

**Walcha Council 2022 – 2023
Annual Report – Appendix D**



Special Schedules

For the Year Ended 30 June 2023

Walcha Council

SPECIAL SCHEDULES
for the year ended 30 June 2023



Walcha Council

Special Schedules

for the year ended 30 June 2023

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Walcha Council

Permissible income for general rates

	Notes	Calculation 2022/23 \$ '000	Calculation 2023/24 \$ '000
Notional general income calculation ¹			
Last year notional general income yield	a	3,658	3,639
Plus or minus adjustments ²	b	–	62
Notional general income	$c = a + b$	3,658	3,701
Permissible income calculation			
Special variation percentage ³	d	0.00%	36.50%
Or rate peg percentage	e	0.70%	0.00%
Plus special variation amount	$h = d \times (c + g)$	–	1,351
Or plus rate peg amount	$i = e \times (c + g)$	26	–
Sub-total	$k = (c + g + h + i + j)$	3,684	5,052
Plus (or minus) last year's carry forward total	l	6	51
Sub-total	$n = (l + m)$	6	51
Total permissible income	$o = k + n$	3,690	5,103
Less notional general income yield	p	3,639	5,299
Catch-up or (excess) result	$q = o - p$	51	(197)
Plus income lost due to valuation objections claimed ⁴	r	–	112
Carry forward to next year ⁶	$t = q + r + s$	51	(85)

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)*.
- (3) The 'special variation percentage' is inclusive of the rate peg percentage and where applicable, the 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.
- (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 2024.

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 2022–23 (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).

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

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 2023 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 2023'.

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.



Jan-Michael Perez
Delegate of the Auditor-General for New South Wales

31 October 2023
SYDNEY

Walcha Council

Report on infrastructure assets as at 30 June 2023

Asset Class	Asset Category	Estimated cost		2022/23 Required maintenance ^a	2022/23 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					
Buildings	Other	1,500	400	30	–	628	963	13.0%	77.0%	7.0%	3.0%	0.0%
	Council Offices / Administration Centres	–	–	–	85	944	2,187	0.0%	0.0%	100.0%	0.0%	0.0%
	Council Works Depot	150	150	120	113	991	2,123	7.0%	8.0%	79.0%	6.0%	0.0%
	Squash Courts/ Community Gym	1,000	40	10	41	1,396	1,845	59.0%	0.0%	41.0%	0.0%	0.0%
	Amenities	500	250	20	79	1,389	1,766	64.0%	34.0%	2.0%	0.0%	0.0%
	Library	250	100	10	10	328	656	0.0%	0.0%	100.0%	0.0%	0.0%
	Child care	–	–	15	46	1,852	2,214	68.0%	26.0%	6.0%	0.0%	0.0%
	Specialised Buildings	–	–	–	–	72	137	18.0%	57.0%	25.0%	0.0%	0.0%
	Swimming Pool	1,000	500	12	73	340	681	0.0%	0.0%	100.0%	0.0%	0.0%
	Auto Electrician	500	50	50	3	152	507	0.0%	0.0%	100.0%	0.0%	0.0%
	Council House	150	50	30	9	570	1,030	53.0%	47.0%	0.0%	0.0%	0.0%
	Waste Management	150	50	8	–	255	375	46.0%	49.0%	5.0%	0.0%	0.0%
	Sub-total	5,200	1,590	305	459	8,917	14,484	32.7%	19.6%	46.6%	1.1%	0.0%
Other structures	Other structures	–	–	–	–	214	359	26.0%	34.0%	40.0%	0.0%	0.0%
	Sporting Grounds	–	–	–	–	367	467	64.0%	36.0%	0.0%	0.0%	0.0%
	Swimming Pools	1,400	600	10	–	781	2,111	1.0%	0.0%	99.0%	0.0%	0.0%
	Waste Management	80	20	8	–	182	284	50.0%	0.0%	50.0%	0.0%	0.0%
	Council Works Depot	–	–	–	–	154	243	4.0%	86.0%	10.0%	0.0%	0.0%
	Saleyards	–	–	–	–	1,159	1,222	100.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	1,480	620	18	–	2,857	4,686	38.1%	10.7%	51.2%	0.0%	0.0%

Walcha Council

Report on infrastructure assets as at 30 June 2023 (continued)

