabilities		38,221	39,127	34,552
Total liabilities		63,333	57,601	50,394
Net assets		1,178,289	1,105,049	1,018,966
EQUITY				
Accumulated surplus	C4-1	557,303	544,983	534,672
IPPE revaluation reserve	C4-1	620,986	560,066	484,294
Total equity		1,178,289	1,105,049	1,018,966

(1) Restated - see Note G4-1

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 2023

Singleton Council

Statement of Changes in Equity

for the year ended 30 June 2023

	Notes	2023			2022		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus	IPPE revaluation reserve	Total equity
		\$ '000	\$ '000	\$ '000	Restated \$ '000	Restated \$ '000	Restated \$ '000
Opening balance at 1 July		544,983	560,066	1,105,049	535,313	484,294	1,019,607
Correction of prior period errors	G4-1	–	–	–	(641)	–	(641)
Restated opening balance		544,983	560,066	1,105,049	534,672	484,294	1,018,966
Net operating result for the year		12,320	–	12,320	10,311	–	10,311
Net operating result for the period		12,320	–	12,320	10,311	–	10,311
Other comprehensive income							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	–	62,309	62,309	–	75,772	75,772
Remeasurement of tip remediation provision		–	(1,389)	(1,389)	–	–	–
Other comprehensive income		–	60,920	60,920	–	75,772	75,772
Total comprehensive income		12,320	60,920	73,240	10,311	75,772	86,083
Closing balance at 30 June		557,303	620,986	1,178,289	544,983	560,066	1,105,049

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 2023

Singleton Council

Statement of Cash Flows

for the year ended 30 June 2023

Original unaudited budget 2023 \$ '000		Notes	Actual 2023 \$ '000	Actual 2022 \$ '000
Cash flows from operating activities				
<i>Receipts:</i>				
34,334	Rates and annual charges		34,679	33,637
16,975	User charges and fees		22,189	18,831
2,457	Interest received		3,208	1,783
18,706	Grants and contributions		35,758	20,251
–	Bonds, deposits and retentions received		697	454
1,035	Other		5,529	4,102
<i>Payments:</i>				
(22,788)	Payments to employees		(24,560)	(24,609)
(21,704)	Payments for materials and services		(34,243)	(26,357)
(685)	Borrowing costs		(412)	(664)
–	Bonds, deposits and retentions refunded		(588)	(9)
(2,357)	Other		(4,818)	(3,740)
25,973	Net cash flows from operating activities	G1-1	37,439	23,679
Cash flows from investing activities				
<i>Receipts:</i>				
4,448	Sale of investments		45,547	53,782
2,940	Sale of real estate assets		–	5,778
323	Proceeds from sale of IPPE		(995)	258
<i>Payments:</i>				
–	Purchase of investments		(40,592)	(63,550)
–	Acquisition of term deposits		(13,500)	–
(34,065)	Payments for IPPE		(21,163)	(24,784)
(2,709)	Purchase of real estate assets		–	(4,908)
(29,063)	Net cash flows from investing activities		(30,703)	(33,424)
Cash flows from financing activities				
<i>Receipts:</i>				
2,350	Proceeds from borrowings		–	7,793
<i>Payments:</i>				
(2,513)	Repayment of borrowings		(2,374)	(2,360)
(511)	Principal component of lease payments		(722)	(828)
(674)	Net cash flows from financing activities		(3,096)	4,605
(3,764)	Net change in cash and cash equivalents		3,640	(5,140)
3,764	Cash and cash equivalents at beginning of year		5,654	10,794
–	Cash and cash equivalents at end of year ¹	C1-1	9,294	5,654
–	plus: Investments on hand at end of year	C1-2	127,558	119,000
–	Total cash, cash equivalents and investments		136,852	124,654

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

Singleton Council

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A About Council and these financial statements

A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 3 October 2023. Council has the power to amend and reissue these financial statements.

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below.

These policies have been consistently applied to all the years presented, unless otherwise stated.

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations, the *Local Government Act 1993 (NSW)* and Local Government (General) Regulation 2005 (Regulation), and the Local Government Code of Accounting Practice and Financial Reporting. Council is a not-for-profit entity.

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

Unless otherwise indicated, all amounts disclosed in the financial statements are actual amounts. Specific budgetary amounts have been included for comparative analysis (to actuals) in the following reports and notes:

- Income statement
- Statement of cash flows
- B5-1 – Performance against budget and are clearly marked.

Historical cost convention

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

Significant accounting estimates and judgements

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

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

Critical accounting estimates and assumptions

Council makes estimates and assumptions concerning the future.

The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

- (i) Fair values of infrastructure, property, plant and equipment - refer Note C1-6
- (ii) Tip remediation provisions - refer Note C3-5
- (iii) Employee benefit provisions - refer Note C3-4

Significant judgements in applying the Council's accounting policies

- i. Impairment of receivables – refer Note C1-4.
- ii. Determination of whether performance obligations are sufficiently specific and whether the contract is within the scope of AASB 15 *Revenue from Contracts with Customers* and / or AASB 1058 *Income of Not-for-Profit Entities* – refer to Notes B2-2 – B2-4.
- iii. Determination of the lease term, discount rate (when not implicit in the lease) and whether an arrangement contains a lease – refer to Note C2-1.

Monies and other assets received by Council

The Consolidated Fund

In accordance with the provisions of Section 409(1) of the Local Government Act 1993 (NSW), 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.

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A1-1 Basis of preparation (continued)

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

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

The Trust Fund

In accordance with the provisions of Section 411 of the *Local Government Act 1993 (NSW)* (as amended), a separate and distinct Trust Fund is maintained to account for all money and 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.

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

Goods and Services Tax (GST)

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

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

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

New accounting standards and interpretations issued but not yet effective

New accounting standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations (ie. pronouncements) have been published by the Australian Accounting Standards Board that are not mandatory for the 30 June 2023 reporting period.

Council has not applied any pronouncements before its operative date in the annual reporting period beginning 1 July 2022.

As at the date of authorisation of these financial statements Council does not consider that any of these new (and still to be applied) standards and interpretations are likely to have a material impact on the Council's future financial statements, financial position, financial performance or cash flows.

B Financial Performance

B1 Functions or activities

B1-1 Functions or activities – income, expenses and assets

Income, expenses and assets have been directly attributed to the following functions or activities. Details of those functions or activities are provided in Note B1-2.

	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022 ¹
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	Restated \$ '000
Functions or activities										
Our Leadership	31,700	29,470	6,896	9,094	24,804	20,376	5,552	4,981	14,640	21,063
Our Places	35,750	33,112	42,869	37,567	(7,119)	(4,455)	14,153	14,286	1,033,645	959,544
Our People	2,576	2,628	5,906	5,881	(3,330)	(3,253)	608	804	22,556	22,782
Our Environment	13,132	10,923	16,721	14,394	(3,589)	(3,471)	1,768	1,531	144,334	137,614
Our Economy	3,203	2,133	1,649	1,019	1,554	1,114	3,254	2,223	26,447	21,647
Total functions and activities	86,361	78,266	74,041	67,955	12,320	10,311	25,335	23,825	1,241,622	1,162,650

(1) Restated - see Note G4-1

B1-2 Components of functions or activities

Details relating to the Council's functions or activities as reported in B1-1 are as follows:

Our Leadership

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

Our Places

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

Our People

- Arts & Culture
- Children Services
- Gym & Swim Centre
- Library Services
- Other Community Services
- Youth Services

Our Environment

- Environmental Services
- Planning & Development Services
- Regulatory Services

Our Economy

- Economy & Community
- Land Development
- Regional Livestock Market

B2 Sources of income**B2-1 Rates and annual charges**

	2023 \$ '000	2022 \$ '000
Ordinary rates		
Residential	11,229	11,165
Farmland	1,650	1,602
Mining	8,472	8,304
Business	2,484	2,262
Less: pensioner rebates (mandatory)	(200)	(210)
Rates levied to ratepayers	23,635	23,123
Pensioner rate subsidies received	107	118
Total ordinary rates	23,742	23,241
Annual charges (pursuant to s496, 496A, 496B, 501 & 611)		
Domestic waste management services	5,232	4,651
Stormwater management services	155	152
Water supply services	1,550	1,476
Sewerage services	4,353	4,145
Less: pensioner rebates (mandatory)	(235)	(236)
Less: pensioner rebates (Council policy)	(4)	(4)
Annual charges levied	11,051	10,184
Pensioner annual charges subsidies received:		
– Water	41	46
– Sewerage	47	48
– Domestic waste management	37	40
Total annual charges	11,176	10,318
Total rates and annual charges	34,918	33,559

Council has used 2019 year valuations provided by the NSW Valuer General in calculating its rates.

Accounting policy

Rates and annual charges are recognised as revenue at the beginning of the rating period to which they relate. Prepaid rates are recognised as a financial liability until the beginning of the rating period.

Pensioner rebates relate to reductions in rates and certain annual charges for eligible pensioners' place of residence in the local government council area that are not subsidised by the NSW Government.

Pensioner rate subsidies are received from the NSW Government to provide a contribution towards the pensioner rebates and are recognised within the underlying revenue item based on their substance.

B2-2 User charges and fees

	Timing	2023 \$ '000	2022 \$ '000
Specific user charges (per s502 - specific 'actual use' charges)			
Water supply services	2	5,901	5,609
Sewerage services	2	1,349	1,011
Total specific user charges		7,250	6,620
Other user charges and fees			
(i) Fees and charges – statutory and regulatory functions (per s608)			
Planning and building regulation	2	322	167
Regulatory/ statutory fees	2	577	495
Registration fees	2	53	46
Section 10.7 certificates (EP&A Act)	2	75	91
Section 603 certificates	2	51	69
Tapping fees	2	142	134
Tipping fees	2	3,690	3,018
Total fees and charges – statutory/regulatory		4,910	4,020
(ii) Fees and charges – other (incl. general user charges (per s608))			
Cemeteries	2	78	88
Child care	2	1,945	1,821
Transport for NSW works (state roads not controlled by Council)	2	2,704	2,437
Saleyards	2	–	1
Auditorium	2	67	36
CBD caretaker	2	111	110
Gym and swim	2	2,296	1,821
Inspection fees	2	69	73
Lake St Clair fees	2	511	438
Liquid waste	2	124	111
Onsite sewer management	2	403	292
Other	2	603	376
Total fees and charges – other		8,911	7,604
Total other user charges and fees		13,821	11,624
Total user charges and fees		21,071	18,244
Timing of revenue recognition for user charges and fees			
User charges and fees recognised over time (1)		–	–
User charges and fees recognised at a point in time (2)		21,071	18,244
Total user charges and fees		21,071	18,244

Accounting policy

Revenue arising from user charges and fees is recognised when or as the performance obligation is completed and the customer receives the benefit of the goods/services being provided.

The performance obligation relates to the specific services which are provided to the customers and generally the payment terms are within 30 days of the provision of the service or in some cases such as recreation parks, the customer is required to pay on arrival or a deposit in advance. There is no material obligation for Council in relation to refunds or returns.

Where an upfront fee is charged, such as joining fees for the leisure centre, the fee is recognised on a straight-line basis over the expected life of the membership.

All licences granted by Council are either short-term or low value and all revenue from licences is recognised at the time that the licence is granted, rather than over the term of the licence.

B2-3 Other revenues

	Timing	2023 \$ '000	2022 \$ '000
Ex gratia rates	2	–	9
Fines	2	27	24
Legal fees recovery – rates and charges (extra charges)	2	105	111
Commissions and agency fees	2	20	26
Diesel rebate	2	3	5
Insurance claims recoveries	2	129	437
Risk management bonus	2	90	84
Other	2	400	68
Total other revenue		774	764
Timing of revenue recognition for other revenue			
Other revenue recognised over time (1)		–	–
Other revenue recognised at a point in time (2)		774	764
Total other revenue		774	764

Accounting policy for other revenue

Where the revenue relates to a contract with a customer, the revenue is recognised when or as the performance obligation is completed and the customer receives the benefit of the goods/services being provided.

Where the revenue relates to a contract which is not enforceable or does not contain sufficiently specific performance obligations, then revenue is recognised when an unconditional right to a receivable arises or the cash is received, whichever is earlier.

B2-4 Grants and contributions

		Operating 2023 \$ '000	Operating 2022 \$ '000	Capital 2023 \$ '000	Capital 2022 \$ '000
	Timing				
General purpose grants and non-developer contributions (untied)					
Current year allocation					
Financial assistance – general component	2	755	1,421	–	–
Financial assistance – local roads component	2	434	726	–	–
Payment in advance - future year allocation					
Financial assistance – general component	2	3,140	2,182	–	–
Financial assistance – local roads component	2	1,663	1,120	–	–
Amount recognised as income during current year		5,992	5,449	–	–
Special purpose grants and non-developer contributions (tied)					
Water supplies	2	75	65	10	–
Sewerage services	2	–	65	–	–
Waste services	2	–	66	–	–
Community	2	345	432	1,180	2,223
Environmental programs	2	–	133	–	–
Floodplain management	1	–	31	–	–
Heritage and cultural	–	–	15	–	–
Library	2	132	121	–	–
Storm/flood damage	–	–	1,000	–	–
Resources for Regions	2	–	45	–	–
Street lighting	2	65	62	–	–
Transport (roads to recovery)	2	2,743	816	–	–
Transport (other roads and bridges funding)	2	–	405	4,418	5,934
Other specific grants	2	4,232	420	2,353	800
Previously contributions:					
Transport for NSW contributions (regional roads, block grant)	–	–	–	25	–
Bushfire services	2	372	365	368	1,080
Other contributions	2	155	467	141	4
Roadworks and car parks	2	136	99	–	–
Other (MTW Historic Heritage Conservation Fund)	2	–	107	–	–
Other (Voluntary Planning Agreements)	2	981	1,396	–	–
Total special purpose grants and non-developer contributions (tied)		9,236	6,110	8,495	10,041
Total grants and non-developer contributions		15,228	11,559	8,495	10,041
Comprising:					
– State funding		13,264	8,612	6,629	7,665
– Commonwealth funding		570	907	1,180	1,292
– Other funding		1,394	2,040	686	1,084
Totals		15,228	11,559	8,495	10,041

The timing column notation (above) identifies the revenue recognition pattern for material items of Council's revenue:

- (1) indicates income recognised under AASB 15 or AASB 1058 "over time",
 (2) indicates income recognised under AASB 15 or AASB 1058 "at a point in time".

B2-4 Grants and contributions (continued)

Developer contributions

	Notes	Timing	Operating 2023 \$ '000	Operating 2022 \$ '000	Capital 2023 \$ '000	Capital 2022 \$ '000
Developer contributions: (s7.4 & s7.11 - EP&A Act, s64 of the LGA):		G5				
Cash contributions						
S 7.11 – contributions towards amenities/services		2	–	–	1,076	513
S 64 – water supply contributions		2	–	–	317	(79)
S 64 – sewerage service contributions		2	–	–	219	(61)
Non-cash contributions						
S 7.11 – contributions towards amenities/services (roads)		2	–	–	–	1,603
S 64 – stormwater contributions		2	–	–	–	249
Total developer contributions non-cash			–	–	–	1,852
Total developer contributions			–	–	1,612	2,225
Total grants and contributions			15,228	11,559	10,107	12,266
Timing of revenue recognition						
Grants and contributions recognised over time (1)			413	847	3,229	2,753
Grants and contributions recognised at a point in time (2)			14,815	10,712	6,878	9,513
Total grants and contributions			15,228	11,559	10,107	12,266

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B2-4 Grants and contributions (continued)

Unspent grants and contributions

Certain grants and contributions are obtained by Council on the condition they be spent in a specified manner or in a future period but which are not yet spent in accordance with those conditions are as follows:

	Operating 2023 \$ '000	Operating 2022 \$ '000	Capital 2023 \$ '000	Capital 2022 \$ '000
Unspent funds at 1 July	13,414	12,391	17,336	17,252
Add: Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	5,297	1,628	1,789	2,947
Add: Funds received and not recognised as revenue in the current year	991	1,886	11,642	482
Less: Funds recognised as revenue in previous years that have been spent during the reporting year	(1,515)	(2,491)	(2,597)	(2,307)
Less: Funds received in prior year but revenue recognised and funds spent in current year	(515)	–	(368)	(1,038)
Unspent funds at 30 June	17,672	13,414	27,802	17,336

Accounting policy

Grants and contributions – enforceable agreement with sufficiently specific performance obligations

Grant and contribution revenue from an agreement which is enforceable and contains sufficiently specific performance obligations is recognised as or when control of each performance obligations is transferred.

