

**Walcha Council 2021 – 2022
Annual Report – Appendix D**



Special Schedules

For the Year Ended 30 June 2022

Walcha Council

SPECIAL SCHEDULES
for the year ended 30 June 2022



Walcha Council

Special Schedules

for the year ended 30 June 2022

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Permissible income for general rates

	Notes	Calculation 2021/22 \$ '000	Calculation 2022/23 \$ '000
Notional general income calculation ¹			
Last year notional general income yield	a	3,598	3,658
Plus or minus adjustments ²	b	1	—
Notional general income	c = a + b	3,599	3,658
Permissible income calculation			
Or rate peg percentage	e	2.00%	0.70%
Or plus rate peg amount	i = e x (c + g)	72	26
Sub-total	k = (c + g + h + i + j)	3,671	3,684
Plus (or minus) last year's carry forward total	l	(7)	6
Sub-total	n = (l + m)	(7)	6
Total permissible income	o = k + n	3,664	3,690
Less notional general income yield	p	3,658	3,639
Catch-up or (excess) result	q = o - p	6	51
Carry forward to next year ⁶	t = q + r + s	6	51

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.



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 2023.

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 2021–22 (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 2022 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 2022'.

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

28 October 2022
SYDNEY

Walcha Council

Report on infrastructure assets as at 30 June 2022

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard \$ '000	Estimated cost to bring to the agreed level of service set by Council \$ '000	2021/22 Required maintenance ^a \$ '000	2021/22 Actual maintenance \$ '000	Net carrying amount \$ '000	Gross replacement cost (GRC) \$ '000	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
Buildings	Other	–	–	16	–	570	780	100.0%	0.0%	0.0%	0.0%	0.0%
	Council Offices / Administration Centres	–	–	64	55	928	2,239	4.0%	17.0%	79.0%	0.0%	0.0%
	Council Works Depot	37	37	54	55	1,074	2,009	10.0%	83.0%	2.0%	5.0%	0.0%
	Squash Courts/ Community Gym	–	–	19	38	1,337	1,693	58.0%	42.0%	0.0%	0.0%	0.0%
	Amenities	–	–	49	94	1,040	1,578	14.0%	86.0%	0.0%	0.0%	0.0%
	Library	–	–	16	7	337	652	0.0%	100.0%	0.0%	0.0%	0.0%
	Child care	8	8	72	3	1,980	2,460	57.0%	43.0%	0.0%	0.0%	0.0%
	Specialised Buildings	–	–	8	–	246	397	18.0%	76.0%	0.0%	6.0%	0.0%
	Swimming Pool	–	–	17	60	402	710	0.0%	100.0%	0.0%	0.0%	0.0%
	Auto Electrician	–	–	15	2	146	503	0.0%	0.0%	100.0%	0.0%	0.0%
	Council House	–	–	25	5	592	859	18.0%	82.0%	0.0%	0.0%	0.0%
	Waste Management	–	–	8	–	259	335	100.0%	0.0%	0.0%	0.0%	0.0%
Sub-total		45	45	363	319	8,911	14,215	29.8%	53.1%	16.3%	0.9%	0.0%
Other structures	Other structures	–	–	16	–	139	249	15.0%	40.0%	0.0%	45.0%	0.0%
	Sporting Grounds	–	–	–	–	358	444	64.0%	36.0%	0.0%	0.0%	0.0%
	Swimming Pools	–	–	26	–	776	2,009	1.0%	0.0%	99.0%	0.0%	0.0%
	Waste Management	–	–	8	–	182	270	50.0%	0.0%	50.0%	0.0%	0.0%
	Council Works Depot	–	–	4	–	144	207	5.0%	95.0%	0.0%	0.0%	0.0%
	Saleyards	–	–	–	–	1,140	1,163	100.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total		–	–	54	–	2,739	4,342	38.0%	10.5%	48.9%	2.6%

Walcha Council

Report on infrastructure assets as at 30 June 2022 (continued)

