

Walcha 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

\$ '000	Notes	Calculation 2020/21	Calculation 2019/20
Notional general income calculation ¹			
Last year notional general income yield	a	3,485	3,400
Plus or minus adjustments ²	b	—	3
Notional general income	c = a + b	3,485	3,403
Permissible income calculation			
Or rate peg percentage	e	2.60%	2.70%
Or plus rate peg amount	i = e x (c + g)	91	92
Sub-total	k = (c + g + h + i + j)	3,576	3,495
Plus (or minus) last year's carry forward total	l	16	6
Sub-total	n = (l + m)	16	6
Total permissible income	o = k + n	3,592	3,501
Less notional general income yield	p	3,598	3,485
Catch-up or (excess) result	q = o - p	(7)	16
Less unused catch-up ⁵	s	—	(7)
Carry forward to next year ⁶	t = q + r + s	(7)	9

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.
- (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 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
Walcha Council

To the Councillors of Walcha Council

Opinion

I have audited the accompanying Special Schedule – Permissible income for general rates (the Schedule) of Walcha 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 and Special Schedule 'Report on infrastructure assets' as at 30 June 2020.

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 'CHarper', with a long horizontal stroke extending to the right.

Chris Harper
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

21 December 2020
SYDNEY

Report on Infrastructure Assets

as at 30 June 2020

Asset Class	Asset Category	Estimated cost		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				
		Estimated cost to bring assets to satisfactory standard	to bring to the agreed level of service set by Council					1	2	3	4	5
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000					
(a) Report on Infrastructure Assets - Values												
Buildings	Other	–	–	16	–	506	630	86.0%	8.0%	6.0%	0.0%	0.0%
	Council Offices / Administration Centres	–	–	64	83	954	2,008	0.0%	17.0%	83.0%	0.0%	0.0%
	Council Works Depot	37	37	54	42	994	1,724	10.0%	84.0%	0.0%	6.0%	0.0%
	Squash Courts	–	–	19	22	378	618	0.0%	100.0%	0.0%	0.0%	0.0%
	Amenities	–	–	49	70	969	1,359	15.0%	85.0%	0.0%	0.0%	0.0%
	Library	–	–	16	10	313	563	0.0%	100.0%	0.0%	0.0%	0.0%
	Child care	–	–	72	91	1,898	2,184	57.0%	43.0%	0.0%	0.0%	0.0%
	Specialised Buildings	8	8	8	–	236	356	18.0%	76.0%	6.0%	0.0%	0.0%
	Swimming Pool	–	–	17	2	296	538	0.0%	100.0%	0.0%	0.0%	0.0%
	Auto Electrician	–	–	15	11	167	473	0.0%	0.0%	100.0%	0.0%	0.0%
	Council House	–	–	25	14	585	770	0.0%	100.0%	0.0%	0.0%	0.0%
	Waste Management	–	–	8	–	246	298	100.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	45	45	363	345	7,542	11,521	21.9%	58.1%	19.1%	0.9%	0.0%
Other structures	Other structures	20	20	16	–	426	582	44.0%	41.0%	6.0%	9.0%	0.0%
	Other	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Swimming Pools	–	–	26	–	628	1,553	0.0%	14.0%	33.0%	13.0%	40.0%
	Waste Management	–	–	8	–	170	241	50.0%	0.0%	50.0%	0.0%	0.0%
	Council Works Depot	–	–	4	–	132	200	0.0%	0.0%	100.0%	0.0%	0.0%
	Sub-total	20	20	54	–	1,356	2,576	14.6%	17.7%	33.7%	9.9%	24.1%

Report on Infrastructure Assets (continued)