The performance obligations vary according to the agreement. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others.

Performance obligations may be satisfied either at a point in time or over time and this is reflected in the revenue recognition pattern. Point in time recognition occurs when the beneficiary obtains control of the goods / services at a single time (e.g. completion of the project when a report / outcome is provided), whereas over time recognition is where the control of the services is ongoing throughout the project (e.g. provision of community health services through the year).

Where control is transferred over time, generally the input methods being either costs or time incurred are deemed to be the most appropriate methods to reflect the transfer of benefit.

Capital grants

Capital grants received by Council under an enforceable contract for the acquisition or construction of infrastructure, property, plant and equipment to identified specifications which will be under Council's control on completion are recognised as revenue as and when the obligation to construct or purchase is completed.

For construction projects, this is generally as the construction progresses in accordance with costs incurred since this is deemed to be the most appropriate measure of the completeness of the construction project.

For acquisitions of assets, the revenue is recognised when the asset is acquired and controlled by the Council.

Developer contributions

Council has obligations to provide facilities from contribution revenues levied on developers under the provisions of sections 7.4, 7.11 and 7.12 of the *Environmental Planning and Assessment Act 1979* (EP&A Act).

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

Developer contributions may only be expended for the purposes for which the contributions were required, but Council may apply contributions according to the priorities established in work schedules for the contribution plan.

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B2-4 Grants and contributions (continued)**Other grants and contributions**

Assets, including cash, received from other grants and contributions are recognised at fair value when the asset is received. Council considers whether there are any related liability or equity items associated with the asset which are recognised in accordance with the relevant accounting standard.

Once the assets and liabilities have been recognised then income is recognised for any remaining asset value at the time that the asset is received.

B2-5 Interest and investment income

	2023 \$ '000	2022 \$ '000
Interest on financial assets measured at amortised cost		
– Overdue rates and annual charges (incl. special purpose rates)	83	79
– Cash and investments	3,901	1,575
Total interest and investment income	3,984	1,654

Accounting policy

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

B2-6 Other income

	Notes	2023 \$ '000	2022 \$ '000
Rental income			
Other lease income			
Buildings		200	134
Room/Facility Hire		35	21
Leaseback fees - council vehicles		31	33
Total other lease income		266	188
Total rental income	C2-2	266	188
Fair value increment on investments			
Fair value increment on investments through profit and loss		13	32
Total Fair value increment on investments		13	32
Total other income		279	220

B3 Costs of providing services**B3-1 Employee benefits and on-costs**

	2023 \$ '000	2022 \$ '000
Salaries and wages	20,439	20,163
Employee leave entitlements (ELE)	2,194	1,812
Superannuation	2,320	2,276
Workers' compensation insurance	694	706
Fringe benefit tax (FBT)	5	5
Payroll tax	590	—
Other	221	235
Total employee costs	26,463	25,197
Less: capitalised costs	(1,427)	(1,291)
Total employee costs expensed	25,036	23,906

Accounting policy

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

Retirement benefit obligations

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

Superannuation plans

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

Council participates in a defined benefit plan under the Local Government Superannuation Scheme, however, sufficient information to account for the plan as a defined benefit is not available and therefore Council accounts for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans, i.e. as an expense when it becomes payable – refer to Note E3-1 for more information.

B3-2 Materials and services

	Notes	2023 \$ '000	2022 \$ '000
Raw materials and consumables		17,250	14,891
Contractor costs		2,876	2,815
Development consultants		126	131
Audit Fees	F2-1	159	143
Councillor and Mayoral fees and associated expenses	F1-2	413	456
Advertising		63	75
Bank charges		36	43
Computer software charges		1,020	857
Electricity and heating		858	803
Insurance		1,282	1,087
Printing and stationery		65	58
Street lighting		361	356
Subscriptions and publications		93	76
Telephone and communications		221	289
Travel expenses		10	7
Training costs (other than salaries and wages)		347	383
Other expenses		–	200
Gym and Swim management fee		284	331
MTW Historical Heritage Conservation Fund		57	9
Repairs		776	866
Legal expenses:			
– Legal expenses: planning and development		17	412
– Legal expenses: debt recovery		32	64
– Legal expenses: other		45	70
Expenses from leases of low value assets		8	24
Variable lease expense relating to usage		3	4
Total materials and services		26,402	24,450

Accounting policy

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

B3-3 Borrowing costs

	Notes	2023 \$ '000	2022 \$ '000
(i) Interest bearing liability costs			
Interest on leases		32	40
Interest on loans		379	401
Total interest bearing liability costs		411	441
Total interest bearing liability costs expensed		411	441
(ii) Other borrowing costs			
– Remediation liabilities ¹	C3-5	183	223
Total other borrowing costs		183	223
Total borrowing costs expensed		594	664

Accounting policy

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 as incurred.

B3-4 Depreciation, amortisation and impairment of non-financial assets

	Notes	2023 \$ '000	2022 \$ '000
Depreciation and amortisation			
Plant and equipment		1,011	1,041
Office equipment		7	8
Furniture and fittings		34	50
Land improvements (depreciable)		82	62
Infrastructure:	C1-6		
– Buildings		1,234	1,001
– Other structures		195	153
– Roads		4,243	3,755
– Bridges		521	465
– Footpaths		132	97
– Other road assets		253	212
– Stormwater drainage		1,004	909
– Water supply network		2,324	2,578
– Sewerage network		1,218	1,274
– Swimming pools		66	62
– Other open space/recreational assets		1,280	1,587
Right of use assets	C2-1	588	496
Other assets:			
– Library books		72	56
Reinstatement, rehabilitation and restoration assets:			
– Tip assets ¹	C3-5, C1-6	159	306
Total gross depreciation and amortisation costs		14,423	14,112
Less: capitalised costs		(29)	(6)
Total depreciation and amortisation costs		14,394	14,106
Total depreciation, amortisation and impairment for non-financial assets		14,394	14,106

Accounting policy**Depreciation and amortisation**

Depreciation and amortisation are calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives. Useful lives are included in E2-1 for IPPE assets. Depreciation is capitalised where in-house assets have contributed to new assets.

Impairment of non-financial assets

Council assets held at fair value that are not held primarily for their ability to generate net cash flow, and that are deemed to be specialised, are no longer required to be tested for impairment under AASB 136. This is because these assets are assessed on an annual basis to ensure that the carrying amount is not materially different from fair value and therefore an impairment loss would be captured during this assessment.

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

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

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

B3-5 Other expenses

	2023 \$ '000	2022 \$ '000
Impairment of receivables	12	20
Contributions/levies to other levels of government		
Donations, contributions and assistance to other organisations (Section 356)	2,779	1,388
– Department of planning levy	73	90
– Emergency services levy (includes FRNSW, SES, and RFS levies)	942	703
– Waste levy (section 88)	1,327	1,117
Total other	5,121	3,298
Total other expenses	5,133	3,318

Accounting policy

Other expenses are recorded on an accruals basis when Council has an obligation for the expenses.

Impairment expenses are recognised when identified.

B4 Gains or losses**B4-1 Gain or loss from the disposal, replacement and de-recognition of assets**

	Notes	2023 \$ '000	2022 \$ '000
Gain (or loss) on disposal of plant and equipment	C1-6		
Proceeds from disposal – plant and equipment		219	258
Less: carrying amount of plant and equipment assets sold/written off		(86)	(54)
Gain (or loss) on disposal		133	204
Gain (or loss) on disposal of infrastructure	C1-6		
Less: carrying amount of infrastructure assets sold/written off		(2,151)	(2,568)
Gain (or loss) on disposal		(2,151)	(2,568)
Gain (or loss) on disposal of real estate assets held for sale	C1-5		
Proceeds from disposal – real estate assets		–	5,778
Less: carrying amount of real estate assets sold/written off		–	(4,925)
Gain (or loss) on disposal		–	853
Gain (or loss) on disposal of investments	C1-2		
Proceeds from disposal/redemptions/maturities – investments		45,547	53,782
Less: carrying amount of investments sold/redeemed/matured		(45,547)	(53,782)
Gain (or loss) on disposal		–	–
Other (Land not held for Resale)			
Proceeds from disposal – Land not held for resale		937	–
Less: carrying amount of Land not held for resale sold/written off		(1,401)	–
Gain (or loss) on disposal		(464)	–
Net gain (or loss) from disposal of assets		(2,482)	(1,511)

Accounting policy

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

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

B5 Performance against budget**B5-1 Material budget variations**

Council's original budget was adopted by the Council on 21 June 2022 and is not required to be audited. 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, environmental factors, and by decisions made by Council.

While these General Purpose Financial Statements include the original budget adopted by Council, the Act requires Council to review its financial budget on a quarterly basis, so it is able to manage the variation between actuals and budget that invariably occur during the year.

Material variations of more than 10% between original budget and actual results or where the variance is considered material by nature are explained below.

Variation Key: **F** = Favourable budget variation, **U** = Unfavourable budget variation.

\$ '000	2023 Budget	2023 Actual	2023 ----- Variance -----	
Income				
Rates and annual charges	34,340	34,918	578	2% F
User charges and fees	17,138	21,071	3,933	23% F
Additional road maintenance and ordered works \$1.901m; higher usage fees for Gym & Swim \$270k, Planning & Building Regulatory \$147k, Sewerage Services \$231k, Tipping Fees \$876k and Water Supply Services \$485k.				
Other revenues	336	774	438	130% F
A reimbursement for natural disasters \$250k, insurance claims \$129k and a donation to the Singleton Hall of Fame \$47k all contributed to a higher increase in other revenues.				
Operating grants and contributions	7,236	15,228	7,992	110% F
A 100% allocation of the 2023-2024 Financial Assistance Grant was received whereas a 50% in advance allocation was budgeted, an additional \$2.6m in funding; Flood Relief Grant \$1.0m; Planning & Environment Grants \$528k; and Resources for Regions \$2.041m; Regional & Local Roads Program \$1.658m.				
Capital grants and contributions	11,403	10,107	(1,296)	(11)% U
Developer provided assets and contributions accounted for \$1.6m received but not budgeted; other contributions received including from the NSW Rural Fire Service \$534k; funds received for NSW Housing Fund \$1.0m not budgeted; offset by funding not received for delays in capital works, funding from Resources for Regions \$1.34m, Smaller Country Communities \$774k and Fixing Local Roads \$1.52m.				
Interest and investment revenue	2,404	3,984	1,580	66% F
Interest rates successively increased during the reporting period which had not been predicted. Council also had a larger investment portfolio balance to invest due to additional grant funding and timing of capital works.				
Net gains from disposal of assets	231	—	(231)	(100)% U
Gains from plant, equipment and vehicles sales are reflected in the Net Losses from the Disposal of Assets under Expenditure.				
Other income	271	279	8	3% F

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B5-1 Material budget variations (continued)

\$ '000	2023 Budget	2023 Actual	2023 ----- Variance -----	
Expenses				
Employee benefits and on-costs	22,893	25,036	(2,143)	(9)% U
Salaries and wages were higher than expected while the amount recovered for capital projects was lower. Employee costs were higher for the inclusion of payroll tax for the Water & Sewer business and higher employee leave entitlements.				
Materials and services	21,172	26,402	(5,230)	(25)% U
Ordered Works from Transport NSW increased significantly for road maintenance due to the floods experienced in the past few years \$1.132m; higher waste expenditure for leachate disposal \$922k; increased expenditure in Roads maintenance \$1.069m for local road repairs due to the floods; expenditure in various special project programs due to funding from Resources for Regions \$827k; and higher contractor and consultants expenditure \$425k.				
Borrowing costs	685	594	91	13% F
Additional borrowing costs were attributed to providing for the tip provision costs for Jerrys Plains as well as Singleton.				
Depreciation, amortisation and impairment of non-financial assets	15,427	14,394	1,033	7% F
Other expenses	2,355	5,133	(2,778)	(118)% U
Emergency management expenditure was significantly higher than budget due to the impact of the flood natural disaster in July 2022.				
Net loss from disposal of assets	–	2,482	(2,482)	∞ U
Net disposal of infrastructure assets, including: buildings, roads & bridges, other structures and stormwater drainage after the sale of 1-3 Bathurst Street, 6 Campbell Street and 16 Dorsman Drive.				
Statement of cash flows				
Cash flows from operating activities	25,973	37,439	11,466	44% F
There were considerably more funds, particularly, through grants and contributions to offset the higher operating expenditure than budgeted.				
Cash flows from investing activities	(29,063)	(30,703)	(1,640)	6% U
There was a higher proportion of monies spent on the purchase of investments, payment of infrastructure than the total investment sales and the proceeds from the sale of infrastructure, property, plant and equipment. There were no sales of Bridgman Ridge Estate land during the 2023 financial year, however, Lot 8 sales were budgeted.				
Cash flows from financing activities	(674)	(3,096)	(2,422)	359% U
There were significantly higher borrowing costs due to the inclusion of the Jerrys Plains waste remediation provision and the adjustment for the Singleton waste remediation provision as a result of additional valuation works that was undertaken.				

C Financial position**C1 Assets we manage****C1-1 Cash and cash equivalents**

	2023 \$ '000	2022 \$ '000
Cash assets		
Cash on hand and at bank	2,895	394
Cash equivalent assets		
– Deposits at call	6,399	5,260
Total cash and cash equivalents	9,294	5,654

Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	9,294	5,654
Balance as per the Statement of Cash Flows	9,294	5,654

Accounting policy

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

C1-2 Financial investments

	2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
Debt securities at amortised cost				
Long term deposits	65,500	3,500	29,000	26,500
NCD's, FRN's (with maturities > 3 months)	15,258	43,300	63,500	–
Total	80,758	46,800	92,500	26,500
Total financial investments	80,758	46,800	92,500	26,500
Total cash assets, cash equivalents and investments	90,052	46,800	98,154	26,500

Accounting policy

Financial instruments are recognised initially on the date that the Council becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, Council classifies its financial assets into the following categories – those measured at:

- amortised cost
- fair value through profit and loss (FVTPL)
- fair value through other comprehensive income – equity instrument (FVOCI-equity)

Financial assets are not reclassified subsequent to their initial recognition.

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C1-2 Financial investments (continued)

Amortised cost

Council's financial assets measured at amortised cost comprise trade and other receivables, term deposits and cash and cash equivalents in the Statement of Financial Position. Term deposits with an initial term of more than 3 months are classified as investments rather than cash and cash equivalents.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, impairment and gains or loss on de-recognition are recognised in profit or loss.

Fair value through other comprehensive income – equity instruments

Council has a number of strategic investments in entities over which they do not have significant influence nor control. Council has made an irrevocable election to classify these equity investments as fair value through other comprehensive income as they are not held for trading purposes.

These investments are carried at fair value with changes in fair value recognised in other comprehensive income (financial asset reserve). On disposal any balance in the financial asset reserve is transferred to accumulated surplus and is not reclassified to profit or loss.

Other net gains and losses excluding dividends are recognised in the Other Comprehensive Income Statement.

Financial assets through profit or loss

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss.

Net gains or losses, including any interest or dividend income, are recognised in profit or loss.

Council's financial assets measured at fair value through profit or loss comprise investments of FRNs and NCDs.

