

Warren Shire Council

SPECIAL SCHEDULES
for the year ended 30 June 2019



Special Schedules

for the year ended 30 June 2019

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Permissible income for general rates for the year ended 30 June 2019

		Calculation 2019/20 \$ '000	Calculation 2018/19 \$ '000
Notional general income calculation ¹			
Last year notional general income yield	a	4,773	4,668
Plus or minus adjustments ²	b	–	(1)
Notional general income	c = a + b	4,773	4,667
Permissible income calculation			
Or rate peg percentage	e	2.70%	2.30%
Or plus rate peg amount	i = e x (c + g)	129	107
Sub-total	k = (c + g + h + i + j)	4,902	4,774
Plus (or minus) last year's carry forward total	l	33	1
Less valuation objections claimed in the previous year	m	(31)	–
Sub-total	n = (l + m)	2	1
Total permissible income	o = k + n	4,904	4,775
Less notional general income yield	p	4,901	4,773
Catch-up or (excess) result	q = o – p	3	2
Plus income lost due to valuation objections claimed ⁴	r	–	31
Carry forward to next year ⁶	t = q + r + s	3	33

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.
- (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.
- (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 Permissible income for general rates Statement in the financial data return (FDR) to administer this process.



INDEPENDENT AUDITOR'S REPORT
Special Schedule - Permissible income for general rates
Warren Shire Council

To the Councillors of Warren Shire Council

Opinion

I have audited the accompanying Special Schedule – Permissible income for general rates (the Schedule) of Warren Shire Council (the Council) for the year ending 30 June 2020.

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 – update number 27 (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' (APES 110).

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

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

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

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

Emphasis of Matter - Basis of Accounting

Without modifying my opinion, I draw attention to the special purpose framework used to prepare the Schedule. The Schedule 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 2019 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 2019'.

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

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

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

I have nothing to report in this regard.

The Councillors' Responsibilities for the Schedule

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

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

Auditor's Responsibilities for the Audit of the Schedule

My objectives are to:


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

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

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

My opinion does not provide assurance:

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

A handwritten signature in black ink, appearing to read "David Nolan". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

David Nolan
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

16 October 2019
SYDNEY

Report on Infrastructure Assets

as at 30 June 2019

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard	2018/19 Required maintenance ^a	2018/19 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
							1	2	3	4	5
(a) Report on Infrastructure Assets - Values											
Buildings	Buildings – non-specialised	45	65	114	5,104	7,995	60.0%	35.0%	5.0%	0.0%	0.0%
	Buildings – specialised	45	70	161	8,729	13,394	10.0%	70.0%	20.0%	0.0%	0.0%
	Sub-total	90	135	275	13,833	21,389	28.7%	56.9%	14.4%	0.0%	0.0%
Other structures	Other structures	80	20	177	6,350	12,336	5.0%	80.0%	15.0%	0.0%	0.0%
	Sub-total	80	20	177	6,350	12,336	5.0%	80.0%	15.0%	0.0%	0.0%
Roads	Sealed roads	400	980	1,220	95,749	111,129	70.0%	20.0%	10.0%	0.0%	0.0%
	Unsealed roads	300	700	1,169	23,240	26,142	50.0%	40.0%	10.0%	0.0%	0.0%
	Bridges	50	25	40	11,690	18,496	70.0%	30.0%	0.0%	0.0%	0.0%
	Footpaths	100	40	193	2,719	4,609	70.0%	20.0%	10.0%	0.0%	0.0%
	Sub-total	850	1,745	2,622	133,398	160,376	66.7%	24.4%	8.8%	0.0%	0.1%
Water supply network	Bores	–	5	54	523	1,060	90.0%	10.0%	0.0%	0.0%	0.0%
	Mains	100	100	212	3,177	9,473	10.0%	45.0%	25.0%	20.0%	0.0%
	Pumping Stations	30	90	179	1,189	1,546	80.0%	20.0%	0.0%	0.0%	0.0%
	Reservoirs	15	15	5	3,631	5,176	80.0%	0.0%	20.0%	0.0%	0.0%
	Sub-total	145	210	450	8,520	17,255	42.2%	27.1%	19.7%	11.0%	0.0%
Sewerage network	Treatment Plant	20	25	62	2,200	5,087	0.0%	10.0%	0.0%	90.0%	0.0%
	Mains	110	65	27	4,142	6,839	45.0%	45.0%	10.0%	0.0%	0.0%
	Pumping Stations	20	30	67	1,079	2,215	75.0%	20.0%	5.0%	0.0%	0.0%
	Sub-total	150	120	156	7,421	14,141	33.5%	28.5%	5.6%	32.4%	0.0%
Stormwater drainage	Stormwater drainage	25	35	2	2,157	3,993	80.0%	15.0%	5.0%	0.0%	0.0%
	Sub-total	25	35	2	2,157	3,993	80.0%	15.0%	5.0%	0.0%	0.0%
Open space / recreational assets	Swimming pools	25	30	54	53	1,654	0.0%	15.0%	40.0%	45.0%	0.0%
	Other Recreational	35	45	54	1,147	2,533	35.0%	50.0%	15.0%	0.0%	0.0%
	Sub-total	60	75	108	1,200	4,187	21.2%	36.2%	24.9%	17.8%	(0.1%)
TOTAL - ALL ASSETS		1,400	2,340	3,790	172,879	233,677	55.6%	30.8%	10.5%	3.1%	0.0%

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

Report on Infrastructure Assets - Values (continued)

as at 30 June 2019

Infrastructure asset condition assessment 'key'

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

Report on Infrastructure Assets (continued)

as at 30 June 2019

\$ '000	Amounts 2019	Indicator 2019	Prior periods		Benchmark
			2018	2017	
Infrastructure asset performance indicators (consolidated) *					
Buildings and infrastructure renewals ratio ¹					
Asset renewals ²	2,734	101.67%	103.64%	143.54%	>=100.00%
Depreciation, amortisation and impairment	2,689				
Infrastructure backlog ratio ¹					
Estimated cost to bring assets to a satisfactory standard	1,400	0.81%	0.67%	0.78%	<2.00%
Net carrying amount of infrastructure assets	172,879				
Asset maintenance ratio					
Actual asset maintenance	3,790	161.97%	152.41%	158.27%	>100.00%
Required asset maintenance	2,340				

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

(1) Excludes Work In Progress (WIP)

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

Report on Infrastructure Assets (continued)

as at 30 June 2019

\$ '000	General fund		Water fund		Sewer fund		Benchmark
	2019	2018	2019	2018	2019	2018	
Infrastructure asset performance indicators (by fund)							
Buildings and infrastructure renewals ratio ¹							
Asset renewals ²							
Depreciation, amortisation and impairment	117.49%	110.26%	–	21.36%	–	119.89%	>=100.00%
Infrastructure backlog ratio ¹							
Estimated cost to bring assets to a satisfactory standard							
Net carrying amount of infrastructure assets	0.70%	0.55%	1.70%	1.46%	2.02%	2.21%	<2.00%
Asset maintenance ratio							
Actual asset maintenance							
Required asset maintenance	158.41%	157.05%	214.29%	159.66%	130.00%	82.76%	>100.00%

(1) Excludes Work In Progress (WIP)

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