

Warren Shire Council

SPECIAL SCHEDULES
for the year ended 30 June 2016

“Australia's Wool & Cotton Capital”



Warren Shire Council

Special Schedules for the year ended 30 June 2016

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¹ Special Schedules are not audited (with the exception of Special Schedule 8).

Background

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

Warren Shire Council

Special Schedule 1 – Net Cost of Services

for the year ended 30 June 2016

\$'000

Function or activity	Expenses from continuing operations	Income from continuing operations		Net cost of services
		Non-capital	Capital	
Governance	464	–	–	(464)
Administration	2,419	219	–	(2,200)
Public order and safety				
Fire service levy, fire protection, emergency services	172	59	–	(113)
Enforcement of local government regulations	–	1	–	1
Animal control	103	9	–	(94)
Total public order and safety	275	69	–	(206)
Health	254	–	–	(254)
Environment				
Noxious plants and insect/vermin control	100	–	–	(100)
Other environmental protection	–	8	–	8
Solid waste management	254	239	–	(15)
Street cleaning	112	–	–	(112)
Drainage	79	–	–	(79)
Stormwater management	133	–	–	(133)
Total environment	678	247	–	(431)
Housing and community amenities				
Public cemeteries	88	44	–	(44)
Council Housing	40	44	–	4
Street lighting	81	28	–	(53)
Town planning	25	24	–	(1)
Other community amenities	3	–	–	(3)
Total housing and community amenities	237	140	–	(97)
Water supplies	749	633	548	432
Sewerage services	633	530	–	(103)

Warren Shire Council

Special Schedule 1 – Net Cost of Services (continued)

for the year ended 30 June 2016

\$'000

Function or activity	Expenses from continuing operations	Income from continuing operations		Net cost of services
		Non-capital	Capital	
Recreation and culture				
Public libraries	335	196	–	(139)
Other cultural services	9	–	–	(9)
Sporting grounds and venues	260	69	–	(191)
Swimming pools	227	60	–	(167)
Parks and gardens (lakes)	283	–	–	(283)
Other sport and recreation	308	43	–	(265)
Total recreation and culture	1,422	368	–	(1,054)
Mining, manufacturing and construction				
Building control	–	1	–	1
Other mining, manufacturing and construction	20	22	–	2
Total mining, manufacturing and const.	20	23	–	3
Transport and communication				
Urban roads (UR) – local	242	16	–	(226)
Sealed rural roads (SRR) – local	777	777	–	–
Sealed rural roads (SRR) – regional	990	1,919	–	929
Unsealed rural roads (URR) – local	857	645	–	(212)
Unsealed rural roads (URR) – regional	235	–	–	(235)
Bridges on local roads	132	–	–	(132)
Bridges on regional roads	60	–	–	(60)
Parking areas	1	–	–	(1)
Footpaths	58	–	–	(58)
Aerodromes	77	73	–	(4)
Other transport and communication	732	1,013	–	281
Total transport and communication	4,161	4,443	–	282
Economic affairs				
Camping areas and caravan parks	11	–	–	(11)
Other economic affairs	192	120	–	(72)
Total economic affairs	203	120	–	(83)
Totals – functions	11,515	6,792	548	(4,175)
General purpose revenues ⁽¹⁾		7,145		7,145
Share of interests – joint ventures and associates using the equity method	4	–		(4)
NET OPERATING RESULT ⁽²⁾	11,519	13,937	548	2,966

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

Warren Shire Council

Special Schedule 2(a) – Statement of Long Term Debt (all purpose)

for the year ended 30 June 2016

\$'000

Classification of debt	Principal outstanding at beginning of the year			New loans raised during the year	Debt redemption during the year		Transfers to sinking funds	Interest applicable for year	Principal outstanding at the end of the year		
	Current	Non-current	Total		From revenue	Sinking funds			Current	Non-current	Total
Loans (by source)											
Treasury corporation	28	140	168	–	28	–	–	–	28	112	140
Financial institutions	47	296	343	–	46	–	–	26	51	246	297
Total loans	75	436	511	–	74	–	–	26	79	358	437
Total debt	75	436	511	–	74	–	–	26	79	358	437

Notes: excludes (i) internal loans and (ii) principal inflows/outflows relating to loan re-financing.