C1-3 Restricted and allocated cash, cash equivalents and investments

	2023 \$ '000	2022 \$ '000
(a) Externally restricted cash, cash equivalents and investments		
Total cash, cash equivalents and investments	136,852	124,654
Cash, cash equivalents and investments not subject to external restrictions	39,578	40,475
Less: Externally restricted cash, cash equivalents and investments	(97,274)	(84,179)
External restrictions		
External restrictions included in cash, cash equivalents and investments above comprise:		
Water fund	33,299	30,371
Sewer fund	19,251	19,306
Specific purpose unexpended grants – general fund	8,936	4,680
Domestic waste management	8,711	8,000
Developer contributions – water fund	7,597	7,231
Developer contributions – sewer fund	4,159	3,910
Developer contributions – general	3,314	2,726
Stormwater management	276	375
Employee leave entitlements – sewer	249	304
Employee leave entitlements – water	197	250
Specific purpose unexpended grants (recognised as revenue) – water fund	75	–
Mt Thorley Warkworth Historic Heritage Conservation Fund	439	496
External restrictions – other	86,503	77,649
Total external restrictions	97,274	84,179

Cash, cash equivalents and investments subject to external restrictions are those which are only available for specific use by Council due to a restriction placed by legislation or third-party contractual agreement.

	2023 \$ '000	2022 \$ '000
(b) Internal allocations		
Cash, cash equivalents and investments not subject to external restrictions	39,578	40,475
Less: Internally restricted cash, cash equivalents and investments	(39,149)	(40,228)
Unrestricted and unallocated cash, cash equivalents and investments	429	247

Internal allocations

At 30 June, Council has internally allocated funds to the following:

Plant and vehicle replacement	582	380
Contributions	4	102
Financial assistance grant	5,462	3,706
Interest on unexpended loans	8	–
Property (formerly Land bank development)	878	121
Land development (Developer contributions)	726	706
Local government elections	60	–
Planning Initiatives	328	–
Roads and bridges	734	–
Rural fire services	183	183
Section 355 committees	77	74
Section 7.11 (formerly Section 94 plan revision)	90	63

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C1-3 Restricted and allocated cash, cash equivalents and investments (continued)

	2023 \$ '000	2022 \$ '000
Sedgefield cemetery	357	371
Tidy towns	58	52
Infrastructure - capital works	496	1,234
Mt Owen VPA	20	20
Liddell VPA	80	108
Mt Thorley Warkworth VPA	3,419	3,430
Bulga Coal VPA	57	—
United Collieries VPA	1,058	1,265
Workplace Health & Safety	106	78
Singleton Legacy Fund:		
Community Economic Development Fund	5,945	5,903
Roads Fund	18,421	22,432
Total internal allocations	39,149	40,228
Unrestricted	275	247

Cash, cash equivalents and investments not subject to external restrictions may be internally allocated by resolution or policy of the elected Council.

C1-4 Receivables

	2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
Rates and annual charges	906	326	705	262
Interest and extra charges	168	16	153	17
User charges and fees	1,754	–	2,144	–
Private works	5	–	5	–
Accrued revenues				
– Interest on investments	1,189	–	419	–
Deferred debtors	–	13	–	13
Government grants and subsidies	2,268	–	3,333	–
Net GST receivable	782	–	519	–
Rent – council properties	6	–	5	–
Road/bridge maintenance contributions	10	–	100	–
Other debtors	838	–	1,534	–
Total	7,926	355	8,917	292
Less: provision for impairment				
Rates and annual charges	(4)	–	(6)	–
User charges and fees	(71)	–	(59)	–
Total provision for impairment	(75)	–	(65)	–
Net receivables	7,851	355	8,852	292

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C1-4 Receivables (continued)

Accounting policy

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

Impairment

Impairment of financial assets measured at amortised cost is recognised on an expected credit loss (ECL) basis.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, and when estimating ECL, the Council considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on Council's historical experience and informed credit assessment, and including forward-looking information.

When considering the ECL for rates debtors, Council takes into account that unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold. For non-rates debtors, Council uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

Credit losses are measured as the present value of the difference between the cash flows due to the entity in accordance with the contract, and the cash flows expected to be received. This is applied using a probability weighted approach.

Council uses the simplified approach for trade receivables where the expected lifetime credit losses are recognised on day 1.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Council writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the receivables are over one year past due, whichever occurs first.

None of the receivables that have been written off are subject to enforcement activity.

Where the Council renegotiates the terms of receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Rates and annual charges outstanding are secured against the property.

C1-5 Inventories

	2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
(i) Inventories at cost				
Real estate for resale	4,696	–	4,696	–
Stores and materials	296	–	252	–
Total inventories at cost	4,992	–	4,948	–
Total inventories	4,992	–	4,948	–

(i) Other disclosures

	Notes	2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
(a) Details for real estate development					
Residential		3,929	–	3,929	–
Industrial/commercial		767	–	767	–
Total real estate for resale		4,696	–	4,696	–
(Valued at the lower of cost and net realisable value)					
Represented by:					
Acquisition costs		3,504	–	3,504	–
Development costs		1,071	–	1,071	–
Borrowing costs		12	–	12	–
Other holding costs		109	–	109	–
Total costs		4,696	–	4,696	–
Total real estate for resale		4,696	–	4,696	–
Movements:					
Real estate assets at beginning of the year		4,696	–	4,713	–
– Purchases and other costs		–	–	4,908	–
– WDV of sales (expense)	B4-1	–	–	(4,925)	–
Total real estate for resale		4,696	–	4,696	–

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

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

	2023 \$ '000	2022 \$ '000
Real estate for resale	4,696	4,908
	4,696	4,908

Accounting policy

Raw materials and stores, work in progress and finished goods

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on the 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.

C1-5 Inventories (continued)

Land held for resale

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 30 June 2023

C1-6 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2022 ²			Asset movements during the reporting period									At 30 June 2023		
	Gross carrying amount ²	Accumulated depreciation and impairment ²	Net carrying amount ²	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers renewals ¹	WIP transfers new assets	Transfers between asset classes	Other movements	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Capital work in progress	23,175	–	23,175	–	15,682	–	–	(9,484)	(1,923)	–	–	–	27,450	–	27,450
Plant and equipment	16,305	(10,663)	5,642	–	613	(85)	(1,011)	–	–	–	–	–	16,475	(11,316)	5,159
Office equipment	733	(712)	21	–	–	–	(7)	–	–	–	–	–	733	(719)	14
Furniture and fittings	1,823	(1,680)	143	–	–	–	(34)	–	–	–	–	–	1,822	(1,713)	109
Land:															
– Operational land ²	24,659	–	24,659	–	–	(569)	–	–	–	13	–	2,785	26,888	–	26,888
– Community land	16,252	–	16,252	–	–	(8)	–	–	–	(13)	–	8,399	24,631	–	24,631
– Land under roads (post 30/6/08)	16	–	16	–	–	–	–	–	–	–	–	–	16	–	16
Land improvements – non-depreciable	2,727	–	2,727	–	–	(17)	–	–	–	(220)	–	237	2,727	–	2,727
Land improvements – depreciable	2,393	(914)	1,479	–	–	–	(82)	–	–	–	–	82	2,534	(1,055)	1,479
Infrastructure:															
– Buildings	84,779	(16,757)	68,022	561	–	(1,293)	(1,234)	192	–	(72)	–	(2,207)	85,008	(21,039)	63,969
– Other structures	8,007	(3,162)	4,845	–	–	–	(195)	–	–	–	–	274	8,481	(3,557)	4,924
– Roads	317,668	(96,829)	220,839	1,916	69	(631)	(4,243)	5,964	127	4	–	12,722	342,681	(105,914)	236,767
– Bridges	70,343	(25,992)	44,351	1,478	856	(112)	(521)	1,700	87	–	–	2,575	77,994	(27,580)	50,414
– Footpaths	16,814	(3,134)	13,680	38	143	(37)	(132)	–	74	42	–	799	18,058	(3,451)	14,607
– Other road assets	20,278	(4,599)	15,679	67	439	(43)	(253)	16	564	–	–	906	22,465	(5,090)	17,375
– Bulk earthworks (non-depreciable)	273,660	–	273,660	518	–	(664)	–	979	21	–	–	15,957	290,471	–	290,471
– Stormwater drainage	137,332	(26,762)	110,570	155	163	(65)	(1,004)	358	895	–	–	6,440	146,883	(29,371)	117,512
– Water supply network	169,347	(69,535)	99,812	–	–	–	(2,324)	–	–	–	–	7,516	182,403	(77,399)	105,004
– Sewerage network	89,442	(36,585)	52,857	–	–	–	(1,218)	–	–	–	–	3,981	96,338	(40,718)	55,620
– Swimming pools	5,023	(1,275)	3,748	–	–	–	(66)	–	–	(17)	–	520	5,671	(1,486)	4,185
– Other open space/recreational assets	45,679	(20,631)	25,048	625	–	(113)	(1,280)	275	155	263	–	1,322	49,445	(23,150)	26,295
Other assets:															
– Library books	874	(592)	282	–	77	–	(72)	–	–	–	–	–	951	(664)	287
– Art collection	426	–	426	–	–	–	–	–	–	–	–	1	427	–	427
Reinstatement, rehabilitation and restoration assets (refer C3-5):															
– Tip assets ²	17,699	(3,945)	13,754	–	–	–	(159)	–	–	–	(59)	–	17,484	(3,948)	13,536
Total infrastructure, property, plant and equipment	1,345,454	(323,767)	1,021,687	5,358	18,042	(3,637)	(13,835)	–	–	–	(59)	62,309	1,448,036	(358,170)	1,089,866

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

(2) Restated - see Note G4-1

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C1-6 Infrastructure, property, plant and equipment (continued)

	At 1 July 2021			Asset movements during the reporting period						At 30 June 2022 ²		
	Gross carrying amount ² Restated	Accumulated depreciation and impairment ² Restated	Net carrying amount Restated	Additions renewals ¹	Additions new assets	Carrying value of disposals	Depreciation expense ²	WIP transfers	Revaluation increments to equity (ARR)	Gross carrying amount ²	Accumulated depreciation and impairment ²	Net carrying amount ²
By aggregated asset class	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Capital work in progress	25,466	–	25,466	9,021	1,140	–	–	(12,452)	–	23,175	–	23,175
Plant and equipment	16,361	(11,983)	4,378	1,568	790	(53)	(1,041)	–	–	16,305	(10,663)	5,642
Office equipment	762	(733)	29	–	–	–	(8)	–	–	733	(712)	21
Furniture and fittings	1,824	(1,631)	193	–	–	–	(50)	–	–	1,823	(1,680)	143
Land:												
– Operational land	21,740	–	21,740	–	–	–	–	–	2,919	24,659	–	24,659
– Community land	14,144	–	14,144	–	–	–	–	–	2,107	16,252	–	16,252
– Land under roads (post 30/6/08)	8	–	8	–	8	–	–	–	–	16	–	16
Land improvements – non-depreciable	2,598	–	2,598	–	129	–	–	–	–	2,727	–	2,727
Land improvements – depreciable	2,417	(864)	1,553	–	–	(12)	(62)	–	–	2,393	(914)	1,479
Infrastructure:												
– Buildings	70,306	(14,118)	56,188	1,650	2,766	(957)	(1,001)	2,351	7,025	84,779	(16,757)	68,022
– Other structures	7,175	(2,829)	4,346	377	–	–	(153)	–	275	8,007	(3,162)	4,845
– Roads	289,015	(85,668)	203,347	1,435	1,224	(845)	(3,755)	1,464	17,969	317,668	(96,829)	220,839
– Bridges	64,616	(23,467)	41,149	24	–	(27)	(465)	8	3,662	70,343	(25,992)	44,351
– Footpaths	13,125	(3,146)	9,979	965	252	(257)	(97)	1,966	872	16,814	(3,134)	13,680
– Other road assets (including bulk earthworks)	18,055	(4,023)	14,032	259	–	(14)	(212)	376	1,238	20,278	(4,599)	15,679
– Bulk earthworks (non-depreciable)	250,164	–	250,164	–	974	(17)	–	–	22,539	273,660	–	273,660
– Stormwater drainage	124,251	(23,727)	100,524	753	–	(306)	(909)	1,576	8,932	137,332	(26,762)	110,570
– Water supply network	172,019	(77,598)	94,421	373	–	–	(2,578)	2,960	4,636	169,347	(69,535)	99,812
– Sewerage network	85,867	(33,580)	52,287	156	16	–	(1,274)	–	1,672	89,442	(36,585)	52,857
– Swimming pools	4,609	(1,108)	3,501	–	–	–	(62)	–	309	5,023	(1,275)	3,748
– Other open space/recreational assets	38,254	(17,553)	20,701	2,267	431	(132)	(1,587)	1,751	1,617	45,679	(20,631)	25,048
Other assets:												
– Library books	812	(536)	276	62	–	–	(56)	–	–	874	(592)	282
– Art collection	426	–	426	–	–	–	–	–	–	426	–	426
Reinstatement, rehabilitation and restoration assets (refer C3-5):												
– Tip assets	17,699	(3,639)	14,060	–	–	–	(306)	–	–	17,699	(3,945)	13,754
Total infrastructure, property, plant and equipment	1,241,713	(306,203)	935,510	18,910	7,730	(2,620)	(13,616)	–	75,772	1,345,454	(323,767)	1,021,687

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

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C1-6 Infrastructure, property, plant and equipment (continued)

Accounting policy

Initial recognition of infrastructure, property, plant and equipment (IPPE)

IPPE is measured initially at cost. Cost includes the fair value of the consideration given to acquire the asset (net of discounts and rebates) and any directly attributable cost of bringing the asset to working condition for its intended use (inclusive of import duties and taxes).

When infrastructure, property, plant and equipment is acquired by Council at significantly below fair value, the assets are initially recognised at their fair value at acquisition date.

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.

Useful lives of IPPE

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

Plant and equipment	Years	Other equipment	Years
Office equipment	5 to 10	Playground equipment	10 to 25
Office furniture	10 to 20	Benches, seats etc.	15 to 100
Vehicles	5	Buildings	
Heavy plant/road making equipment	5 to 10	Buildings: masonry	30 to 180
Other plant and equipment	5 to 10	Buildings: other	10 to 110
Water and sewer assets		Stormwater assets	
Dams and reservoirs	40 to 100	Drains	80 to 115
Bores	60	Culverts	70 to 80
Reticulation pipes: PVC	70 to 80	Flood control structures	50 to 80
Reticulation pipes: other	25 to 140		
Pumps and telemetry	10 to 20		
Transportation assets		Other infrastructure assets	
Sealed roads: surface	15 to 25	Bulk earthworks	infinite
Sealed roads: structure	60 to 120	Swimming pools	35 to 50
Unsealed roads	20 to 30	Unsealed roads	45 to 85
Bridge: concrete	80 to 185	Other open space/recreational assets	20 to 120
Bridge: other	50 to 100	Other infrastructure	20 to 50
Road pavements	60		
Kerb, gutter and footpaths	37 to 100		

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Revaluation model

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

Water and sewerage network assets are indexed at each reporting period in accordance with the Rates Reference Manual issued by Department of Planning, Industry and Environment – Water.

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

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C1-6 Infrastructure, property, plant and equipment (continued)

Land under roads

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

Council has elected not to recognise land under roads acquired before 1 July 2008. Land under roads acquired after 1 July 2008 is recognised in accordance with the IPPE accounting policy.

Crown reserves

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

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

Rural Fire Service assets

Under Section 119 of the *Rural Fire Services Act 1997 (NSW)*, "all firefighting 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 firefighting equipment has been purchased or constructed".

These Rural Fire Service assets are recognised as assets of the Council in these financial statements.

Infrastructure, property, plant and equipment – current year impairments

C1-7 Other

Other assets

	2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
Prepayments	3	–	178	–
Total other assets	3	–	178	–

C2 Leasing activities

C2-1 Council as a lessee

Council has leases over a range of assets including IT equipment, Desktop Telephones, Landfill Compactor and Gym Equipment. Information relating to the leases in place and associated balances and transactions is provided below.

Other - Gym Equipment

Council has a lease for Gym Equipment for five years that will expire in 2026.

Remediation asset (Tip asset)

Council leases a Landfill Compactor for remediation purposes. The current lease arrangement is for a period of seven years and will end in 2028.