Asset Class	Asset Category	Estimated cost		2022/23 Required maintenance ^a	2022/23 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					
Roads	Roads	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Sealed roads – Surface	1,265	1,012	405	–	11,417	17,007	47.0%	47.0%	4.0%	1.0%	1.0%
	Unsealed roads	3,878	3,102	1,241	1,303	14,916	18,736	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	6,475	1,295	259	2,956	87,663	106,978	34.0%	45.0%	10.0%	8.0%	3.0%
	Bridges	8,258	6,606	1,321	4	20,353	31,165	41.0%	18.0%	36.0%	5.0%	0.0%
	Culverts	300	240	48	–	21,663	46,122	29.0%	1.0%	70.0%	0.0%	0.0%
	Footpaths	150	120	24	7	2,446	2,973	58.0%	37.0%	3.0%	2.0%	0.0%
	Other road assets	162	130	26	18	148	270	27.0%	68.0%	5.0%	0.0%	0.0%
	Kerb & Gutter	5,231	4,184	84	12	3,258	5,181	14.0%	60.0%	19.0%	7.0%	0.0%
	Bulk earthworks	–	–	–	–	266,036	266,036	100.0%	0.0%	0.0%	0.0%	0.0%
	Other	–	–	–	–	1	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	25,719	16,689	3,408	4,300	427,901	494,468	69.1%	15.1%	12.0%	3.2%	0.6%
Water supply network	Mains	5,000	250	60	108	9,900	12,436	88.0%	6.0%	6.0%	0.0%	0.0%
	Reservoirs	22	140	60	35	1,872	3,338	4.0%	87.0%	0.0%	0.0%	9.0%
	Pumping Stations	28	14	8	62	261	506	46.0%	0.0%	27.0%	27.0%	0.0%
	Treatment	2,400	80	20	181	5,516	8,015	57.0%	20.0%	18.0%	5.0%	0.0%
	Meters	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Connections	600	120	12	–	717	1,082	0.0%	100.0%	0.0%	0.0%	0.0%
	Other	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
		Sub-total	8,050	604	160	386	18,266	25,377	62.6%	25.0%	9.2%	2.1%
Sewerage network	Mains	6,000	340	40	113	4,136	5,317	67.0%	32.0%	1.0%	0.0%	0.0%
	Pumping Stations	80	25	10	26	2,011	2,595	70.0%	27.0%	2.0%	0.0%	1.0%
	Treatment	10,000	30	15	209	2,958	4,646	5.0%	48.0%	22.0%	7.0%	18.0%
	Other	–	–	–	–	1	–	0.0%	0.0%	0.0%	0.0%	0.0%
		Sub-total	16,080	395	65	348	9,106	12,558	44.7%	36.9%	9.0%	2.6%

Walcha Council

Report on infrastructure assets as at 30 June 2023 (continued)

Asset Class	Asset Category	Estimated cost		2022/23 Required maintenance ^a	2022/23 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	180	90	90	70	4,383	7,136	0.0%	100.0%	0.0%	0.0%	0.0%
	Stormwater conduits	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Inlet & junction pits	150	60	30	–	198	314	6.0%	94.0%	0.0%	0.0%	0.0%
	Head walls	60	22	8	–	38	63	0.0%	100.0%	0.0%	0.0%	0.0%
	Outfall structures	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Levees	20	12	7	–	4,371	4,371	100.0%	0.0%	0.0%	0.0%	0.0%
	Other	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	Sub-total	410	184	135	70	8,990	11,884	36.9%	63.1%	0.0%	0.0%	0.0%
	Total – all assets	56,939	20,082	4,091	5,563	476,037	563,457	66.4%	17.1%	12.7%	3.0%	0.8%

(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 2023

Infrastructure asset performance indicators (consolidated) *

\$ '000	Amounts 2023	Indicator 2023	2022	Indicators 2021	2020	Benchmark
Buildings and infrastructure renewals ratio						
Asset renewals ¹	2,939					
Depreciation, amortisation and impairment	3,602	81.59%	219.87%	245.80%	73.15%	> 100.00%
Infrastructure backlog ratio						
Estimated cost to bring assets to a satisfactory standard	56,939					
Net carrying amount of infrastructure assets	488,598	11.65%	2.63%	2.91%	4.29%	< 2.00%
Asset maintenance ratio						
Actual asset maintenance	5,563					
Required asset maintenance	4,091	135.98%	68.84%	65.27%	67.35%	> 100.00%
Cost to bring assets to agreed service level						
Estimated cost to bring assets to an agreed service level set by Council	20,082	3.56%	2.25%	2.51%	3.70%	
Gross replacement cost	563,457					