This schedule is prepared using the **face value** of debt obligations, rather than **fair value** (which are reported in the GPFS).

Warren Shire Council

Special Schedule 3 – Water Supply Income Statement

Includes all internal transactions, i.e. prepared on a gross basis
for the year ended 30 June 2016

\$'000	Actuals 2016	Actuals 2015
A Expenses and income		
Expenses		
1. Management expenses		
a. Administration	101	105
b. Engineering and supervision	54	53
2. Operation and maintenance expenses		
– dams and weirs		
a. Operation expenses	–	–
b. Maintenance expenses	–	–
– Mains		
c. Operation expenses	32	20
d. Maintenance expenses	125	124
– Reservoirs		
e. Operation expenses	7	4
f. Maintenance expenses	6	6
– Pumping stations		
g. Operation expenses (excluding energy costs)	14	3
h. Energy costs	56	51
i. Maintenance expenses	28	22
– Treatment		
j. Operation expenses (excluding chemical costs)	27	15
k. Chemical costs	22	19
l. Maintenance expenses	–	–
– Other		
m. Operation expenses	6	18
n. Maintenance expenses	7	3
o. Purchase of water	29	22
3. Depreciation expenses		
a. System assets	176	173
b. Plant and equipment	23	20
4. Miscellaneous expenses		
a. Interest expenses	–	–
b. Revaluation decrements	–	–
c. Other expenses	37	16
d. Impairment – system assets	–	–
e. Impairment – plant and equipment	–	–
f. Aboriginal Communities Water and Sewerage Program	–	–
g. Tax equivalents dividends (actually paid)	–	–
5. Total expenses	750	674

Warren Shire Council

Special Schedule 3 – Water Supply Income Statement (continued)

Includes all internal transactions, i.e. prepared on a gross basis
for the year ended 30 June 2016

\$'000	Actuals 2016	Actuals 2015
Income		
6. Residential charges		
a. Access (including rates)	295	285
b. Usage charges	296	308
7. Non-residential charges		
a. Access (including rates)	29	29
b. Usage charges	39	40
8. Extra charges	1	1
9. Interest income	15	16
10. Other income	3	3
10a. Aboriginal Communities Water and Sewerage Program	–	–
11. Grants		
a. Grants for acquisition of assets	548	102
b. Grants for pensioner rebates	9	9
c. Other grants	–	–
12. Contributions		
a. Developer charges	–	–
b. Developer provided assets	–	–
c. Other contributions	–	–
13. Total income	<u>1,235</u>	<u>793</u>
14. Gain (or loss) on disposal of assets	–	2
15. Operating result	<u>485</u>	<u>121</u>
15a. Operating result (less grants for acquisition of assets)	(63)	19

Warren Shire Council

Special Schedule 3 – Water Supply Income Statement (continued)

Includes all internal transactions, i.e. prepared on a gross basis
for the year ended 30 June 2016

\$'000	Actuals 2016	Actuals 2015
B Capital transactions		
Non-operating expenditures		
16. Acquisition of fixed assets		
a. New assets for improved standards	548	–
b. New assets for growth	–	–
c. Renewals	12	167
d. Plant and equipment	41	35
17. Repayment of debt	–	–
18. Totals	601	202
Non-operating funds employed		
19. Proceeds from disposal of assets	–	15
20. Borrowing utilised	–	–
21. Totals	–	15
C Rates and charges		
22. Number of assessments		
a. Residential (occupied)	882	884
b. Residential (unoccupied, ie. vacant lot)	64	64
c. Non-residential (occupied)	89	90
d. Non-residential (unoccupied, ie. vacant lot)	–	–
23. Number of ETs for which developer charges were received	– ET	– ET
24. Total amount of pensioner rebates (actual dollars)	\$ 17,150	\$ 17,019

Warren Shire Council

Special Schedule 4 – Water Supply Statement of Financial Position

Includes internal transactions, i.e. prepared on a gross basis
as at 30 June 2016