Office and IT equipment

Council leases the majority of its IT equipment, multifunctional printing devices, telephone system and web streaming equipment for council meetings. The leases vary in years, the payments are fixed, however, one lease for multifunctional printing devices for the Rural Fire Service does include variable payments based on usage.

(a) Right of use assets

	Leased Office Equipment \$ '000	Leased Remediation Asset \$ '000	Other - Gym Equipment \$ '000	Total \$ '000
2023				
Opening balance at 1 July	1,005	833	201	2,039
Additions to right-of-use assets	11	–	–	11
Adjustments to right-of-use assets due to re-measurement of lease liability	241	–	–	241
Depreciation charge	(415)	(130)	(43)	(588)
Balance at 30 June	842	703	158	1,703
2022				
Opening balance at 1 July	782	963	244	1,989
Additions to right-of-use assets	380	–	–	380
Adjustments to right-of-use assets due to re-measurement of lease liability	166	–	–	166
Depreciation charge	(323)	(130)	(43)	(496)
Balance at 30 June	1,005	833	201	2,039

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C2-1 Council as a lessee (continued)

(b) Lease liabilities

	2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
Lease liabilities	406	808	554	1,130
Total lease liabilities	406	808	554	1,130

(c) (i) The maturity analysis

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

	< 1 year \$ '000	1 – 5 years \$ '000	> 5 years \$ '000	Total \$ '000	Total per Statement of Financial Position \$ '000
2023					
Cash flows	428	807	32	1,267	1,214
2022					
Cash flows	585	997	185	1,767	1,684

(ii) Lease liabilities relating to restricted assets

	2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
Externally restricted assets				
Waste (Landfill Compactor)	137	559	135	697
Lease liabilities relating to externally restricted assets	137	559	135	697
Total lease liabilities relating to restricted assets	137	559	135	697
Total lease liabilities relating to unrestricted assets	269	249	419	433
Total lease liabilities	406	808	554	1,130

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C2-1 Council as a lessee (continued)**(d) Income Statement**

The amounts recognised in the Income Statement relating to leases where Council is a lessee are shown below:

	2023 \$ '000	2022 \$ '000
Interest on lease liabilities	32	40
Variable lease payments based on usage not included in the measurement of lease liabilities	3	4
Depreciation of right of use assets	588	496
Expenses relating to low-value leases	8	24
	631	564

(e) Statement of Cash Flows

Total cash outflow for leases	764	744
	764	744

(f) Leases at significantly below market value – concessionary / peppercorn leases**Accounting policy**

At inception of a contract, Council assesses whether a lease exists – i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration?

Council has elected not to separate non-lease components from lease components for any class of asset and has accounted for payments as a single component.

At the lease commencement, Council recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where Council believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises: the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration, less any lease incentives received. The right-of-use asset is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of asset accounting policy.

The lease liability is initially recognised at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Council's incremental borrowing rate for a similar term with similar security is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is re-measured when there is a lease modification, or change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI).

Where the lease liability is re-measured, the right-of-use asset is adjusted to reflect the re-measurement.

Exceptions to lease accounting

Council has applied the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. Council recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

Leases at significantly below market value / Concessionary leases

Council has elected to measure the right of use asset arising from the concessionary leases at cost which is based on the associated lease liability at initial recognition.

C2-2 Council as a lessor

Operating leases

Council leases out a number of properties and buildings to community groups; these leases have been classified as operating leases for financial reporting purposes and the assets are included in IPP&E (refer in this note part (v) below) in the Statement of Financial Position.

The amounts recognised in the Income Statement relating to operating leases where Council is a lessor are shown below:

	2023 \$ '000	2022 \$ '000
Other	72	78
Total repairs and maintenance to operating leases	72	78
Lease income (excluding variable lease payments not dependent on an index or rate)	266	188
Total income relating to operating leases for Council assets	266	188
Other leased assets expenses		
Other	177	120
Total expenses relating to other leases assets	177	120

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C2-2 Council as a lessor (continued)

Reconciliation of IPPE assets leased out as operating leases

	Leased Buildings 2023 \$ '000	Leased Buildings 2022 \$ '000	Rental House 2023 \$ '000	Rental House 2022 \$ '000	Leased Land 2023 \$ '000	Leased Land 2022 \$ '000	Other Rental Property 2023 \$ '000	Other Rental Property 2022 \$ '000
Opening balance as at 1 July	3,822	3,867	551	557	261	261	11,116	11,267
Depreciation expense	(48)	(45)	(7)	(6)	–	–	(232)	(151)
Revaluation increments to equity (ARR)	2,094	–	84	–	295	–	2,097	–
Closing balance as at 30 June	5,868	3,822	628	551	556	261	12,981	11,116

Accounting policy

When Council is a lessor, the lease is classified as either an operating or finance lease at inception date, based on whether substantially all of the risks and rewards incidental to ownership of the asset have been transferred to the lessee. If the risks and rewards have been transferred then the lease is classified as a finance lease, otherwise it is an operating lease.

When Council has a sub-lease over an asset and is the intermediate lessor then the head lease and sub-lease are accounted for separately. The classification of the sub-lease is based on the right-of-use asset which arises from the head lease rather than the useful life of the underlying asset.

If the lease contains lease and non-lease components, the non-lease components are accounted for in accordance with AASB 15 *Revenue from Contracts with Customers*.

The lease income is recognised on a straight-line basis over the lease term for an operating lease and as finance income using amortised cost basis for finance leases.

C3 Liabilities of Council**C3-1 Payables**

	2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
Payables				
Interest on leases	2	–	3	–
Prepaid water charges	216	–	182	–
Prepaid rates	742	–	714	–
Goods and services – operating expenditure	2,681	–	5,497	–
Accrued expenses:				
– Salaries and wages	1,088	–	940	–
– Other expenditure accruals	1,368	–	1,407	–
Security bonds, deposits and retentions	879	–	770	–
Total payables	6,976	–	9,513	–

Current payables not anticipated to be settled within the next twelve months

	2023 \$ '000	2022 \$ '000
The following liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Payables – security bonds, deposits and retentions	65	107
Total payables	65	107

Accounting policy

Council measures all financial liabilities initially at fair value less transaction costs. Subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

Payables

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

C3-2 Contract Liabilities

		2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
	Notes				
Grants and contributions received in advance:					
Unexpended capital grants (to construct Council controlled assets)	(i)	9,938	–	522	–
Unexpended operating grants (received prior to performance obligation being satisfied)	(ii)	345	–	615	–
Total grants received in advance		10,283	–	1,137	–
User fees and charges received in advance:					
Upfront fees	(iii)	181	–	247	–
Total user fees and charges received in advance		181	–	247	–
Total contract liabilities		10,464	–	1,384	–

Notes

(i) Council has received funding for the following projects:

Project	\$'000
Civic Centre Courtyard Beautification	154
Resources for Region Round 9	6,915
Broke Shared Path	309
Singleton Track & Field New Amenities	309
DRRF	236
Stronger Country Communities	817
ECSAP	530
Gibbs Bridge	358
R4R8 - Cook Park covered seating	152
R4R8 - Lake St Clair Recreation Park Improvement	79
R4R8 - Public Amenity Streetscape Improvement	79
Total	\$9,938

The funds received are under an enforceable contract which require Council to construct an identified asset which will be under Council's control on completion. The revenue is recognised as Council constructs the asset and the contract liability reflects the funding received which cannot yet be recognised as revenue. The revenue is expected to be recognised in the next 12 months.

(ii) Council has received funding for the following projects:

Project	\$'000
Black Summer Bushfire Grant Local Stream - Equipment & Signage	100
Black Summer Bushfire Grant Local Stream - Emergency Signage & Tank	240
Black Summer Bushfire Grant Local Stream - Mobile Phone Boosters	5
Total	\$345

(iii) Upfront fees for camping, childcare and development applications, do not meet the definition of a performance obligation and therefore the funds are recorded as a contract liability on receipt and recognised as revenue as control of goods or services are transferred.

Upfront Fees	\$'000
Lake St Clair Camping Fees	83
Childcare	59
DA Fees	39
Total	181

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C3-2 Contract Liabilities (continued)

Revenue recognised that was included in the contract liability balance at the beginning of the period

	2023 \$ '000	2022 \$ '000
Grants and contributions received in advance:		
Capital grants (to construct Council controlled assets)	358	1,038
Operating grants (received prior to performance obligation being satisfied)	515	–
User fees and charges received in advance:		
Childcare fees, Lake St Clair camping fees and Development Application fees	238	155
Total revenue recognised that was included in the contract liability balance at the beginning of the period	1,111	1,193

Accounting policy

Contract liabilities are recorded when consideration is received from a customer / fund provider prior to Council transferring a good or service to the customer, Council presents the funds which exceed revenue recognised as a contract liability.

C3-3 Borrowings

	2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
Loans – secured ¹	2,272	11,633	2,343	13,936
Total borrowings	2,272	11,633	2,343	13,936

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

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

Current borrowings not anticipated to be settled within the next twelve months

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

(a) Changes in liabilities arising from financing activities

	2022		Non-cash movements		2023
	Opening Balance \$ '000	Cash flows \$ '000	Acquisition \$ '000	Other non-cash movement \$ '000	Closing balance \$ '000
Loans – secured	16,279	(2,374)	–	–	13,905
Lease liability (Note C2-1b)	1,684	(470)	–	–	1,214
Total liabilities from financing activities	17,963	(2,844)	–	–	15,119

	2021		Non-cash movements		2022
	Opening Balance \$ '000	Cash flows \$ '000	Acquisition \$ '000	Other non-cash movement \$ '000	Closing balance \$ '000
Loans – secured	10,846	(2,360)	7,793	–	16,279
Lease liability (Note C2-1b)	1,966	(663)	381	–	1,684
Total liabilities from financing activities	12,812	(3,023)	8,174	–	17,963

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C3-3 Borrowings (continued)

(b) Financing arrangements

	2023 \$ '000	2022 \$ '000
Total facilities		
Bank overdraft facilities ¹	1,000	1,000
Credit cards/purchase cards	200	200
Total financing arrangements	1,200	1,200
Undrawn facilities		
– Bank overdraft facilities	1,000	1,000
– Credit cards/purchase cards	200	200
Total undrawn financing arrangements	1,200	1,200

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

Accounting policy

Council measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

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

C3-4 Employee benefit provisions

	2023 Current \$ '000	2023 Non-current \$ '000	2022 Current \$ '000	2022 Non-current \$ '000
Annual leave	2,321	–	2,206	–
Long service leave	2,673	252	2,474	238
Total employee benefit provisions	4,994	252	4,680	238

Current employee benefit provisions not anticipated to be settled within the next twelve months

	2023 \$ '000	2022 \$ '000
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	2,890	2,641
	2,890	2,641

Description of and movements in provisions

	ELE provisions		
	Annual leave \$ '000	Long service leave \$ '000	Total \$ '000
2023			
At beginning of year	2,206	2,712	4,918
Other	115	213	328
Total ELE provisions at end of year	2,321	2,925	5,246
2022			
At beginning of year	1,997	3,329	5,326
Other	209	(617)	(408)
Total ELE provisions at end of year	2,206	2,712	4,918

Accounting policy

Employee benefit provisions are presented as current liabilities in the Statement of Financial Position if Council does not have an unconditional right to defer settlement for at least 12 months after the reporting date, regardless of when the actual settlement is expected to occur and therefore all annual leave and vested long service leave (or that which vests within 12 months) is presented as current.

Short-term obligations

Liabilities for wages and salaries (including non-monetary benefits and annual leave are 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 is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

Other long-term employee benefit obligations

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

On-costs

The employee benefit provisions include the aggregate on-cost liabilities that will arise when payment of current employee benefits is made in future periods.

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C3-4 Employee benefit provisions (continued)

These amounts include superannuation, payroll tax and workers compensation expenses which will be payable upon the future payment of certain leave liabilities which employees are entitled to at the end of the reporting period.

C3-5 Provisions

	2023 Current \$ '000	2023 Non-Current \$ '000	2022 Current Restated \$ '000	2022 ¹ Non-Current Restated \$ '000
Asset remediation/restoration:				
Asset remediation/restoration (future works)	–	25,528	–	23,823
Sub-total – asset remediation/restoration	–	25,528	–	23,823
Total provisions	–	25,528	–	23,823

(1) Restated - see Note G4-1

Current provisions not anticipated to be settled within the next twelve months

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

Description of and movements in provisions

	Other provisions	
	Asset remediation ¹ \$ '000	Total \$ '000
2023		
At beginning of year	23,823	23,823
Unwinding of discount (see Note B3-3)	183	183
Reassessment of costs	1,389	1,389
Other	133	133
Total other provisions at end of year	25,528	25,528
2022		
At beginning of year	23,601	23,601
Unwinding of discount (see Note B3-3)	222	222
Total other provisions at end of year	23,823	23,823

(1) Restated 2022 - see Note G4-1

Nature and purpose of provisions

Asset remediation

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

Accounting policy

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

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

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

Asset remediation – tips

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

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C3-5 Provisions (continued)

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, e.g. updated cost estimates and revisions to the estimated lives of operations, and are subject to formal review at regular intervals.

Rehabilitation

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

Provision is made for the estimated present value of the costs of environmental clean-up obligations outstanding at the reporting date. These costs are charged to the Income Statement. Movements in the environmental clean-up provisions are presented as an operating cost, except for the unwinding of the discount which is shown as a borrowing cost.

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

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

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

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

C4 Reserves

C4-1 Nature and purpose of reserves

IPPE Revaluation reserve

The infrastructure, property, plant and equipment (IPPE) revaluation reserve is used to record increments and decrements in the revaluation of infrastructure, property, plant and equipment.

Fair value through other comprehensive income reserve (FVOCI)

Changes in the fair value of financial assets are taken through the fair value through other comprehensive income revaluation reserve. The accumulated changes in fair value are transferred to profit or loss when the financial asset is derecognised or impaired.

D Council structure**D1 Results by fund**

General fund refers to all Council activities other than water and sewer. All amounts disclosed in this note are gross i.e. inclusive of internal charges and recoveries made between the funds. Assets and liabilities shown in the water and sewer columns are restricted for use for these activities.

D1-1 Income Statement by fund

	General 2023 \$ '000	Water 2023 \$ '000	Sewer 2023 \$ '000
Income from continuing operations			
Rates and annual charges	29,415	1,300	4,203
User charges and fees	13,390	6,133	1,548
Interest and investment revenue	2,241	1,065	678
Other revenues	740	17	17
Grants and contributions provided for operating purposes	15,207	13	8
Grants and contributions provided for capital purposes	9,485	403	219
Other income	279	—	—
Total income from continuing operations	70,757	8,931	6,673
Expenses from continuing operations			
Employee benefits and on-costs	22,746	1,044	1,246
Materials and services	20,995	3,666	1,741
Borrowing costs	449	80	65
Depreciation, amortisation and impairment of non-financial assets	10,520	2,534	1,340
Other expenses	5,135	(2)	—
Net losses from the disposal of assets	2,548	(66)	—
Total expenses from continuing operations	62,393	7,256	4,392
Operating result from continuing operations	8,364	1,675	2,281
Net operating result for the year	8,364	1,675	2,281
Net operating result attributable to each council fund	8,364	1,675	2,281
Net operating result for the year before grants and contributions provided for capital purposes	(1,121)	1,272	2,062

D1-2 Statement of Financial Position by fund

	General 2023 \$ '000	Water 2023 \$ '000	Sewer 2023 \$ '000
ASSETS			
Current assets			
Cash and cash equivalents	9,294	—	—
Investments	15,900	41,168	23,690
Receivables	5,783	1,542	526
Inventories	4,992	—	—
Other	3	—	—
Total current assets	35,972	42,710	24,216
Non-current assets			
Investments	46,800	—	—
Receivables	355	—	—
Infrastructure, property, plant and equipment	903,046	117,174	69,646
Right of use assets	1,703	—	—
Total non-current assets	951,904	117,174	69,646
Total assets	987,876	159,884	93,862
LIABILITIES			
Current liabilities			
Payables	6,760	216	—
Contract liabilities	10,464	—	—
Lease liabilities	406	—	—
Borrowings	1,571	296	405
Employee benefit provision	4,564	190	240
Total current liabilities	23,765	702	645
Non-current liabilities			
Lease liabilities	808	—	—
Borrowings	6,598	2,453	2,582
Employee benefit provision	236	7	9
Provisions	25,528	—	—
Total non-current liabilities	33,170	2,460	2,591
Total liabilities	56,935	3,162	3,236
Net assets	930,941	156,722	90,626
EQUITY			
Accumulated surplus	438,318	67,452	51,533
Revaluation reserves	492,623	89,270	39,093
Council equity interest	930,941	156,722	90,626
Total equity	930,941	156,722	90,626

E Risks and accounting uncertainties

E1-1 Risks relating to financial instruments held

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's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital. The finance team manages the cash and Investments portfolio with the assistance of independent advisors. Council has an investment policy which complies with the s 625 of the Act and the Ministerial Investment Order. The policy is regularly reviewed by Council and a monthly investment report is provided to Council setting out the make-up performance of the portfolio as required by local government regulations.