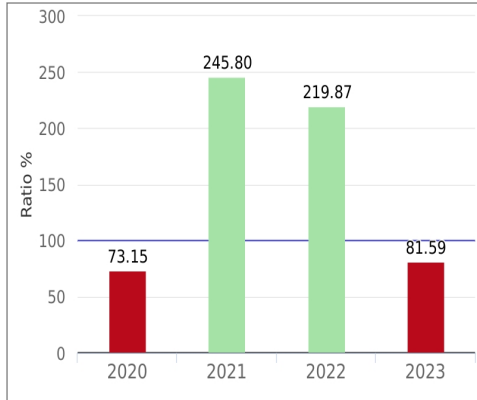
(*) All asset performance indicators are calculated using classes identified in the previous table.

(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 2023

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

22/23 ratio 81.59%

Drop in ratio this year is due to limited project completion and large work in progress on unfinished projects.

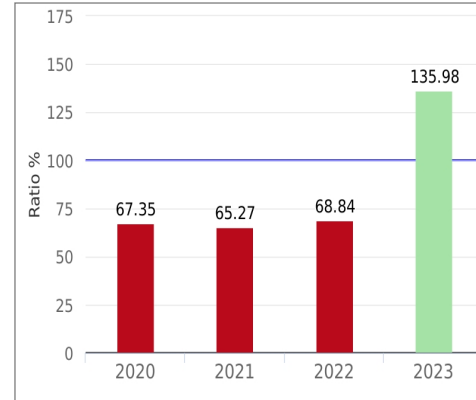
Benchmark: — > 100.00%

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

22/23 ratio 135.98%

Increased spending on asset maintenance through the year.

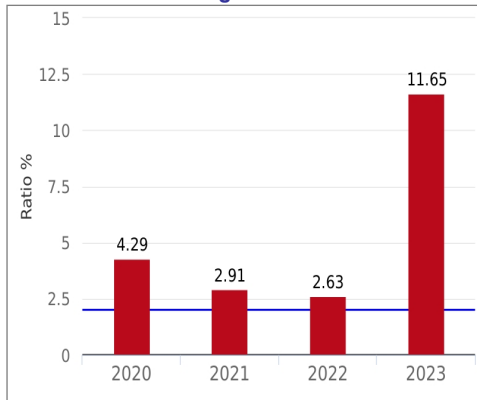
Benchmark: — > 100.00%

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

22/23 ratio 11.65%

Increase in infrastructure backlog ratio is a result of improved accuracy of assets backlog costing as a requirement of Council's SRV application.

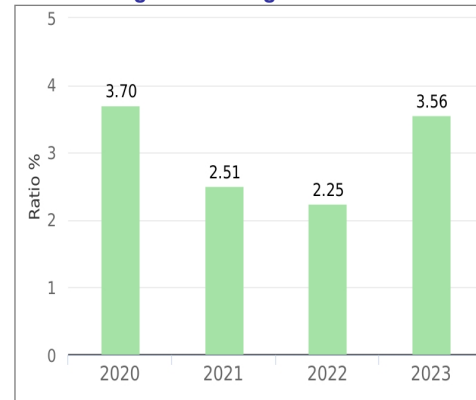
Benchmark: — < 2.00%

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

22/23 ratio 3.56%

Small increase but this ratio is holding steady.

Walcha Council

Report on infrastructure assets as at 30 June 2023

Infrastructure asset performance indicators (by fund)

\$ '000	General fund		Water fund		Sewer fund		Benchmark
	2023	2022	2023	2022	2023	2022	
Buildings and infrastructure renewals ratio							
Asset renewals ¹							
Depreciation, amortisation and impairment	95.70%	240.14%	0.00%	20.51%	0.00%	261.24%	> 100.00%
Infrastructure backlog ratio							
Estimated cost to bring assets to a satisfactory standard							
Net carrying amount of infrastructure assets	7.11%	2.74%	44.07%	0.65%	176.59%	1.18%	< 2.00%
Asset maintenance ratio							
Actual asset maintenance							
Required asset maintenance	124.91%	58.65%	241.25%	134.63%	535.38%	202.04%	> 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	3.63%	2.36%	2.38%	0.53%	3.15%	0.87%	

(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.