as at 30 June 2020

Asset Class	Asset Category	Estimated cost		2019/20 Required maintenance ^a \$ '000	2019/20 Actual maintenance \$ '000	Net carrying amount \$ '000	Gross replacement cost (GRC) \$ '000	Assets in condition as a percentage of gross replacement cost				
		Estimated cost to bring assets to satisfactory standard \$ '000	to bring to the agreed level of service set by Council \$ '000					1	2	3	4	5
Roads	Sealed roads – Surface	950	950	718	224	8,243	11,387	45.0%	42.0%	11.0%	2.0%	0.0%
	Unsealed roads	1,939	1,939	1,734	1,134	11,433	14,135	15.0%	21.0%	25.0%	38.0%	1.0%
	Sealed roads – Structure	6,920	6,920	525	546	69,341	84,063	28.0%	37.0%	12.0%	14.0%	9.0%
	Bridges	509	509	293	9	16,461	25,710	33.0%	19.0%	43.0%	5.0%	0.0%
	Culverts	5,505	5,505	394	–	19,661	39,415	1.2%	10.2%	60.2%	27.6%	0.8%
	Footpaths	15	15	21	34	1,698	2,078	48.0%	40.0%	9.0%	2.0%	1.0%
	Other road assets	–	–	4	130	139	231	27.0%	68.0%	5.0%	0.0%	0.0%
	Kerb & Gutter	119	119	44	9	2,846	4,360	14.0%	60.0%	19.0%	7.0%	0.0%
	Bulk earthworks	–	–	–	–	227,104	227,104	100.0%	0.0%	0.0%	0.0%	0.0%
Other	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%	
	Sub-total	15,957	15,957	3,733	2,086	356,926	408,483	65.7%	12.6%	12.4%	7.3%	2.0%
Water supply network	Mains	–	–	141	68	7,762	8,997	10.0%	88.0%	2.0%	0.0%	0.0%
	Reservoirs	–	–	36	48	1,642	2,973	0.0%	47.0%	53.0%	0.0%	0.0%
	Pumping Stations	–	–	21	100	314	432	29.0%	31.0%	40.0%	0.0%	0.0%
	Treatment	810	810	144	281	5,913	8,946	38.0%	27.0%	32.0%	3.0%	0.0%
	Meters	–	–	7	–	98	118	29.0%	71.0%	0.0%	0.0%	0.0%
	Connections	–	–	12	–	693	939	0.0%	100.0%	0.0%	0.0%	0.0%
	Other	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	810	810	361	497	16,422	22,405	19.9%	57.5%	21.4%	1.2%	0.0%
Sewerage network	Mains	78	78	95	23	6,715	7,958	3.0%	87.0%	8.0%	2.0%	0.0%
	Pumping Stations	1	1	17	41	662	812	11.0%	83.0%	6.0%	0.0%	0.0%
	Treatment	372	372	35	143	2,298	3,594	36.0%	36.0%	26.0%	2.0%	0.0%
	Other	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	451	451	147	207	9,675	12,364	13.1%	71.9%	13.1%	1.9%	0.0%

Report on Infrastructure Assets (continued)

as at 30 June 2020

Asset Class	Asset Category	Estimated cost		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					
		Estimated cost to bring assets to satisfactory standard	to bring to the agreed level of service set by Council					1	2	3	4	5	
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000						
Stormwater drainage	Stormwater drainage	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	Stormwater conduits	–	–	62	72	3,969	6,179	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%
	Inlet & junction pits	–	–	3	–	164	257	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%
	Head walls	–	–	1	–	35	55	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%
	Outfall structures	–	–	–	–	9	15	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%
	Levees	–	–	38	–	3,804	3,804	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	Other	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	–	–	104	72	7,981	10,310	36.9%	63.1%	0.0%	0.0%	0.0%	0.0%
	TOTAL - ALL ASSETS	17,283	17,283	4,762	3,207	399,902	467,659	60.2%	18.6%	12.9%	6.6%	1.9%	

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

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	2017	
Infrastructure asset performance indicators (consolidated) *						
Buildings and infrastructure renewals ratio ¹						
Asset renewals ²	<u>2,207</u>	73.15%	132.98%	103.52%	309.16%	>=100.00%
Depreciation, amortisation and impairment	<u>3,017</u>					
Infrastructure backlog ratio ¹						
Estimated cost to bring assets to a satisfactory standard	<u>17,283</u>	4.32%	4.67%	4.05%	7.29%	<2.00%
Net carrying amount of infrastructure assets	<u>399,902</u>					
Asset maintenance ratio						
Actual asset maintenance	<u>3,207</u>	67.35%	104.45%	112.72%	105.48%	>100.00%
Required asset maintenance	<u>4,762</u>					
Cost to bring assets to agreed service level						
Estimated cost to bring assets to an agreed service level set by Council	<u>17,283</u>	3.70%	3.62%	2.80%	2.91%	
Gross replacement cost	<u>467,659</u>					

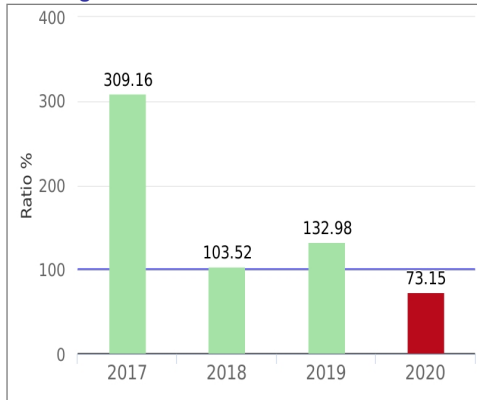
(*) All asset performance indicators are calculated using classes identified in the previous table.