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard \$ '000	Estimated cost to bring to the agreed level of service set by Council \$ '000	2021/22 Required maintenance ^a \$ '000	2021/22 Actual maintenance \$ '000	Net carrying amount \$ '000	Gross replacement cost (GRC) \$ '000	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
Roads	Roads	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Sealed roads – Surface	115	115	718	400	11,515	16,191	47.0%	47.0%	4.0%	2.0%	0.0%
	Unsealed roads	1,939	1,939	1,734	1,169	14,247	17,692	13.0%	43.0%	17.0%	27.0%	0.0%
	Other road assets (incl. bulk earth works)	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Sealed roads – Structure	518	518	293	460	81,768	99,417	34.0%	42.0%	11.0%	9.0%	4.0%
	Bridges	5,505	5,505	394	11	20,149	30,839	39.0%	17.0%	39.0%	5.0%	0.0%
	Culverts	15	15	21	–	20,879	43,552	29.0%	16.0%	55.0%	0.0%	0.0%
	Footpaths	–	–	4	30	2,338	2,808	58.0%	33.0%	8.0%	1.0%	0.0%
	Other road assets	108	108	44	46	144	255	27.0%	68.0%	5.0%	0.0%	0.0%
	Kerb & Gutter	3,487	3,487	–	1	3,101	4,869	14.0%	61.0%	19.0%	6.0%	0.0%
	Bulk earthworks	–	–	525	–	251,185	251,185	100.0%	0.0%	0.0%	0.0%	0.0%
	Other	–	–	–	–	2	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	11,687	11,687	3,733	2,117	405,328	466,808	69.0%	15.7%	11.1%	3.4%	0.9%
Water supply network	Mains	–	–	141	58	9,142	11,231	90.0%	3.0%	7.0%	0.0%	0.0%
	Reservoirs	–	–	36	92	1,640	2,828	0.0%	91.0%	0.0%	9.0%	0.0%
	Pumping Stations	–	–	21	56	284	611	35.0%	0.0%	21.0%	44.0%	0.0%
	Treatment	124	124	144	280	5,237	7,343	44.0%	39.0%	13.0%	4.0%	0.0%
	Meters	–	–	7	–	230	345	0.0%	100.0%	0.0%	0.0%	0.0%
	Connections	–	–	12	–	678	1,004	0.0%	100.0%	0.0%	0.0%	0.0%
	Other	–	–	–	–	2	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	124	124	361	486	17,213	23,362	58.0%	30.5%	8.0%	3.5%	0.0%
Sewerage network	Mains	50	50	95	32	3,911	4,937	67.0%	32.0%	1.0%	0.0%	0.0%
	Pumping Stations	30	30	17	34	1,897	2,409	70.0%	27.0%	2.0%	1.0%	0.0%
	Treatment	22	22	35	231	2,808	4,380	4.0%	42.0%	23.0%	7.0%	24.0%
	Other	–	–	–	–	1	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	102	102	147	297	8,617	11,726	44.1%	34.7%	9.4%	2.8%	9.0%

Walcha Council

Report on infrastructure assets as at 30 June 2022 (continued)

Asset Class	Asset Category	Estimated cost		2021/22 Required maintenance ^a	2021/22 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%
	Stormwater conduits	–	–	62	59	4,131	6,625	0.0%	100.0%	0.0%	0.0%	0.0%
	Inlet & junction pits	–	–	3	–	187	291	6.0%	94.0%	0.0%	0.0%	0.0%
	Head walls	–	–	1	–	36	58	0.0%	100.0%	0.0%	0.0%	0.0%
	Outfall structures	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Levees	–	–	38	–	4,059	4,059	100.0%	0.0%	0.0%	0.0%	0.0%
	Other	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	–	–	104	59	8,413	11,033	36.9%	63.1%	0.0%	0.0%	0.0%
	Total – all assets	11,958	11,958	4,762	3,278	451,221	531,486	66.0%	18.7%	11.1%	3.3%	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

Walcha Council

Report on infrastructure assets as at 30 June 2022

Infrastructure asset performance indicators (consolidated) *

\$ '000	Amounts 2022	Indicator 2022	2021	Indicators 2020	2019	Benchmark
Buildings and infrastructure renewals ratio						
Asset renewals ¹	7,137					
Depreciation, amortisation and impairment	3,246	219.87%	245.80%	73.15%	132.98%	>= 100.00%
Infrastructure backlog ratio						
Estimated cost to bring assets to a satisfactory standard	11,958					
Net carrying amount of infrastructure assets	455,448	2.63%	2.91%	4.29%	4.67%	< 2.00%
Asset maintenance ratio						
Actual asset maintenance	3,278					
Required asset maintenance	4,762	68.84%	65.27%	67.35%	104.45%	> 100.00%
Cost to bring assets to agreed service level						
Estimated cost to bring assets to an agreed service level set by Council	11,958	2.25%	2.51%	3.70%	3.62%	
Gross replacement cost	531,486					