\$'000	Actuals Current	Actuals Non-current	Actuals Total
ASSETS			
25. Cash and investments			
a. Developer charges	–	–	–
b. Special purpose grants	–	–	–
c. Accrued leave	–	–	–
d. Unexpended loans	–	–	–
e. Sinking fund	–	–	–
f. Other	241	–	241
26. Receivables			
a. Specific purpose grants	391	–	391
b. Rates and availability charges	12	5	17
c. User charges	81	5	86
d. Other	–	–	–
27. Inventories	–	–	–
28. Property, plant and equipment			
a. System assets	–	7,029	7,029
b. Plant and equipment	–	264	264
29. Other assets	–	–	–
30. Total assets	<u>725</u>	<u>7,303</u>	<u>8,028</u>
LIABILITIES			
31. Bank overdraft	–	–	–
32. Creditors	8	–	8
33. Borrowings	–	–	–
34. Provisions			
a. Tax equivalents	–	–	–
b. Dividend	–	–	–
c. Other	9	8	17
35. Total liabilities	<u>17</u>	<u>8</u>	<u>25</u>
36. NET ASSETS COMMITTED	<u>708</u>	<u>7,295</u>	<u>8,003</u>
EQUITY			
37. Accumulated surplus			4,893
38. Asset revaluation reserve			3,110
39. TOTAL EQUITY			<u>8,003</u>
Note to system assets:			
40. Current replacement cost of system assets			14,725
41. Accumulated current cost depreciation of system assets			(7,696)
42. Written down current cost of system assets			<u>7,029</u>

Warren Shire Council

Special Schedule 5 – Sewerage Service Income Statement

Includes all internal transactions, i.e. prepared on a gross basis
for the year ended 30 June 2016

\$'000	Actuals 2016	Actuals 2015
A Expenses and income		
Expenses		
1. Management expenses		
a. Administration	97	97
b. Engineering and supervision	56	58
2. Operation and maintenance expenses		
– mains		
a. Operation expenses	3	3
b. Maintenance expenses	54	66
– Pumping stations		
c. Operation expenses (excluding energy costs)	2	26
d. Energy costs	26	33
e. Maintenance expenses	63	50
– Treatment		
f. Operation expenses (excl. chemical, energy, effluent and biosolids management costs)	52	47
g. Chemical costs	–	–
h. Energy costs	3	3
i. Effluent management	–	–
j. Biosolids management	–	–
k. Maintenance expenses	14	17
– Other		
l. Operation expenses	–	–
m. Maintenance expenses	–	–
3. Depreciation expenses		
a. System assets	213	209
b. Plant and equipment	44	37
4. Miscellaneous expenses		
a. Interest expenses	–	–
b. Revaluation decrements	–	–
c. Other expenses	10	8
d. Impairment – system assets	–	–
e. Impairment – plant and equipment	–	–
f. Aboriginal Communities Water and Sewerage Program	–	–
g. Tax equivalents dividends (actually paid)	–	–
5. Total expenses	637	654

Warren Shire Council

Special Schedule 5 – Sewerage Service Income Statement (continued)

Includes all internal transactions, i.e. prepared on a gross basis
for the year ended 30 June 2016

\$'000	Actuals 2016	Actuals 2015
Income		
6. Residential charges (including rates)	377	364
7. Non-residential charges		
a. Access (including rates)	46	46
b. Usage charges	61	65
8. Trade waste charges		
a. Annual fees	–	–
b. Usage charges	–	–
c. Excess mass charges	–	–
d. Re-inspection fees	–	–
9. Extra charges	2	2
10. Interest income	67	76
11. Other income	–	–
11a. Aboriginal Communities Water and Sewerage Program	–	–
12. Grants		
a. Grants for acquisition of assets	–	–
b. Grants for pensioner rebates	9	9
c. Other grants	–	–
13. Contributions		
a. Developer charges	–	–
b. Developer provided assets	–	–
c. Other contributions	–	–
14. Total income	<u>562</u>	<u>562</u>
15. Gain (or loss) on disposal of assets	4	–
16. Operating result	<u>(71)</u>	<u>(92)</u>
16a. Operating result (less grants for acquisition of assets)	(71)	(92)