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 team under policies approved by the Councillors.

(a) Market risk – interest rate and price risk

	2023 \$ '000	2022 \$ '000
The impact on result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.		
Impact of a 1% movement in interest rates		
– Equity / Income Statement	1,369	1,247
Impact of a 10% movement in price of investments		
– Equity / Income Statement	5,869	6,563

continued on next page ...

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E1-1 Risks relating to financial instruments held (continued)**(b) Credit risk**

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

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

Council manages the credit risk associated with these receivables by monitoring outstanding debt and employing stringent debt recovery procedures. Council also encourages ratepayers to pay their rates by the due date through incentives.

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

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

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

The level of outstanding receivables is reported to Council monthly, and benchmarks are set and monitored for acceptable collection performance. The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivable in the financial statements.

Credit risk profile**Receivables – rates and annual charges**

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.

Receivables - non-rates and annual charges and contract assets

Council applies the simplified approach for non-rates and annual charges debtors and contract assets to provide for expected credit losses, which permits the use of the lifetime expected loss provision at inception. To measure the expected credit losses, non-rates and annual charges debtors and contract assets have been grouped based on shared credit risk characteristics and the days past due.

The loss allowance provision is determined as follows. The expected credit losses incorporate forward-looking information.

	Not yet overdue \$ '000	0 - 30 days \$ '000	Overdue debts			Total \$ '000
			31 - 60 days \$ '000	61 - 90 days \$ '000	> 91 days \$ '000	
2023						
Gross carrying amount	6,725	30	193	24	77	7,049
Expected loss rate (%)	0.04%	1.40%	11.40%	28.40%	50.40%	1.00%
ECL provision	3	–	22	7	39	71
2022						
Gross carrying amount	7,859	265	15	32	71	8,242
Expected loss rate (%)	0.08%	2.10%	12.10%	29.10%	51.10%	0.72%
ECL provision	6	6	2	9	36	59

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E1-1 Risks relating to financial instruments held (continued)

(c) Liquidity risk

Payables, lease liabilities 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 by maintaining an adequate cash buffer. Payment terms can be extended, and overdraft facilities drawn upon in extenuating circumstances.

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

The finance team regularly reviews interest rate movements to determine if it would be advantageous to refinance or renegotiate part or all of the loan portfolio.

The timing of cash flows presented in the table below to settle financial liabilities reflects the earliest contractual settlement dates. The timing of expected outflows is not expected to be materially different from contracted cashflows.

The amounts disclosed in the table are the undiscounted contracted cash flows for non-lease liabilities (refer to Note C2-1(b) for lease liabilities) and therefore the balances in the table may not equal the balances in the Statement of Financial Position due to the effect of discounting.

	Weighted average interest rate %	Subject to no maturity \$ '000	payable in: ≤ 1 Year \$ '000	1 - 5 Years \$ '000	> 5 Years \$ '000	Contractual total cash outflows \$ '000	Carrying values \$ '000
2023							
Borrowings	2.43%	–	2,272	6,702	4,930	13,904	13,905
Payables	0.00%	879	5,828	–	–	6,707	6,976
Total financial liabilities		879	8,100	6,702	4,930	20,611	20,881
2022							
Borrowings	2.57%	–	2,372	8,978	4,929	16,279	16,279
Payables	0.00%	770	8,743	–	–	9,513	9,513
Total financial liabilities		770	11,115	8,978	4,929	25,792	25,792

E2-1 Fair value measurement

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

– Infrastructure, property, plant and equipment

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

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

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

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

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

Fair value measurement hierarchy								
\$ '000	Notes	Date of latest comprehensive valuation 2023	Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
			2023	2022 ¹	2023	2022 Restated	2023	2022 ¹ Restated
Recurring fair value measurements								
Infrastructure, property, plant and equipment		C1-6						
Plant and equipment	Various		—	—	5,159	5,642	5,159	5,642
Office equipment	Various		—	—	14	21	14	21
Furniture and fittings	Various		—	—	109	143	109	143
Land – operational	30/06/23		26,888	—	—	24,659	26,888	24,659
Land – community	30/06/23		—	—	24,631	16,252	24,631	16,252
Land under roads	30/06/22		—	—	16	16	16	16
Non depreciable land improvements	30/06/21		—	—	2,727	2,727	2,727	2,727
Depreciable land improvements	30/06/21		—	—	1,479	1,479	1,479	1,479
Buildings	30/06/23		1,680	—	62,289	68,022	63,969	68,022
Other structures	30/06/21		—	—	4,924	4,845	4,924	4,845
Roads	30/06/20		—	—	236,767	220,839	236,767	220,839
Bridges	30/06/20		—	—	50,414	44,351	50,414	44,351
Footpaths	30/06/20		—	—	14,607	13,680	14,607	13,680
Other road assets	30/06/20		—	—	17,375	15,679	17,375	15,679
Bulk earthworks (non deprec.)	30/06/20		—	—	290,471	273,660	290,471	273,660
Stormwater drainage	30/06/20		—	—	117,512	110,570	117,512	110,570
Water supply network	30/06/22		—	—	105,004	99,812	105,004	99,812
Sewerage network	30/06/22		—	—	55,620	52,857	55,620	52,857
Swimming Pools	30/06/23		—	—	4,185	3,748	4,185	3,748
Other open space/recreational assets	30/06/21		—	—	26,295	25,048	26,295	25,048
Library books	Various		—	—	287	282	287	282
Art Collection	30/06/23		—	—	427	426	427	426
Tip asset	30/06/23		—	—	13,536	13,754	13,536	13,754
Total infrastructure, property, plant and equipment			28.568	—	1.033,848	998,512	1.062,416	998,512

(1) Restated - see Note G4-1

Valuation techniques

continued on next page ...

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E2-1 Fair value measurement (continued)

Pre-amble

Where Council is unable to derive fair valuations using quoted market prices of identical assets (ie. 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:

Infrastructure, property, plant and equipment (IPPE)

Property, Plant & Equipment, Furniture & Fittings

Council's Plant & Equipment, Furniture & Fittings incorporates:

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

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

The unobservable Level 3 inputs used include:

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

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

Operational Land

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

Council obtains its fair values for operational land from an external valuer every 5 years (last external valuation being 2023) 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 2 inputs used include:

- Components
- Unit Rates / Overall Value
- Consumption Scores & Valuation Profiles
- Residual Value

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.

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E2-1 Fair value measurement (continued)

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

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

Council fair values community land using unbearable Level 3 inputs based on inputs on either the UCV(Unimproved Capital Value) provided by the Valuer General or an average unit rate based on the UCV and allocated by Council against those properties where the Valuer General did not provide a UCV. The last valuation undertaken was base dated 1 July 2022.

Land Improvements

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

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

The unobservable Level 3 inputs used include:

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

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

Property- Buildings (Specialised and non-Specialised)

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

Council carries fair values building using level 2 & 3 inputs. Valuations are generally carried out by an external valuer, APV 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 2 & 3 inputs.

The unobservable Level 2 inputs used include:

- Components
- Unit Rates / Overall Value
- Consumption Scores & Valuation Profiles
- Residual Value

The unobservable Level 3 inputs used include:

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

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E2-1 Fair value measurement (continued)

Other Structures

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

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

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

The unobservable Level 3 inputs used include:

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

Roads, Bridges & Footpaths

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

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

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

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

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

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

The unobservable Level 3 inputs used include:

- Pattern of Consumption
- Useful life
- Asset Condition
- Remaining Life of Carriageway
- Gross Replacement Cost.

Stormwater Drainage

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

Council carries fair values drainages assets (non-componentised) using Level 3 inputs.

The unobservable Level 3 inputs used include:

- Pattern of Consumption
- Asset Condition
- Gross Replacement Cost.

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E2-1 Fair value measurement (continued)

Water Supply Network

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

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

Council's water supply network was externally revalued 30 June 2022.

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 Department of Primary Industries Water.

Council's Sewer supply network was externally revalued 30 June 2022.

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.

Fair value measurements using significant unobservable inputs (level 3)

The valuation process for level 3 fair value measurements

Plant, equipment, office equipment, furniture, fittings and library books

These assets are reported at depreciated historical cost. In light of the nature and value of Council plant and equipment, the Office of Local Government has stated that the fair value of these assets is unlikely to be materially different from depreciated historical cost.

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

Operational Land

Operational land was last valued in 2023 by APV Valuers & Asset Management. The Market Approach has been used to value this asset class. APV Valuers have valued operational land by obtaining market evidence through the direct comparison approach. Council reviewed the valuation report and discussed significant movements with APV Valuers.

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E2-1 Fair value measurement (continued)

Community Land

Community land was last valued in 2023. Council staff carried out the valuation. Council staff determined the average unit value of land within the Singleton local government area using the Valuer General's valuations. Community land is subject to restrictions which the Valuer General has taken into account when applying discounts to the market price based on sales of similar assets.

Land Under Roads

Land under roads, that came into Council's control post 1 July 2008, was valued in 2022. Council staff determined the average unit value of land within the Singleton local government area using the Valuer General's valuations at 30 June 2022.

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

Buildings - Non Specialised

The last valuation was undertaken externally in 2023 by independent qualified valuers APV Valuers & Asset Management. The Market Approach has been used to value this asset class. APV Valuers have valued non-specialised buildings by obtaining market evidence through the direct comparison approach. Council reviewed the valuation report and discussed significant movements with APV Valuers.

Buildings - Specialised and Swimming Pools

The last valuation was undertaken externally in 2023 by independent qualified valuers APV Valuers & Asset Management. The Market Approach has been used to value this asset class. APV Valuers & Asset Management have valued non-specialised buildings and swimming pools by obtaining market evidence through the direct comparison approach. Council reviewed the valuation report and discussed significant movements with APV Valuers.

Infrastructure Assets

Roads and Bulk Earthworks

The last valuation was undertaken in 2020 using cost approach methodology with methodology being externally reviewed by APV Valuers & Asset Management. The valuation was undertaken in accordance with the NSW Office of Local Government's Guidelines, AASB13 and AASB1126 using cost-bases measurement.

Footpaths and Other Road Assets

The last valuation was undertaken externally in 2020 by independent qualified valuers, APV. The valuation was undertaken using current replacement cost due to there being no active market for this class of asset.

Bridges

The last valuation was undertaken externally in 2020 by independent qualified valuers, APV. The valuation was undertaken using current replacement cost due to there being no active market for this class of asset.

Stormwater Drainage

The last valuation was undertaken externally in 2020 by independent qualified valuers, APV. The valuation was undertaken using current replacement cost due to there being no active market for this class of asset.

Non Depreciable Land Improvements, Depreciable Land Improvements, Other structures and Other Open Space/Recreation Assets

The last valuation was undertaken in 2021 internally. The valuation was undertaken in accordance with the NSW Office of Local Government's Guidelines, AASB13 and AASB1126 using market-bases measurement. There has been no change to the valuation techniques during the reporting period.

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E2-1 Fair value measurement (continued)

Water Supply Network

The last valuation was undertaken in 2022 by independent qualified valuers, APV. The valuation was undertaken using current replacement cost due to there being no active market for this class of asset.

Sewerage Supply Network

The last valuation was undertaken in 2022 by independent qualified valuers, APV. The valuation was undertaken using current replacement cost due to there being no active market for this class of asset.

Art Collection

The last valuation was undertaken externally in 2023 by independent qualified valuers Hardy Fine Art. The Market Approach has been used to value this asset class. Hardy Fine Art have valued art works by obtaining market evidence through the direct comparison approach. Council reviewed the valuation report and discussed significant movements with Hardy Fine Art. There has been no change to the valuation techniques during the reporting period.

Reinstatement, rehabilitation and restoration assets - tip asset

The provision to rehabilitate Council's Tip Asset at the end of its life has been revalued in December 2020. A discount rate has been used to determine the present value of the estimated expenditure required to rehabilitate the tip asset at the end of its life.

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.

	Valuation technique/s	Unobservable inputs
Infrastructure, property, plant and equipment		
Plant & Equipment	Level 3	Gross Replacement Cost Remaining useful life of asset Residual Value
Office Equipment	Level 3	Gross Replacement Cost Remaining useful life of asset Residual Value
Furniture & Fittings	Level 3	Gross Replacement Cost Remaining useful life of asset Residual Value
Operational Land	Level 2	Components, Unit Rates, Valuation Profiles and Residual values.
Community Land	Level 3	Average Unit rate based on Unimproved capital value per square metre
Land Under Roads	Level 3	Price per square metre
Land Improvements	Level 3	Gross Replacement Cost Remaining useful life of asset Residual Value Asset Condition
Buildings	Level 2 & 3	Gross Replacement Cost Remaining useful life of asset Residual Value Asset Condition
Other Structures	Level 3	Gross Replacement Cost Remaining useful life of asset Asset Condition
Roads	Level 3	Gross Replacement Cost Remaining useful life of asset Asset Condition
Bridges	Level 3	Gross Replacement Cost Remaining useful life of asset Asset Condition

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E2-1 Fair value measurement (continued)

	Valuation technique/s	Unobservable inputs
Footpaths	Level 3	Gross Replacement Cost Remaining useful life of asset Asset Condition
Other Road Assets	Level 3	Gross Replacement Cost Remaining useful life of asset Asset Condition
Bulk Earthworks	Level 3	Gross Replacement Cost Remaining useful life of asset Asset Condition
Stormwater Drainage	Level 3	Gross Replacement Cost Remaining useful life of asset Asset Condition
Water Network	Level 3	Gross Replacement Cost Remaining useful life of asset Asset Condition
Sewer Network	Level 3	Gross Replacement Cost Remaining useful life of asset Asset Condition
Swimming Pools	Level 3	Gross Replacement Cost Remaining useful life of asset Asset Condition
Other open space/recreational assets	Level 3	Gross Replacement Cost Remaining useful life of asset Asset Condition
Other Assets	Level 3	Gross Replacement Cost Remaining useful life of asset Asset Condition

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

	IPP&E	
	2023	2022
	\$ '000	Restated \$ '000
Opening balance	997,661	908,277
Total gains or losses for the period		
Other movements		
Purchases (GBV)	19,125	28,932
Disposals (WDV)	(3,637)	(2,620)
Depreciation and impairment	(13,835)	(13,460)
Provision adjustment	607	760
Revaluation	62,495	75,772
Closing balance	1,062,416	997,661

Information relating to the transfers into and out of the level 3 fair valuation hierarchy includes:

There were some transfers from Level 3 valuation hierarchy to Level 2. These included Operational Land and also Buildings with a Market Value.

Highest and best use

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

E3-1 Contingencies

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

LIABILITIES NOT RECOGNISED

1. Guarantees

(i) Defined benefit superannuation contribution plans

AASB119 accounting observations

Council is party to 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 AASB119 Employee Benefits for the following reasons:

- Assets are not segregated within the sub-group according to the employees of each sponsoring employer.
- The contribution rates have been the same for all sponsoring employers. That is, contribution rates have not varied for each sponsoring employer according to the experience relating to the employees of that sponsoring employer.
- Benefits for employees of all sponsoring employers are determined according to the same formulae and without regard to the sponsoring employer.
- The same actuarial assumptions are currently used in respect of the employees of each sponsoring employer.