(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

Buildings and infrastructure renewals ratio



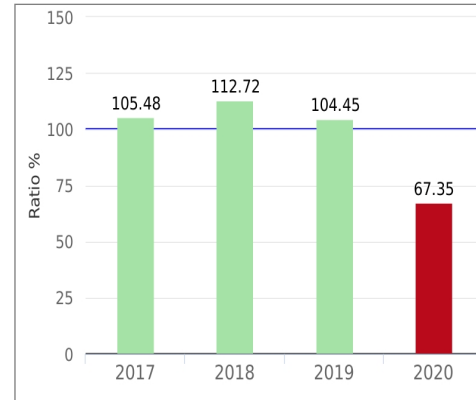
Buildings and infrastructure renewals ratio

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

Commentary on result	
19/20 ratio	73.15%
This ratio has slipped below the benchmark in 2020. Contributing factors include a large amount of work in progress in addition to hold up resulting from bushfire and storm clean up as well as COVID-19.	

Benchmark: — $\geq 100.00\%$ ■ Ratio achieves benchmark
 Source of benchmark: Code of Accounting Practice and Financial Reporting #28 ■ Ratio is outside benchmark

Asset maintenance ratio



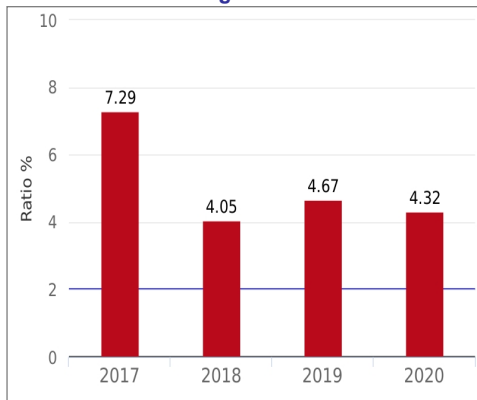
Asset maintenance ratio

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	
19/20 ratio	67.35%
Asset maintenance ratio has slipped below the benchmark this year due to delays caused bushfire and storm clean up and COVID-19.	

Benchmark: — $> 100.00\%$ ■ Ratio achieves benchmark
 Source of benchmark: Code of Accounting Practice and Financial Reporting #28 ■ Ratio is outside benchmark

Infrastructure backlog ratio



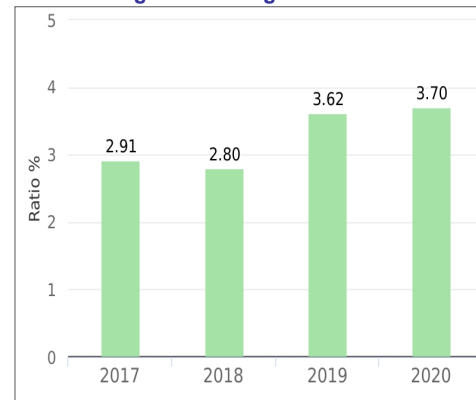
Infrastructure backlog ratio

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

Commentary on result	
19/20 ratio	4.32%
The backlog ratio is holding steady.	

Benchmark: — $< 2.00\%$ ■ Ratio achieves benchmark
 Source of benchmark: Code of Accounting Practice and Financial Reporting #28 ■ 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	
19/20 ratio	3.70%
This ratio indicates that 3.7% of Council's infrastructure assets have reached an 'intervention point' and require renewal works. This ratio is holding steady.	

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	81.58%	105.11%	22.86%	35.76%	27.91%	868.55%	>=100.00%
Infrastructure backlog ratio ¹							
Estimated cost to bring assets to a satisfactory standard							
Net carrying amount of infrastructure assets	4.29%	4.83%	4.93%	1.25%	4.66%	4.11%	<2.00%
Asset maintenance ratio							
Actual asset maintenance							
Required asset maintenance	58.84%	94.82%	137.67%	148.36%	140.82%	179.53%	>100.00%
Cost to bring assets to agreed service level							
Estimated cost to bring assets to an agreed service level set by Council							
Gross replacement cost	3.70%	3.75%	3.62%	0.93%	3.65%	3.26%	

(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.