

Warren Shire Council

SPECIAL SCHEDULES
for the year ended 30 June 2020



Special Schedules

for the year ended 30 June 2020

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Permissible income for general rates

	Notes	Calculation 2020/21 \$ '000	Calculation 2019/20 \$ '000
Notional general income calculation ¹			
Last year notional general income yield	a	4,901	4,773
Plus or minus adjustments ²	b	5	–
Notional general income	$c = a + b$	4,906	4,773
Permissible income calculation			
Or rate peg percentage	e	2.60%	2.70%
Or plus rate peg amount	$i = e \times (c + g)$	128	129
Sub-total	$k = (c + g + h + i + j)$	5,034	4,902
Plus (or minus) last year's carry forward total	l	3	33
Less valuation objections claimed in the previous year	m	–	(31)
Sub-total	$n = (l + m)$	3	2
Total permissible income	$o = k + n$	5,037	4,904
Less notional general income yield	p	5,034	4,901
Catch-up or (excess) result	$q = o - p$	2	3
Carry forward to next year ⁶	$t = q + r + s$	2	3

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.
- (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 2021.

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 28 (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).

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 2020 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.

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.

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.

A handwritten signature in black ink, appearing to read 'Manuel Moncada', written in a cursive style.

Manuel Moncada

Delegate of the Auditor-General for New South Wales

5 November 2020
SYDNEY

Report on Infrastructure Assets

as at 30 June 2020

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard	2019/20 Required maintenance ^a	2019/20 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	1	2	3	4	5
(a) Report on Infrastructure Assets - Values											
Buildings	Buildings – non-specialised	50	70	130	4,920	7,809	2.0%	58.0%	37.0%	3.0%	0.0%
	Buildings – specialised	50	75	296	8,431	12,867	31.0%	36.0%	20.0%	12.0%	1.0%
	Sub-total	100	145	426	13,351	20,676	20.0%	44.3%	26.4%	8.6%	0.6%
Other structures	Other structures	80	50	215	6,386	12,531	0.0%	0.0%	0.0%	0.0%	100.0%
	Sub-total	80	50	215	6,386	12,531	0.0%	0.0%	0.0%	0.0%	100.0%
Roads	Sealed roads	410	909	817	86,295	129,338	13.0%	28.0%	42.0%	15.0%	2.0%
	Unsealed roads	310	1,042	1,056	23,554	29,724	47.0%	7.0%	42.0%	4.0%	0.0%
	Bridges	50	46	31	14,258	20,140	22.0%	68.0%	5.0%	0.0%	5.0%
	Footpaths	95	60	21	2,388	3,866	26.0%	0.0%	74.0%	0.0%	0.0%
	Sub-total	865	2,057	1,925	126,495	183,068	19.8%	28.4%	38.6%	11.2%	2.0%
Water supply network	Bores	–	10	–	505	1,070	24.0%	12.0%	2.0%	49.0%	13.0%
	Mains	100	100	191	3,557	10,001	2.0%	66.0%	16.0%	13.0%	3.0%
	Pumping Stations	85	90	126	1,285	1,690	60.0%	9.0%	4.0%	9.0%	18.0%
	Reservoirs	20	15	12	3,691	5,325	44.0%	25.0%	0.0%	8.0%	23.0%
	Sub-total	205	215	329	9,038	18,086	21.1%	45.4%	9.3%	13.3%	10.9%
Sewerage network	Treatment Plant	35	30	65	2,145	5,136	0.0%	0.0%	0.0%	0.0%	100.0%
	Mains	110	65	80	4,119	6,903	0.0%	0.0%	0.0%	0.0%	100.0%
	Pumping Stations	20	30	107	1,056	2,269	0.0%	0.0%	0.0%	0.0%	100.0%
	Sub-total	165	125	252	7,320	14,308	0.0%	0.0%	0.0%	0.0%	100.0%
Stormwater drainage	Stormwater drainage	30	35	6	2,498	4,552	60.0%	25.0%	15.0%	0.0%	0.0%
	Sub-total	30	35	6	2,498	4,552	60.0%	25.0%	15.0%	0.0%	0.0%
Open space / recreational assets	Swimming pools	35	35	24	–	1,569	0.0%	0.0%	40.0%	60.0%	0.0%
	Other Recreational	30	150	556	2,039	3,493	40.0%	45.0%	15.0%	0.0%	0.0%
	Sub-total	65	185	580	2,039	5,062	27.6%	31.1%	22.7%	18.6%	0.0%
TOTAL - ALL ASSETS		1,510	2,812	3,733	167,127	258,283	18.7%	27.9%	30.8%	10.0%	12.6%

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

Report on Infrastructure Assets - Values (continued)

as at 30 June 2020

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 2020

\$ '000	Amounts	Indicator	Prior periods		Benchmark
	2020	2020	2019	2018	
Infrastructure asset performance indicators (consolidated) *					
Buildings and infrastructure renewals ratio ¹					
Asset renewals ²	3,721	131.39%	101.67%	103.64%	>=100.00%
Depreciation, amortisation and impairment	2,832				
Infrastructure backlog ratio ¹					
Estimated cost to bring assets to a satisfactory standard	1,510	0.90%	0.81%	0.67%	<2.00%
Net carrying amount of infrastructure assets	167,127				
Asset maintenance ratio					
Actual asset maintenance	3,733	132.75%	161.97%	152.41%	>100.00%
Required asset maintenance	2,812				

(*) 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 2020

\$ '000	General fund		Water fund		Sewer fund		Benchmark
	2020	2019	2020	2019	2020	2019	
Infrastructure asset performance indicators (by fund)							
Buildings and infrastructure renewals ratio ¹							
Asset renewals ²							
Depreciation, amortisation and impairment	148.71%	117.49%	51.32%	0.00%	15.84%	0.00%	>=100.00%
Infrastructure backlog ratio ¹							
Estimated cost to bring assets to a satisfactory standard							
Net carrying amount of infrastructure assets	0.76%	0.70%	2.25%	1.70%	2.25%	2.02%	<2.00%
Asset maintenance ratio							
Actual asset maintenance							
Required asset maintenance	127.51%	158.41%	153.02%	214.29%	201.60%	130.00%	>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.