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

(a) Description of the funding arrangements.

Pooled employers are required to pay future service employer contributions and past service employer contributions to the Fund.

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

Division B	1.9 times member contributions for non-180 Point Members; Nil for 180 Point Members*
Division C	2.5% salaries
Division D	1.64 times employee contributions

* For 180 Point Members, Employers are required to contribute 8.0% of salaries for the year ending 30 June 2023 (increasing to 8.5% in line with the increase in the Superannuation Guarantee) to these members' accumulation accounts, which are paid in addition to members' defined benefits.

The past service contribution for each Pooled Employer is a share of the total past service contributions of \$20.0 million per annum for 1 January 2022 to 31 December 2024, apportioned according to each employer's share of the accrued liabilities as at 30 June 2022. These past service contributions are used to maintain the adequacy of the funding position for the accrued liabilities.

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

(b) Description of the extent to which the Council can be liable to the plan for other entities' obligations under the terms and conditions of the multi-employer plan.

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

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

(c) Description of any agreed allocation of a deficit or surplus on

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E3-1 Contingencies (continued)

(i) wind-up of the plan

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

(ii) the entity's withdrawal from the plan

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

(d) Given the entity accounts for that plan as if it were a defined contribution plan in accordance with paragraph 34, the following information :

(i) the fact that the plan is a defined benefit plan.

We confirm the plan is a defined benefit plan.

(ii) the reason why sufficient information is not available to enable the entity to account for the plan as a defined benefit plan.

See earlier section on " AASB119 accounting observations "

(iii) the expected contributions to the plan for the next annual reporting period.

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2023 was \$131,899.98. The last formal valuation of the Fund was undertaken by the Fund Actuary, Mr Richard Boyfield, FIAA as at 30 June 2022.

The amount of additional contributions included in the total employer contribution advised above is \$45,054.00. Council's expected contribution to the plan for the next annual reporting period is \$120,831.24.

(iv) information about any deficit or surplus in the plan that may affect the amount of future contributions, including the basis used to determine that deficit or surplus and the implications, if any, for the entity.

The estimated employer reserves financial position for the Pooled Employers at 30 June 2023 is:

Defined Benefit reserves only	\$millions	Asset Coverage
Assets	2,290.9	
Past Service Liabilities	2,236.1	102.4%
Vested Benefits	2,253.6	101.7%

* excluding other accumulation accounts and reserves in both assets and liabilities.

Council's share of that deficiency cannot be accurately calculated as the Scheme is a mutual arrangement where assets and liabilities are pooled together for all member councils. For this reason, no liability for the deficiency has been recognised in Council's accounts. Council has a possible obligation that may arise should the Scheme require immediate payment to correct the deficiency.

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

Investment return	6.0% per annum
Salary inflation	3.5% per annum
Increase in CPI	6.0% per annum for FY 22/23 2.5% per annum thereafter

The contribution requirements may vary from the current rates if the overall sub-group experience is not in line with the actuarial assumptions in determining the funding program; however, any adjustment to the funding program would be the same for all sponsoring employers in the Pooled Employers group. Please note that the estimated employer reserves financial position above is a preliminary calculation, and once all the relevant information has been received by the Funds Actuary, the final end of year review, which will be a triennial actuarial investigation will be completed by December 2023.

(ii) Statewide Limited

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

continued on next page ...

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E3-1 Contingencies (continued)

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

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

(iii) StateCover Limited

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

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

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

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

(iv) Other guarantees

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

2. Other liabilities

(i) Third party claims

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

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

ASSETS NOT RECOGNISED

(i) Land under roads

As permitted under AASB 1051, Council has elected not to bring to account land under roads that it owned or controlled up to and including 30 June 2008.

(ii) Infringement notices/fines

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

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

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

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

F People and relationships

F1 Related party disclosures

F1-1 Key management personnel (KMP)

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

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

	2023 \$ '000	2022 \$ '000
Compensation:		
Short-term benefits	3,012	3,679
Post-employment benefits	346	347
Other long-term benefits	26	–
Total	3,384	4,026

Other transactions with KMP and their related parties

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

F1-2 Councillor and Mayoral fees and associated expenses

	2023	2022
	\$ '000	\$ '000

The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:

Councillors' fees	202	196
Mayoral fee	46	45
Other Councillors' expenses (including Mayor)	165	215
Total	413	456

F1-3 Other related parties

	Transactions during the year \$ '000	Outstanding balances including commitments \$ '000	Terms and conditions	Impairment provision on outstanding balances \$ '000	Impairment expense \$ '000
2023					
Legal Services Pty Ltd – legal services ¹	52	–	7 day account	–	–
Local Government Training Institute – training services ¹	12	–	7 day account	–	–
Hunter Council Inc.– training services ¹	–	–	7 day account	–	–
Hunter Resource Recovery – kerbside recycling service ¹	792	–	7 day account	–	–
Hunter Joint Organisation ¹	64	–	7 day account	–	–
2022					
Legal Services Pty Ltd – legal services ¹	69	–	7 day account	–	–
Local Government Training Institute – training services ¹	33	–	7 day account	–	–
Hunter Council Inc.– training services ¹	–	–	7 day account	–	–
Hunter Resource Recovery – kerbside recycling service ¹	743	–	7 day account	–	–
Hunter Joint Organisation ¹	67	–	7 day account	–	–

Arrow Collaborative Services Limited (formerly Strategic Services Australia Limited)

Council has an interest in Arrow Collaborative Services Limited, along with other member councils. The activities of the organisation are not controlled by any one Council. Arrow Collaborative Services has been established to improve the quality and efficiency of local government services through the Hunter.

Hunter Resource Recovery

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

(1) Entity of Arrow Collaborative Services

F2 Other relationships

F2-1 Audit fees

	2023	2022
	\$ '000	\$ '000
Audit and other assurance services: Auditors of Council - NSW Auditor-General:		
Audit financial statements	107	95
Total fees paid or payable to the Auditor-General	107	95

G Other matters**G1-1 Statement of Cash Flows information****(a) Reconciliation of net operating result to cash provided from operating activities**

	2023 \$ '000	2022 \$ '000
Operating result	12,320	10,311
Add / (less) non-cash items:		
Depreciation and amortisation	14,394	14,106
(Gain) / loss on disposal of assets	2,482	1,511
Non-cash capital grants and contributions	–	(1,852)
Losses/(gains) recognised on fair value re-measurements through the P&L:		
– Investments classified as 'at fair value' or 'held for trading'	(13)	(32)
Unwinding of discount rates on reinstatement provisions ¹	183	222
Share of net (profits)/losses of associates/joint ventures using the equity method	–	200
Movements in operating assets and liabilities and other cash items:		
(Increase) / decrease of receivables	928	(2,464)
Increase / (decrease) in provision for impairment of receivables	10	(71)
(Increase) / decrease of inventories	(44)	(47)
(Increase) / decrease of other current assets	175	(39)
Increase / (decrease) in payables	(2,816)	787
Increase / (decrease) in accrued interest payable	(1)	–
Increase / (decrease) in other accrued expenses payable	109	1,177
Increase / (decrease) in other liabilities	171	610
Increase / (decrease) in contract liabilities	9,080	(332)
Increase / (decrease) in employee benefit provision	328	(408)
Increase / (decrease) in other provisions	133	–
Net cash flows from operating activities	37,439	23,679

(b) Non-cash investing and financing activities

Developer contributions 'in kind'	–	2,924
Total non-cash investing and financing activities	–	2,924

G2-1 Commitments

Capital commitments (exclusive of GST)

	2023 \$ '000	2022 \$ '000
--	-----------------	-----------------

Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:

Property, plant and equipment

Buildings	–	243
Sewerage Assets	1,704	2,811
Water Assets	–	1,424
Roads and Bridges	767	3,488
Other Structures	513	1,063
Recreational Assets	–	127
Total commitments	2,984	9,156

Sources for funding of capital commitments:

Unrestricted general funds	118	219
Sect 64 and 94 funds/reserves	–	114
Unexpended grants	898	3,746
Externally restricted reserves	1,704	–
Internally restricted reserves	264	–
New loans (to be raised)	–	5,077
Total sources of funding	2,984	9,156

Details of capital commitments

Capital Commitments	\$'000
STP Chemical Dosing	884
Sludge Lagoon Relining	564
STP Tank Clean and Rehabilitation	160
Glendon Road	31
Lake St Clair Playground and Shelters	513
Doyles Creek Road	18
Welsh's Road	180
Elderslie Road	539
Singleton STP IDEA Decant Curtains	95
Total	\$2,984

G3-1 Events occurring after the reporting date

Council is unaware of any significant events occurring after the reporting date.

G4 Changes from prior year statements

G4-1 Correction of errors

Nature of prior period error

1. Waste remediation provision

During the year ended 30 June 2023, Council engaged an independent expert to reassess its provision for remediation in relation to the Waste Management Facility, and the Jerry's Plains site. As a result of this reassessment of the waste management facility Council identified that it had not previously included aftercare costs within the provision for remediation, and some of the assumptions previously used when the last independent assessment was performed in the year ended 30 June 2019 were not valid and should have been reassessed in prior years.

Further to the above, Council had not previously recorded a provision for remediation with respect to the Jerry's Plains waste site, which should have been recorded in prior periods. The effect of these two items resulted in an increase to the provision from **\$20,809,000** to **\$23,600,868** as at 1 July 2021, and a decrease to accumulated funds of **\$2,791,868** at the date.

2. Comprehensive revaluation of assets – found land assets.

A comprehensive external revaluation of operational land assets was performed in the year ended 30 June 2023. As a result of the revaluation process, found assets with a value of **\$2,150,689** were identified that had not been previously recorded in Council's asset register or general ledger in prior years.

The errors identified above have been corrected by restating the balances at the beginning of the earliest period presented (1 July 2021) and taking the adjustment through to accumulated surplus at that date.

Comparatives have been changed to reflect the correction of errors. The impact on each line item is shown in the tables below:

Changes to the opening Statement of Financial Position at 1 July 2021

	Original Balance 1 July, 2021 \$ '000	Impact Increase/ (decrease) \$ '000	Restated Balance 1 July, 2021 \$ '000
Infrastructure, property, plant and equipment (IPPE)	933,360	2,151	935,511
Total non-current assets	961,741	2,151	963,892
Total assets	1,067,209	2,151	1,069,360
Provisions	20,809	2,792	23,601
Total non-current liabilities	31,760	2,792	34,552
Total liabilities	47,602	2,792	50,394
Net assets	1,019,607	(641)	1,018,966
Accumulated surplus	535,313	(641)	534,672
Total equity	1,019,607	(641)	1,018,966

continued on next page ...

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G4-1 Correction of errors (continued)

Adjustments to the comparative figures for the year ended 30 June 2022

Statement of Financial Position

	Original Balance 30 June, 2022 \$ '000	Impact Increase/ (decrease) \$ '000	Restated Balance 30 June, 2022 \$ '000
Infrastructure, property, plant and equipment (IPPE)	1,019,536	2,151	1,021,687
Total non-current assets	1,048,367	2,151	1,050,518
Total assets	1,160,499	2,151	1,162,650
Provisions	21,031	2,792	23,823
Total non-current liabilities	36,335	2,792	39,127
Total liabilities	54,809	2,792	57,601
Net assets	1,105,690	(641)	1,105,049
Accumulated surplus	545,624	(641)	544,983
Total equity	1,105,690	(641)	1,105,049

G5 Statement of developer contributions as at 30 June 2023

G5-1 Summary of developer contributions

	Opening balance at 1 July 2022 \$ '000	Contributions received during the year			Interest and investment income earned \$ '000	Amounts expended \$ '000	Internal borrowings \$ '000	Held as restricted asset at 30 June 2023 \$ '000	Cumulative balance of internal borrowings (to)/from \$ '000
		Cash \$ '000	Non-cash Land \$ '000	Non-cash Other \$ '000					
Drainage	6	–	–	–	–	–	–	6	–
Roads	348	556	–	–	22	(425)	–	501	–
Parking	523	14	–	–	26	–	–	563	–
Open space	47	75	–	–	3	(75)	–	50	–
Community facilities	888	58	–	–	37	(137)	–	846	–
Bushfire facilities	866	372	–	–	57	–	–	1,295	–
Waste facilities	39	–	–	–	3	–	–	42	–
S7.11 contributions – under a plan	2,717	1,075	–	–	148	(637)	–	3,303	–
Total S7.11 and S7.12 revenue under plans	2,717	1,075	–	–	148	(637)	–	3,303	–
S7.11 not under plans	8	–	–	–	1	–	–	9	–
S64 contributions	11,142	536	–	–	80	–	–	11,758	–
Total contributions	13,867	1,611	–	–	229	(637)	–	15,070	–

Under the *Environmental Planning and Assessment Act 1979*, Council has significant obligations to provide Section 7.11 (contributions towards provision or improvement of amenities or services) infrastructure in new release areas. It is possible that the funds contributed may be less than the cost of this infrastructure, requiring Council to borrow or use general revenue to fund the difference.

Singleton Council | Notes to the Financial Statements 30 June 2023

G5-2 Developer contributions by plan

	Opening balance at 1 July 2022 \$ '000	Contributions received during the year			Interest and investment income earned \$ '000	Amounts expended \$ '000	Internal borrowings \$ '000	Held as restricted asset at 30 June 2023 \$ '000	Cumulative balance of internal borrowings (to)/from \$ '000
		Cash \$ '000	Non-cash Land \$ '000	Non-cash Other \$ '000					
Contribution Plan - No. 1									
Drainage	6	-	-	-	-	-	-	6	-
Roads	117	-	-	-	-	(117)	-	-	-
Parking	11	-	-	-	1	-	-	12	-
Open space	45	-	-	-	3	-	-	48	-
Community facilities	325	-	-	-	9	(127)	-	207	-
Total	504	-	-	-	13	(244)	-	273	-
Singleton Development Contributions Plan 2005									
Community facilities	34	-	-	-	1	(3)	-	32	-
Waste facilities	35	-	-	-	2	-	-	37	-
Total	69	-	-	-	3	(3)	-	69	-
Singleton Development Contributions Plan 2008									
Roads	231	556	-	-	22	(308)	-	501	-
Parking	512	14	-	-	25	-	-	551	-
Open space	2	75	-	-	-	(75)	-	2	-
Community facilities	529	58	-	-	27	(7)	-	607	-
Bushfire facilities	866	372	-	-	57	-	-	1,295	-
Waste facilities	4	-	-	-	1	-	-	5	-
Total	2,144	1,075	-	-	132	(390)	-	2,961	-

G5-3 Contributions not under plans

	Opening balance at 1 July 2022 \$ '000	Contributions received during the year			Interest and investment income earned \$ '000	Amounts expended \$ '000	Internal borrowings \$ '000	Held as restricted asset at 30 June 2023 \$ '000	Cumulative balance of internal borrowings (to)/from \$ '000
		Cash \$ '000	Non-cash Land \$ '000	Non-cash Other \$ '000					
S7.11 CONTRIBUTIONS – NOT UNDER A PLAN									
Community facilities	8	–	–	–	1	–	–	9	–
Total	8	–	–	–	1	–	–	9	–

G6 Statement of performance measures

G6-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2023	Indicator 2023	Indicator 2022	Benchmark
1. Operating performance ratio				
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	4,694	6.16%	(0.69)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹	76,241			
2. Own source operating revenue ratio				
Total continuing operating revenue excluding all grants and contributions ¹	61,013	70.66%	69.55%	> 60.00%
Total continuing operating revenue ¹	86,348			
3. Unrestricted current ratio				
Current assets less all external restrictions	45,660	4.58x	3.82x	> 1.50x
Current liabilities less specific purpose liabilities	9,962			
4. Debt service cover ratio				
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	19,682	5.33x	3.72x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	3,690			
5. Rates and annual charges outstanding percentage				
Rates and annual charges outstanding	1,412	3.90%	3.25%	< 10.00%
Rates and annual charges collectable	36,237			
6. Cash expense cover ratio				
Current year's cash and cash equivalents plus all term deposits	78,294	13.87 months	12.53 months	> 3.00 months
Payments from cash flow of operating and financing activities	5,643			

(1) Excludes fair value increments on investment properties, reversal of revaluation decrements, reversal of impairment losses on receivables, net gain on sale of assets and net share of interests in joint ventures and associates using the equity method and includes pensioner rate subsidies

(2) Excludes impairment/revaluation decrements of IPPE, fair value decrements on investment properties, impairment losses on receivables, net loss on disposal of assets and net loss on share of interests in joint ventures and associates using the equity method

G6-2 Statement of performance measures by fund

\$ '000	General Indicators ³		Water Indicators		Sewer Indicators		Benchmark
	2023	2022	2023	2022	2023	2022	
1. Operating performance ratio							
Total continuing operating revenue excluding capital grants and contributions less operating expenses ^{1,2}	2.22%	(5.21)%	14.92%	11.65%	31.95%	22.99%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions ¹							
2. Own source operating revenue ratio							
Total continuing operating revenue excluding capital grants and contributions ¹	65.10%	63.31%	95.34%	98.89%	96.60%	98.42%	> 60.00%
Total continuing operating revenue inclusive of all grants and contributions ¹							
3. Unrestricted current ratio							
Current assets less all external restrictions	4.58x	3.82x	60.84x	60.84x	37.54x	38.93x	> 1.50x
Current liabilities less specific purpose liabilities							
4. Debt service cover ratio							
Operating result before capital excluding interest and depreciation/impairment/amortisation ¹	3.48x	2.19x	48.58x	82.66x	53.34x	39.99x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
5. Rates and annual charges outstanding percentage							
Rates and annual charges outstanding	3.72%	3.31%	4.85%	10.77%	4.90%	0.00%	< 10.00%
Rates and annual charges collectable							
6. Cash expense cover ratio							
Current year's cash and cash equivalents plus term deposits	13.87	12.53	∞	∞	∞	∞	> 3.00
Payments from cash flow of operating and financing activities	months	months					months

(1) - (2) Refer to Notes at Note 24a above.