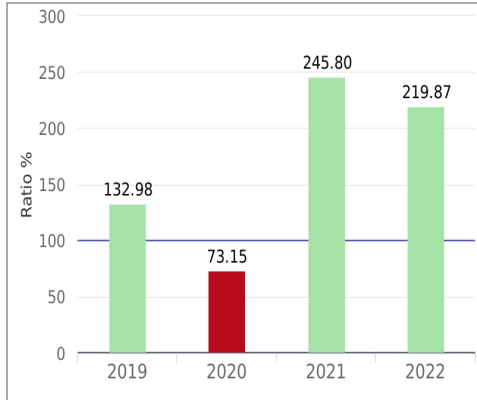
(*) All asset performance indicators are calculated using classes identified in the previous table.

(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.

Walcha Council

Report on infrastructure assets as at 30 June 2022

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	
21/22 ratio	219.87%
Significant and ongoing high levels of funding for bridge and road renewals.	

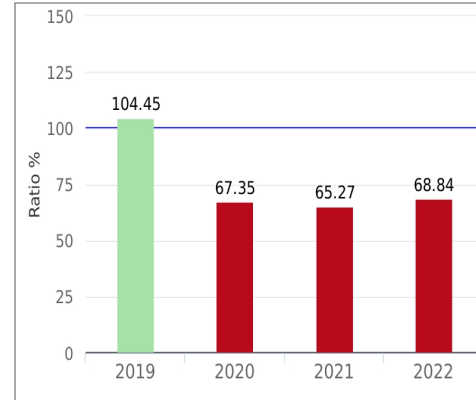
Benchmark: — $\geq 100.00\%$

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

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	
21/22 ratio	68.84%
The accuracy of this graph is dependent on the availability of up to date Asset Management Plans which are currently being reviewed and updated.	

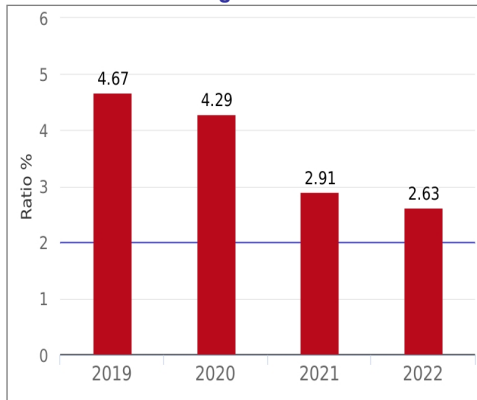
Benchmark: — $> 100.00\%$

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

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	
21/22 ratio	2.63%
The accuracy of this graph is dependent on the availability of up to date Asset Management Plans which are currently being reviewed and updated.	

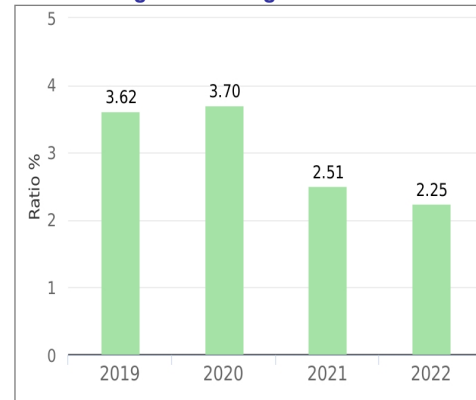
Benchmark: — $< 2.00\%$

Ratio achieves benchmark

Source of benchmark: Code of Accounting Practice and Financial Reporting

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	
21/22 ratio	2.25%
The accuracy of this graph is dependent on the availability of up to date Asset Management Plans which are currently being reviewed and updated.	

Walcha Council

Report on infrastructure assets as at 30 June 2022

Infrastructure asset performance indicators (by fund)

\$ '000	General fund		Water fund		Sewer fund		Benchmark
	2022	2021	2022	2021	2022	2021	
Buildings and infrastructure renewals ratio							
Asset renewals ¹							
Depreciation, amortisation and impairment	240.14%	287.45%	20.51%	0.00%	261.24%	0.00%	>= 100.00%
Infrastructure backlog ratio							
Estimated cost to bring assets to a satisfactory standard							
Net carrying amount of infrastructure assets	2.74%	3.05%	0.65%	0.75%	1.18%	1.16%	< 2.00%
Asset maintenance ratio							
Actual asset maintenance							
Required asset maintenance	58.65%	57.50%	134.63%	115.51%	202.04%	166.67%	> 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	2.36%	2.66%	0.53%	0.54%	0.87%	0.82%	

(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.