Warren Shire Council

Special Schedule 5 – Sewerage Service Income Statement (continued)

Includes all internal transactions, i.e. prepared on a gross basis
for the year ended 30 June 2016

\$'000	Actuals 2016	Actuals 2015
B Capital transactions		
Non-operating expenditures		
17. Acquisition of fixed assets		
a. New assets for improved standards	–	–
b. New assets for growth	–	–
c. Renewals	24	106
d. Plant and equipment	30	125
18. Repayment of debt	–	–
19. Totals	54	231
Non-operating funds employed		
20. Proceeds from disposal of assets	18	–
21. Borrowing utilised	–	–
22. Totals	18	–
C Rates and charges		
23. Number of assessments		
a. Residential (occupied)	774	774
b. Residential (unoccupied, ie. vacant lot)	18	17
c. Non-residential (occupied)	100	100
d. Non-residential (unoccupied, ie. vacant lot)		–
24. Number of ETs for which developer charges were received	– ET	– ET
25. Total amount of pensioner rebates (actual dollars)	\$ 15,291	\$ 15,444

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Special Schedule 6 – Sewerage Service Statement of Financial Position

Includes internal transactions, i.e. prepared on a gross basis
as at 30 June 2016

\$'000	Actuals Current	Actuals Non-current	Actuals Total
ASSETS			
26. Cash and investments			
a. Developer charges	–	–	–
b. Special purpose grants	–	–	–
c. Accrued leave	–	–	–
d. Unexpended loans	–	–	–
e. Sinking fund	–	–	–
f. Other	2,369	–	2,369
27. Receivables			
a. Specific purpose grants	–	–	–
b. Rates and availability charges	15	6	21
c. User charges	8	5	13
d. Other	2	–	2
28. Inventories	–	–	–
29. Property, plant and equipment			
a. System assets	–	4,217	4,217
b. Plant and equipment	–	375	375
30. Other assets	–	–	–
31. Total assets	<u>2,394</u>	<u>4,603</u>	<u>6,997</u>
LIABILITIES			
32. Bank overdraft	–	–	–
33. Creditors	–	–	–
34. Borrowings	–	–	–
35. Provisions			
a. Tax equivalents	–	–	–
b. Dividend	–	–	–
c. Other	24	2	26
36. Total liabilities	<u>24</u>	<u>2</u>	<u>26</u>
37. NET ASSETS COMMITTED	<u>2,370</u>	<u>4,601</u>	<u>6,971</u>
EQUITY			
38. Accumulated surplus			4,232
39. Asset revaluation reserve			2,739
40. TOTAL EQUITY			<u>6,971</u>
Note to system assets:			
41. Current replacement cost of system assets			13,853
42. Accumulated current cost depreciation of system assets			(9,636)
43. Written down current cost of system assets			4,217

Warren Shire Council

Notes to Special Schedules 3 and 5

for the year ended 30 June 2016

Administration ⁽¹⁾

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

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

Engineering and supervision ⁽¹⁾

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

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

Operational expenses (item 2 of Special Schedules 3 and 5) comprise the day to day operational expenses excluding maintenance expenses.

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

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

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

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

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

Residential charges ⁽²⁾ (items 6a, 6b and item 6 of Special Schedules 3 and 5 respectively) include all income from residential charges. Item 6 of Schedule 3 should be separated into 6a access charges (including rates if applicable) and 6b usage charges.

Non-residential charges ⁽²⁾ (items 7a, 7b of Special Schedules 3 and 5) include all income from non-residential charges separated into 7a access charges (including rates if applicable) and 7b usage charges.

Trade waste charges (item 8 of Special Schedule 5) include all income from trade waste charges separated into 8a annual fees, 8b usage charges and 8c excess mass charges and 8d re-inspection fees.