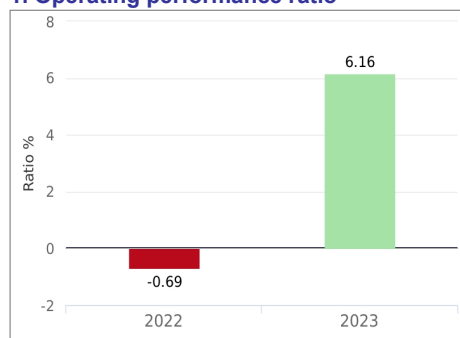
(3) General fund refers to all of Council's activities except for its water and sewer activities which are listed separately.

End of the audited financial statements

H Additional Council disclosures (unaudited)

H1-1 Statement of performance measures – consolidated results (graphs)

1. Operating performance ratio



Purpose of operating performance ratio

This ratio measures Council's achievement of containing operating expenditure within operating revenue.

Commentary on 2022/23 result

2022/23 ratio 6.16%

The operating surplus was due to the high level of funding for grant and contributions. Included in the result is the advance payment of the Financial Assistance Grant for \$4.8m along with \$4.2m of unspent operating grants. The expenditure for these grants will be reflected in the 2024 financial year.

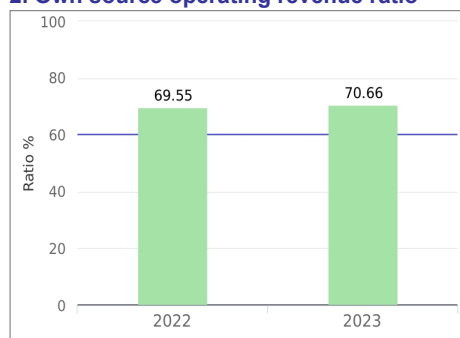
Benchmark: — > 0.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

2. Own source operating revenue ratio



Purpose of own source operating revenue ratio

This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions.

Commentary on 2022/23 result

2022/23 ratio 70.66%

Council's own source of operating revenue exceeded the benchmark of 60% during the period.

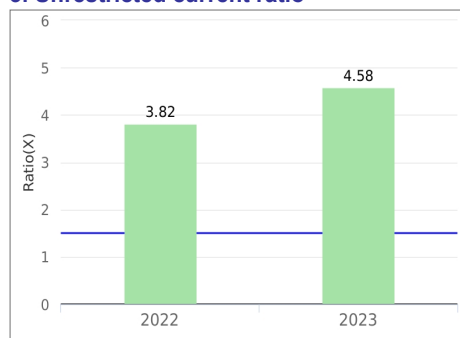
Benchmark: — > 60.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

3. Unrestricted current ratio



Purpose of unrestricted current ratio

To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.

Commentary on 2022/23 result

2022/23 ratio 4.58x

Council continues to have strong liquidity and is comfortably able to satisfy its short-term obligations as they fall due.

Benchmark: — > 1.50x

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

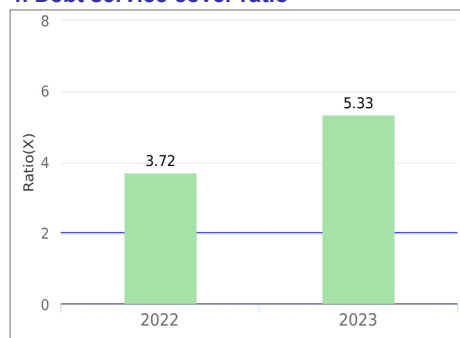
Ratio is outside benchmark

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H1-1 Statement of performance measures – consolidated results (graphs) (continued)

4. Debt service cover ratio



Benchmark: — > 2.00x

Source of benchmark: Code of Accounting Practice and Financial Reporting

Purpose of debt service cover ratio

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

Commentary on 2022/23 result

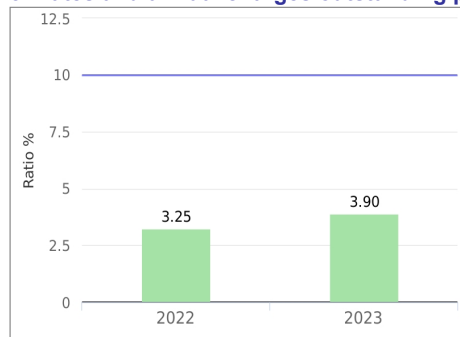
2022/23 ratio 5.33x

Council's debt service cover ratio has increased compared to the previous year due to the increase in operating surplus.

Ratio achieves benchmark

Ratio is outside benchmark

5. Rates and annual charges outstanding percentage



Benchmark: — < 10.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Purpose of rates and annual charges outstanding percentage

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

Commentary on 2022/23 result

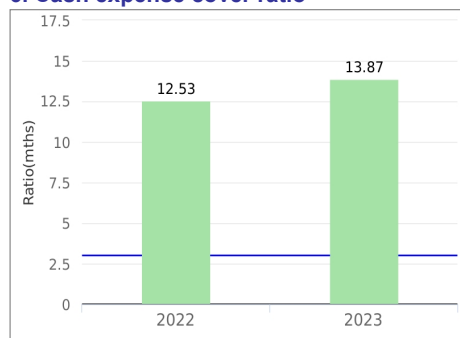
2022/23 ratio 3.90%

Uncollected rates and annual charges remain well below the benchmark however, it has increased compared to the past two financial years. This is likely to be due to the increased cost of living pressures.

Ratio achieves benchmark

Ratio is outside benchmark

6. Cash expense cover ratio



Benchmark: — > 3.00months

Source of benchmark: Code of Accounting Practice and Financial Reporting

Purpose of cash expense cover ratio

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

Commentary on 2022/23 result

2022/23 ratio 13.87 months

Council has almost 14 months cash to meet its immediate expenditure without additional cash inflow.

Ratio achieves benchmark

Ratio is outside benchmark

H1-2 Council information and contact details

Principal place of business:

12-14 Queen Street
Singleton NSW 2330

Contact details**Mailing Address:**

PO Box 314
SINGLETON NSW 2330

Telephone: 02 6578 7290

Facsimile: 02 6572 4197

Opening hours:

8:00am - 4:30pm
Monday to Friday

Internet: www.singleton.nsw.gov.au

Email: council@singleton.nsw.gov.au

Officers**GENERAL MANAGER**

Jason Linnane

RESPONSIBLE ACCOUNTING OFFICER

Kelly McGowan

PUBLIC OFFICER

Melanie Curtis

AUDITORS

Audit Office of New South Wales
Level 19, Darling Park Tower 2, Sussex Street
SYDNEY NSW 2000

Elected members**MAYOR**

Mayor Sue Moore

COUNCILLORS

Cr Godfrey Adamthwaite

Cr Sue George

Cr Sarah Johnstone

Cr Tony Jarrett

Cr Hollee Jenkins

Cr Mel McLachlan

Cr Tony McNamara

Cr Val Scott

Cr Dan Thompson

Other information

ABN: 52 877 492 396

Singleton Council

General Purpose Financial Statements

for the year ended 30 June 2023

Independent Auditor's Reports:

On the Financial Statements (Sect 417 [2])

Independent Auditor's Report

Please uplift Council's Audit Report PDF (opinion) for inclusion in the GPFS report (via the Home screen).

continued on next page ...

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Singleton Council

General Purpose Financial Statements

for the year ended 30 June 2023

Independent Auditor's Reports: (continued)

On the Financial Statements (Sect 417 [3])

Independent Auditor's Report

Please uplift Council's Audit Report PDF (commentary) for inclusion in the GPFS report (via the Home screen).

Singleton Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2023

Vibrant/Connected/Sustainable/Resilient/Progressive



Singleton Council

Special Purpose Financial Statements

for the year ended 30 June 2023

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Special Purpose Financial Statements:	
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Income Statement of sewerage business activity	5
Statement of Financial Position of water supply business activity	6
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Background

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

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

- iii. For Council, the principle of competitive neutrality and public reporting applies only to declared business activities.

These include **(a)** those activities classified by the Australian Bureau of Statistics as business activities being water supply, sewerage services, abattoirs, gas production and reticulation, and **(b)** those activities with a turnover of more than \$2 million that Council has formally declared as a business activity (defined as Category 1 activities).

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

Singleton Council

Special Purpose Financial Statements

for the year ended 30 June 2023

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

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

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

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

- present fairly the operating result and financial position for each of Council's declared business activities for the year, and
- accord with Council's accounting and other records.
- present overhead reallocation charges to the water and sewerage businesses as fair and reasonable.

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

Signed in accordance with a resolution of Council made on 16 April 2024.

Sue Moore
Mayor

Tony Jarrett
Deputy Mayor

Jason Linnane
General Manager

Kelly McGowan
Responsible Accounting Officer

Singleton Council | Income Statement of Water Supply Business Activity | for the year ended 30 June 2023

Singleton Council

Income Statement of Water Supply Business Activity
for the year ended 30 June 2023

	2023 \$ '000	2022 \$ '000
Income from continuing operations		
Access charges	1,300	1,597
User charges	6,133	5,727
Interest and investment income	1,065	544
Grants and contributions provided for operating purposes	13	89
Other income	17	72
Total income from continuing operations	8,528	8,029
Expenses from continuing operations		
Employee benefits and on-costs	1,044	1,156
Borrowing costs	80	44
Materials and services	3,666	3,110
Depreciation, amortisation and impairment	2,534	2,786
Net loss from the disposal of assets	(66)	–
Calculated taxation equivalents	–	16
Other expenses	(2)	(2)
Total expenses from continuing operations	7,256	7,110
Surplus (deficit) from continuing operations before capital amounts	1,272	919
Grants and contributions provided for capital purposes	403	–
Surplus (deficit) from continuing operations after capital amounts	1,675	919
Surplus (deficit) from all operations before tax	1,675	919
Less: corporate taxation equivalent (25%) [based on result before capital]	(318)	(230)
Surplus (deficit) after tax	1,357	689
Plus accumulated surplus	65,777	64,842
Plus adjustments for amounts unpaid:		
– Taxation equivalent payments	–	16
– Corporate taxation equivalent	318	230
Less:		
Closing accumulated surplus	67,452	65,777
Return on capital %	1.2%	0.9%
Subsidy from Council	3,358	3,055
Calculation of dividend payable:		
Surplus (deficit) after tax	1,357	689
Less: capital grants and contributions (excluding developer contributions)	(86)	–
Surplus for dividend calculation purposes	1,271	689
Potential dividend calculated from surplus	636	345

Singleton Council | Income Statement of sewerage business activity | for the year ended 30 June 2023

Singleton Council

Income Statement of sewerage business activity
for the year ended 30 June 2023

	2023 \$ '000	2022 \$ '000
Income from continuing operations		
Access charges	4,203	4,234
User charges	1,424	963
Liquid trade waste charges	124	112
Interest and investment income	678	330
Grants and contributions provided for operating purposes	8	91
Net gain from the disposal of assets	–	14
Other income	17	19
Total income from continuing operations	6,454	5,763
Expenses from continuing operations		
Employee benefits and on-costs	1,246	1,302
Borrowing costs	65	67
Materials and services	1,741	1,656
Depreciation, amortisation and impairment	1,340	1,383
Net loss from the disposal of assets	–	31
Other expenses	–	(1)
Total expenses from continuing operations	4,392	4,438
Surplus (deficit) from continuing operations before capital amounts	2,062	1,325
Grants and contributions provided for capital purposes	219	–
Surplus (deficit) from continuing operations after capital amounts	2,281	1,325
Surplus (deficit) from all operations before tax	2,281	1,325
Less: corporate taxation equivalent (25%) [based on result before capital]	(516)	(331)
Surplus (deficit) after tax	1,765	994
Plus accumulated surplus	49,252	47,927
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	516	331
Less:		
Closing accumulated surplus	51,533	49,252
Return on capital %	3.1%	2.3%
Subsidy from Council	673	844
Calculation of dividend payable:		
Surplus (deficit) after tax	1,766	994
Surplus for dividend calculation purposes	1,766	994
Potential dividend calculated from surplus	883	497

Singleton Council | Statement of Financial Position of water supply business activity | for the year ended 30 June 2023

Singleton Council

Statement of Financial Position of water supply business activity

as at 30 June 2023

	2023 \$ '000	2022 \$ '000
ASSETS		
Current assets		
Investments	41,168	39,716
Receivables	1,542	1,596
Total current assets	42,710	41,312
Non-current assets		
Infrastructure, property, plant and equipment	117,174	109,790
Total non-current assets	117,174	109,790
Total assets	159,884	151,102
LIABILITIES		
Current liabilities		
Payables	216	182
Borrowings	296	255
Employee benefit provisions	190	242
Total current liabilities	702	679
Non-current liabilities		
Borrowings	2,453	2,867
Employee benefit provisions	7	8
Total non-current liabilities	2,460	2,875
Total liabilities	3,162	3,554
Net assets	156,722	147,548
EQUITY		
Accumulated surplus	67,452	65,777
Revaluation reserves	89,270	81,771
Total equity	156,722	147,548

Singleton Council | Statement of Financial Position of sewerage business activity | for the year ended 30 June 2023

Singleton Council

Statement of Financial Position of sewerage business activity
as at 30 June 2023

	2023 \$ '000	2022 \$ '000
ASSETS		
Current assets		
Investments	23,690	26,591
Receivables	526	346
Total current assets	24,216	26,937
Non-current assets		
Infrastructure, property, plant and equipment	69,646	61,091
Total non-current assets	69,646	61,091
Total assets	93,862	88,028
LIABILITIES		
Current liabilities		
Borrowings	405	397
Employee benefit provisions	240	295
Total current liabilities	645	692
Non-current liabilities		
Borrowings	2,582	3,668
Employee benefit provisions	9	9
Total non-current liabilities	2,591	3,677
Total liabilities	3,236	4,369
Net assets	90,626	83,659
EQUITY		
Accumulated surplus	51,533	49,252
Revaluation reserves	39,093	34,407
Total equity	90,626	83,659

Note – Significant Accounting Policies

A statement summarising the supplemental accounting policies adopted in the preparation of the special purpose financial statements (SPFS) for National Competition Policy (NCP) reporting purposes follows.

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

The figures presented in these special purpose financial statements have been prepared in accordance with the recognition and measurement criteria of relevant Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and Australian Accounting Interpretations.

The disclosures in these special purpose financial statements have been prepared in accordance with the *Local Government Act 1993* (Act), the *Local Government (General) Regulation 2005* (Regulation) and the Local Government Code of Accounting Practice and Financial Reporting.

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

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

National Competition Policy

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

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

Declared business activities

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

Category 1

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

a. Water Supplies

Provision of water for the communities of Singleton, Mount Thorley, Broke and Jerrys Plains.

b. Sewerage Services

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

Taxation equivalent charges

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

Notional rate applied (%)

Corporate income tax rate – **25%** (21/22 25%)

Land tax – the first \$969,000 of combined land values attracts **0%**. For the combined land values in excess of \$969,000 up to \$5,925,000 the rate is **\$100 + 1.6%**. For the remaining combined land value that exceeds \$5,925,000 a premium marginal rate of **2.0%** applies.

continued on next page ...

Page 8 of 11

Note – Significant Accounting Policies (continued)

Payroll tax – **5.45%** on the value of taxable salaries and wages in excess of \$1,200,000.

In accordance with the Department of Planning, Industry & Environment – Water's regulatory and assurance framework, 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 to in the regulatory and assurance framework as a "dividend for taxation equivalent", may be applied for any purpose allowed under the Act.

Achievement of substantial compliance to sections 3 and 4 of DPE - Water's regulatory and assurance framework is not a prerequisite for the payment of the tax equivalent charges, however the payment must not exceed \$3 per assessment.

Income tax

An income tax equivalent has been applied on the profits of the business activities.

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

Accordingly, the return on capital invested is set at a pre-tax level - gain/(loss) from ordinary activities before capital amounts, as would be applied by a private sector competitor. That is, it should include a provision equivalent to the corporate income tax rate, currently 25% (21/22 25%).

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

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

The rate applied of 25% is the equivalent company tax rate prevalent at reporting date. No adjustments have been made for variations that have occurred during the year.

Local government rates and charges

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

Loan and debt guarantee fees

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

(i) 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 Statements of business activities.

(ii) Return on investments (rate of return)

The NCP policy statement requires that councils with Category 1 businesses 'would be expected to generate a return on capital funds employed that is comparable to rates of return for private businesses operating in a similar field'.

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.

Note – Significant Accounting Policies (continued)

The rate of return is calculated as follows:

Operating result before capital income + interest expense

Written down value of I,PP&E as at 30 June

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 4.02% as at 30 June 2023.

(iii) Dividends

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

A local government water supply and sewerage business is permitted to pay annual dividends from their water supply or sewerage business surpluses. Each dividend must be calculated and approved in accordance with the DPIE – Water guidelines and must not exceed 50% of the relevant surplus in any one year, or the number of water supply or sewerage assessments at 30 June 2023 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with the Best Practice Management of Water Supply and Sewer Guidelines, a Dividend Payment form, Statement of Compliance, Unqualified Independent Financial Audit Report and Compliance Audit Report are submitted to DPIE – Water.

Singleton Council

Special Purpose Financial Statements
for the year ended 30 June 2023

Singleton Council

SPECIAL SCHEDULES
for the year ended 30 June 2023

Vibrant/Connected/Sustainable/Resilient/Progressive



Singleton Council

Special Schedules

for the year ended 30 June 2023

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Permissible income for general rates	3
Report on infrastructure assets as at 30 June 2023	7

Singleton Council | Permissible income for general rates | for the year ended 30 June 2023

Singleton Council

Permissible income for general rates

	Notes	Calculation 2022/23 \$ '000	Calculation 2023/24 \$ '000
Notional general income calculation ¹			
Last year notional general income yield	a	23,597	24,181
Plus or minus adjustments ²	b	106	101
Notional general income	c = a + b	23,703	24,282
Permissible income calculation			
Or rate peg percentage	e	2.00%	3.90%
Or plus rate peg amount	i = e x (c + g)	474	947
Sub-total	k = (c + g + h + i + j)	24,177	25,229
Plus (or minus) last year's carry forward total	l	9	5
Sub-total	n = (l + m)	9	5
Total permissible income	o = k + n	24,186	25,234
Less notional general income yield	p	24,181	25,230
Catch-up or (excess) result	q = o - p	5	4
Carry forward to next year ⁶	t = q + r + s	5	4

Notes

- (1) The notional general income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.
- (2) Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called 'supplementary valuations' as defined in the *Valuation of Land Act 1916 (NSW)*.
- (6) Carry-forward amounts which are in excess (an amount that exceeds the permissible income) require Ministerial approval by order published in the *NSW Government Gazette* in accordance with section 512 of the Act. The OLG will extract these amounts from Council's Permissible income for general rates Statement in the financial data return (FDR) to administer this process.

Singleton Council | Permissible income for general rates | for the year ended 30 June 2023



INDEPENDENT AUDITOR'S REPORT

Special Schedule – Permissible income for general rates

Singleton Council

To the Councillors of Singleton Council

Opinion

I have audited the accompanying Special Schedule – Permissible income for general rates (the Schedule) of Singleton Council (the Council) for the year ending 30 June 2024.

In my opinion, the Schedule is prepared, in all material respects in accordance with the requirements of the Local Government Code of Accounting Practice and Financial Reporting 2022–23 (LG Code) and is in accordance with the books and records of the Council.

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

Basis for Opinion

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

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

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

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

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

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

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

Emphasis of Matter - Basis of Accounting

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

Other Information

The Council's annual report for the year ended 30 June 2023 includes other information in addition to the Schedule and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements, special purpose financial statements and Special Schedule 'Report on infrastructure assets as at 30 June 2023'.

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Schedule

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

In preparing the Schedule, the Councillors are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:

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

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

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

The scope of my audit does not include, nor provide assurance:

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



Cassie Malone
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

8 March 2024
SYDNEY

Singleton Council | Report on infrastructure assets as at 30 June 2023 | for the year ended 30 June 2023

Singleton Council

Report on infrastructure assets as at 30 June 2023

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2022/23 Required maintenance ^a	2022/23 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	1	2	3	4	5
Buildings	Buildings	3,573	3,573	1,437	1,358	63,969	85,008	29.8%	43.5%	21.1%	5.3%	0.3%
	Sub-total	3,573	3,573	1,437	1,358	63,969	85,008	29.8%	43.5%	21.1%	5.3%	0.3%
Other structures	Other structures	2,257	2,257	900	900	4,924	8,481	24.9%	44.4%	21.3%	7.4%	2.0%
	Sub-total	2,257	2,257	900	900	4,924	8,481	24.9%	44.4%	21.3%	7.4%	2.0%
Roads	Sealed roads	7,851	7,851	3,470	3,682	257,527	333,649	49.9%	34.1%	12.5%	2.5%	1.0%
	Unsealed roads	2,447	2,447	607	1,477	6,240	9,032	17.0%	19.3%	24.5%	27.6%	11.6%
	Bridges	612	612	482	47	50,414	77,994	55.0%	26.3%	17.4%	1.2%	0.1%
	Footpaths	948	948	171	278	14,607	18,058	79.2%	11.9%	2.4%	6.2%	0.3%
	Other road assets (incl. bulk earth works)	608	608	369	503	307,846	312,936	98.6%	0.1%	0.3%	0.1%	0.9%
	Other	—	—	—	—	(27,000)	—	0.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	12,466	12,466	5,099	5,987	609,634	751,669	71.0%	18.4%	7.8%	1.8%	1.0%
Water supply network	Water supply network	4,034	4,034	1,529	1,552	105,004	182,401	70.5%	21.2%	4.5%	3.6%	0.2%
	Sub-total	4,034	4,034	1,529	1,552	105,004	182,401	70.5%	21.2%	4.5%	3.6%	0.2%
Sewerage network	Sewerage network	3,448	3,448	772	568	96,338	55,620	55.7%	18.9%	19.3%	3.6%	2.5%
	Other	—	—	—	—	(40,718)	—	0.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	3,448	3,448	772	568	55,620	55,620	55.7%	18.9%	19.3%	3.6%	2.5%
Stormwater drainage	Stormwater drainage	2,455	2,455	602	548	117,512	146,883	70.9%	16.8%	10.2%	0.1%	2.0%
	Sub-total	2,455	2,455	602	548	117,512	146,883	70.9%	16.8%	10.2%	0.1%	2.0%

continued on next page ...

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Singleton Council | Report on infrastructure assets as at 30 June 2023 | for the year ended 30 June 2023

Singleton Council

Report on infrastructure assets as at 30 June 2023 (continued)

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring to the agreed level of service set by Council	2022/23 Required maintenance ^a	2022/23 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	1	2	3	4	5
Open space / recreational assets	Swimming pools	466	466	567	191	4,184	5,671	14.7%	84.5%	0.6%	0.2%	0.0%
	Other Open Space/Recreational Assets	1,774	1,774	3,817	3,404	26,296	49,445	29.4%	44.2%	19.6%	6.6%	0.2%
	Sub-total	2,240	2,240	4,384	3,595	30,480	55,116	27.9%	48.3%	17.6%	5.9%	0.3%
	Total – all assets	30,473	30,473	14,723	14,508	987,143	1,285,178	65.4%	21.8%	9.5%	2.4%	0.9%

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

Infrastructure asset condition assessment 'key'

#	Condition	Integrated planning and reporting (IP&R) description
1	Excellent/very good	No work required (normal maintenance)
2	Good	Only minor maintenance work required
3	Satisfactory	Maintenance work required
4	Poor	Renewal required
5	Very poor	Urgent renewal/upgrading required

Singleton Council | Report on infrastructure assets as at 30 June 2023 | for the year ended 30 June 2023

Singleton Council

Report on infrastructure assets as at 30 June 2023

Infrastructure asset performance indicators (consolidated) *

\$ '000	Amounts 2023	Indicator 2023	Indicator 2022	Benchmark
Buildings and infrastructure renewals ratio				
Asset renewals ¹	14,836	118.97%	142.91%	> 100.00%
Depreciation, amortisation and impairment	12,470			
Infrastructure backlog ratio				
Estimated cost to bring assets to a satisfactory standard	30,473	3.00%	1.91%	< 2.00%
Net carrying amount of infrastructure assets	1,014,593			
Asset maintenance ratio				
Actual asset maintenance	14,508	98.54%	96.97%	> 100.00%
Required asset maintenance	14,723			
Cost to bring assets to agreed service level				
Estimated cost to bring assets to an agreed service level set by Council	30,473	2.37%	1.47%	
Gross replacement cost	1,285,178			

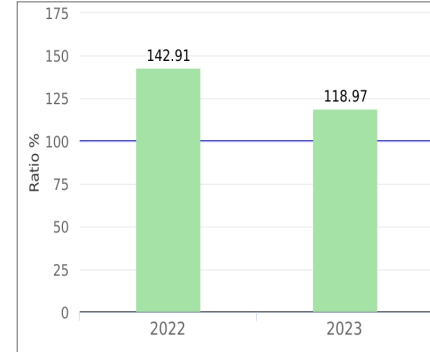
(*) All asset performance indicators are calculated using classes identified in the previous table.

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

Singleton Council

Report on infrastructure assets as at 30 June 2023

Buildings and infrastructure renewals ratio



Buildings and infrastructure renewals ratio

To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.

Commentary on result

22/23 ratio 118.97%

Council has been investing in reducing the infrastructure backlog ratio with a continued increase on renewal expenditure.

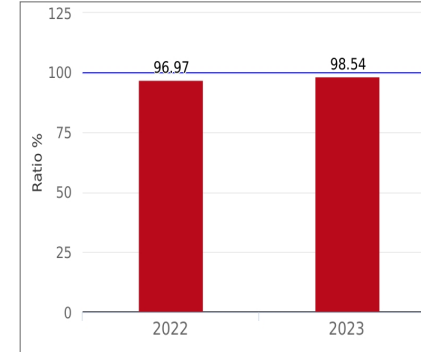
Benchmark: — > 100.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

Asset maintenance ratio



Asset maintenance ratio

Compares actual vs. required annual asset maintenance. A ratio above 1.0 indicates Council is investing enough funds to stop the infrastructure backlog growing.

Commentary on result

22/23 ratio 98.54%

Actual maintenance spend on maintaining Council's assets has remained almost equal to the required maintenance to maintain the backlog for the buildings.

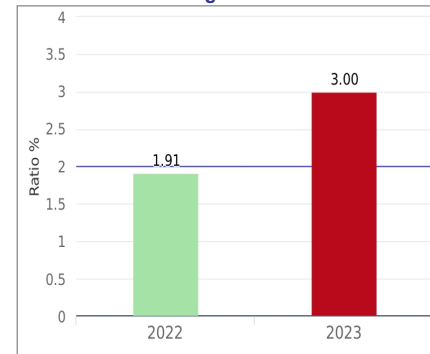
Benchmark: — > 100.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

Infrastructure backlog ratio



Infrastructure backlog ratio

This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.

Commentary on result

22/23 ratio 3.00%

Council experience significant natural disasters which has resulted in a high level of back log particularly on Council's road network.

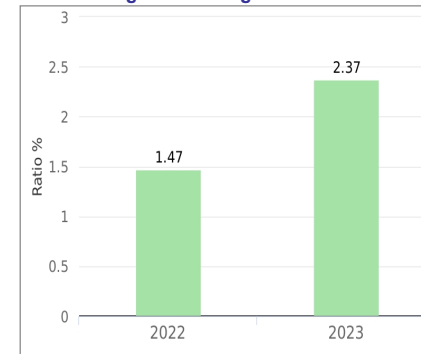
Benchmark: — < 2.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

Ratio is outside benchmark

Cost to bring assets to agreed service level



Cost to bring assets to agreed service level

This ratio provides a snapshot of the proportion of outstanding renewal works compared to the total value of assets under Council's care and stewardship.

Commentary on result

22/23 ratio 2.37%

Council's continued focus on asset renewals has maintained a low cost to bring back to agreed service level ratio.

Singleton Council | Report on infrastructure assets as at 30 June 2023 | for the year ended 30 June 2023

Singleton Council

Report on infrastructure assets as at 30 June 2023

Infrastructure asset performance indicators (by fund)

\$ '000	General fund		Water fund		Sewer fund		Benchmark
	2023	2022	2023	2022	2023	2022	
Buildings and infrastructure renewals ratio							
Asset renewals ¹	166.17%	160.79%	0.00%	75.83%	0.00%	165.90%	> 100.00%
Depreciation, amortisation and impairment							
Infrastructure backlog ratio							
Estimated cost to bring assets to a satisfactory standard	2.69%	1.41%	3.84%	3.59%	6.20%	5.62%	< 2.00%
Net carrying amount of infrastructure assets							
Asset maintenance ratio							
Actual asset maintenance	99.73%	102.19%	101.50%	74.58%	73.58%	71.60%	> 100.00%
Required asset maintenance							
Cost to bring assets to agreed service level							
Estimated cost to bring assets to an agreed service level set by Council	2.20%	1.15%	2.21%	2.20%	6.20%	3.56%	
Gross replacement cost							

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

DCCS14/24. Potential Sale of Council Land - Mt Thorley Industrial Estate **FILE: 24/00201**
Author: Property Services Officer

Executive Summary

The purpose of this report is to advise Council that a report has been prepared for Council's consideration in Closed Council as it contains commercial information of a confidential nature that would, if disclosed, confer a commercial advantage on a person with whom the Council is conducting (or proposes to conduct) business.

RECOMMENDED that the report on the Potential Sale of Council Land be considered in Closed Council with the press and public excluded in accordance with Section 10A(2)(c) of the *Local Government Act, 1993* on the grounds that the report contains information that would, if disclosed, confer a commercial advantage on a person with whom the Council is conducting (or proposes to conduct) business.

Community Strategic Plan

Nil

Attachments

There are no attachments for this report.