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

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

Notes:

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

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

Warren Shire Council

Special Schedule 7 – Report on Infrastructure Assets as at 30 June 2016

\$'000

Asset class	Asset category	Estimated cost to bring assets to satisfactory standard	2015/16 Required maintenance ^a	2015/16 Actual maintenance	Carrying value	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
							1	2	3	4	5
Buildings	Buildings – non-specialised	40	45	39	3,797	8,687	50%	45%	5%	0%	0%
	Buildings – specialised	20	60	89	5,536	11,443	0%	70%	30%	0%	0%
	Sub-total	60	105	128	9,333	20,130	21.6%	59.2%	19.2%	0.0%	0.0%
Other structures	Other structures	30	15	9	6,230	11,878	6%	85%	7%	2%	0%
	Sub-total	30	15	9	6,230	11,878	6.0%	85.0%	7.0%	2.0%	0.0%
Roads	Sealed roads	450	940	1,119	92,085	104,564	48%	45%	5%	2%	0%
	Unsealed roads	200	640	719	22,960	25,576	40%	50%	10%	0%	0%
	Bridges	80	15	15	12,220	18,496	80%	20%	0%	0%	0%
	Footpaths	65	20	9	2,420	4,194	70%	20%	8%	2%	0%
	Sub-total	795	1,615	1,862	129,685	152,830	51.1%	42.1%	5.3%	1.4%	0.0%

Warren Shire Council

Special Schedule 7 – Report on Infrastructure Assets as at 30 June 2016 (continued)

\$'000

Asset class	Asset category	Estimated cost to bring assets to satisfactory standard	2015/16 Required maintenance ^a	2015/16 Actual maintenance	Carrying value	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
							1	2	3	4	5
Water supply network	Bores	–	–	7	16	401	75%	20%	0%	5%	0%
	Mains	100	80	125	2,553	7,380	10%	55%	25%	10%	0%
	Reservoirs	–	5	6	3,389	5,279	90%	0%	10%	0%	0%
	Pumping Stations	15	15	28	409	1,003	80%	15%	5%	0%	0%
	Sub-total	115	100	166	6,367	14,063	46.9%	30.5%	17.2%	5.4%	0.0%
Sewerage network	Mains	100	75	54	2,392	6,767	60%	20%	15%	5%	0%
	Pumping Stations	10	15	63	1,371	2,931	75%	20%	5%	0%	0%
	Treatment Plant	55	20	14	435	4,137	0%	10%	90%	0%	0%
	Sub-total	165	110	131	4,198	13,835	45.2%	17.0%	35.3%	2.4%	0.0%

Warren Shire Council

Special Schedule 7 – Report on Infrastructure Assets as at 30 June 2016 (continued)

\$'000

Asset class	Asset category	Estimated cost to bring assets to satisfactory standard	2015/16 Required maintenance ^a	2015/16 Actual maintenance	Carrying value	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
							1	2	3	4	5
Stormwater drainage	Stormwater drainage	35	15	19	2,190	3,907	80%	15%	5%	0%	0%
	Sub-total	35	15	19	2,190	3,907	80.0%	15.0%	5.0%	0.0%	0.0%
Open space/recreational assets	Swimming pools	–	15	3	141	1,631	0%	15%	65%	20%	0%
	Other Recreational	–	25	21	658	1,857	20%	65%	15%	0%	0%
	Sub-total	–	40	24	799	3,488	10.6%	41.6%	38.4%	9.4%	0.0%
	TOTAL – ALL ASSETS	1,200	2,000	2,339	158,802	220,131	45.2%	43.2%	9.8%	1.7%	0.0%

Notes:

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

Infrastructure asset condition assessment 'key'

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

Warren Shire Council

Special Schedule 7 – Report on Infrastructure Assets (continued)
for the year ended 30 June 2016

\$ '000	Amounts	Indicator	Prior periods	
	2016	2016	2015	2014
Infrastructure asset performance indicators * consolidated				
1. Infrastructure renewals ratio				
Asset renewals ⁽¹⁾	<u>3,441</u>	136.44%	93.02%	136.97%
Depreciation, amortisation and impairment	<u>2,522</u>			
2. Infrastructure backlog ratio				
Estimated cost to bring assets to a satisfactory standard	<u>1,200</u>	0.76%	0.90%	2.00%
Carrying value of infrastructure assets	<u>158,802</u>			
3. Asset maintenance ratio				
Actual asset maintenance	<u>2,339</u>	1.17	1.18	1.21
Required asset maintenance	<u>2,000</u>			
4. Capital expenditure ratio				
Annual capital expenditure	<u>4,927</u>	1.55	1.05	1.49
Annual depreciation	<u>3,181</u>			

Notes

* All asset performance indicators are calculated using the asset 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.

Warren Shire Council

Special Schedule 7 – Report on Infrastructure Assets (continued)
for the year ended 30 June 2016

\$ '000	Water 2016	Sewer 2016	General ⁽¹⁾ 2016
Infrastructure asset performance indicators by fund			
1. Infrastructure renewals ratio			
Asset renewals ⁽²⁾	68.75%	11.27%	154.52%
Depreciation, amortisation and impairment			
	prior period: 61.27%	47.85%	98.33%
2. Infrastructure backlog ratio			
Estimated cost to bring assets to a satisfactory standard	1.79%	3.91%	0.62%
Carrying value of infrastructure assets			
	prior period: 3.56%	3.78%	0.69%
3. Asset maintenance ratio			
Actual asset maintenance	1.66	1.19	1.14
Required asset maintenance			
	prior period: 1.45	1.16	1.16
4. Capital expenditure ratio			
Annual capital expenditure	3.02	0.28	1.56
Annual depreciation			
	prior period: 1.11	0.94	1.06

Notes

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

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

Warren Shire Council

Special Schedule 8 – Permissible Income Calculation

for the year ended 30 June 2017

\$'000		Calculation 2015/16	Calculation 2016/17
Notional general income calculation ⁽¹⁾			
Last year notional general income yield	a	4,394	4,506
Plus or minus adjustments ⁽²⁾	b	6	9
Notional general income	c = (a + b)	4,400	4,515
Permissible income calculation			
Special variation percentage ⁽³⁾	d	0.00%	0.00%
Or rate peg percentage	e	2.40%	1.80%
Or crown land adjustment (incl. rate peg percentage)	f	0.00%	0.00%
Less expiring special variation amount	g	–	–
Plus special variation amount	h = d x (c – g)	–	–
Or plus rate peg amount	i = c x e	106	81
Or plus Crown land adjustment and rate peg amount	j = c x f	–	–
Sub-total	k = (c + g + h + i + j)	4,506	4,596
Plus (or minus) last year's carry forward total	l	4	–
Less valuation objections claimed in the previous year	m	(3)	–
Sub-total	n = (l + m)	1	–
Total permissible income	o = k + n	4,506	4,596
Less notional general income yield	p	4,506	4,595
Catch-up or (excess) result	q = o – p	–	1
Plus income lost due to valuation objections claimed ⁽⁴⁾	r	–	–
Less unused catch-up ⁽⁵⁾	s	–	–
Carry forward to next year	t = q + r – s	–	1

Notes

- (1) The notional general income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.
- (2) Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called 'supplementary valuations' as defined in the *Valuation of Land Act 1916*.
- (3) The 'special variation percentage' is inclusive of the rate peg percentage and where applicable Crown land adjustment.
- (4) Valuation objections are unexpected changes in land values as a result of land owners successfully objecting to the land value issued by the Valuer-General. Councils can claim the value of the income lost due to valuation objections in any single year.
- (5) Unused catch-up amounts will be deducted if they are not caught up within 2 years. Usually councils will have a nominal carry forward figure. These amounts can be adjusted for in setting the rates in a future year.
- (6) Carry forward amounts which are in excess (an amount that exceeds the permissible income) require ministerial approval by order published in the *NSW Government Gazette* in accordance with section 512 of the *Local Government Act 1993*. The OLG will extract these amounts from Council's Special Schedule 8 in the financial data return (FDR) to administer this process.



WARREN SHIRE COUNCIL

SPECIAL SCHEDULE NO. 8

INDEPENDENT AUDITORS' REPORT

REPORT ON SPECIAL SCHEDULE NO. 8

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

Responsibility of Council for Special Schedule No. 8

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

Auditors' Responsibility

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

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

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

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

Assurance Partners



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

Independence

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

Audit Opinion

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

Basis of Accounting

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

HILL ROGERS



BRETT HANGER

Partner

Dated at Sydney this 29th day of August 2016