

Warren Shire Council

SPECIAL SCHEDULES
for the year ended 30 June 2017

“Australia's Wool & Cotton Capital”



Warren Shire Council

Special Schedules

for the year ended 30 June 2017

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¹ Special Schedules are not audited (with the exception of Special Schedule 8).

Background

- (i) These Special Schedules have been designed to meet the requirements of special purpose users such as;
- the NSW Grants Commission
 - the Australian Bureau of Statistics (ABS),
 - the NSW Office of Water (NOW), and
 - the Office of Local Government (OLG).
- (ii) The financial data is collected for various uses including;
- the allocation of Financial Assistance Grants,
 - the incorporation of Local Government financial figures in national statistics,
 - the monitoring of loan approvals,
 - the allocation of borrowing rights, and
 - the monitoring of the financial activities of specific services.

Warren Shire Council

Special Schedule 1 – Net Cost of Services
for the year ended 30 June 2017

\$'000

Function or activity	Expenses from continuing operations	Income from continuing operations		Net cost of services
		Non-capital	Capital	
Governance	504	–	–	(504)
Administration	2,835	311	–	(2,524)
Public order and safety				
Fire service levy, fire protection, emergency services	171	68	–	(103)
Animal control	90	2	–	(88)
Total public order and safety	261	70	–	(191)
Health	228	2	–	(226)
Environment				
Noxious plants and insect/vermin control	101	–	–	(101)
Other environmental protection	125	–	–	(125)
Solid waste management	304	245	–	(59)
Street cleaning	135	–	–	(135)
Drainage	67	–	–	(67)
Stormwater management	151	–	–	(151)
Total environment	883	245	–	(638)
Community services and education				
Administration and education	8	15	–	7
Total community services and education	8	15	–	7
Housing and community amenities				
Public cemeteries	82	41	–	(41)
Council Housing	39	43	–	4
Street lighting	89	28	–	(61)
Town planning	–	31	–	31
Other community amenities	1	–	–	(1)
Total housing and community amenities	211	143	–	(68)
Water supplies	798	656	352	210
Sewerage services	665	547	53	(65)

Warren Shire Council

Special Schedule 1 – Net Cost of Services (continued)
for the year ended 30 June 2017

\$'000

Function or activity	Expenses from continuing operations	Income from continuing operations		Net cost of services
		Non-capital	Capital	
Recreation and culture				
Public libraries	337	104	–	(233)
Museums	–	–	–	–
Art galleries	–	–	–	–
Community centres and halls	–	–	–	–
Performing arts venues	–	–	–	–
Other performing arts	–	–	–	–
Other cultural services	9	–	–	(9)
Sporting grounds and venues	270	53	–	(217)
Swimming pools	245	56	–	(189)
Parks and gardens (lakes)	306	–	–	(306)
Other sport and recreation	318	47	–	(271)
Total recreation and culture	1,485	260	–	(1,225)
Mining, manufacturing and construction				
Building control	–	4	–	4
Other mining, manufacturing and construction	48	25	–	(23)
Total mining, manufacturing and const.	48	29	–	(19)
Transport and communication				
Urban roads (UR) – local	244	–	–	(244)
Sealed rural roads (SRR) – local	778	763	–	(15)
Regional rural roads	1,282	2,172	–	890
Unsealed rural roads (URR) – local	1,390	1,780	–	390
Bridges on local roads	128	–	–	(128)
Bridges on regional roads	63	–	–	(63)
Parking areas	1	–	–	(1)
Footpaths	29	–	–	(29)
Aerodromes	42	56	–	14
Other transport and communication	1,192	983	–	(209)
Total transport and communication	5,149	5,754	–	605
Economic affairs				
Camping areas and caravan parks	13	–	–	(13)
Other economic affairs	258	161	–	(97)
Total economic affairs	271	161	–	(110)
Totals – functions	13,346	8,193	405	(4,748)
General purpose revenues ⁽¹⁾		8,537		8,537
Share of interests – joint ventures and associates using the equity method	–	4		4
NET OPERATING RESULT ⁽²⁾	13,346	16,734	405	3,793

(1) Includes: rates and annual charges (including ex gratia, excluding water and sewer), non-capital general purpose grants, interest on investments (excluding externally restricted assets) and interest on overdue rates and annual charges (2) As reported in the Income Statement

Warren Shire Council

Special Schedule 2(a) – Statement of Long Term Debt (all purpose)

for the year ended 30 June 2017

\$'000

Classification of debt	Principal outstanding at beginning of the year			New loans raised during the year	Debt redemption during the year		Transfers to sinking funds	Interest applicable for year	Principal outstanding at the end of the year		
	Current	Non-current	Total		From revenue	Sinking funds			Current	Non-current	Total
Loans (by source)											
NSW Treasury Corporation	28	112	140	–	28	–	–	–	28	84	112
Financial institutions	51	246	297	–	51	–	–	21	55	191	246
Other	–	–	–	–	–	–	–	–	–	–	–
Total loans	79	358	437	–	79	–	–	21	83	275	358
Total debt	79	358	437	–	79	–	–	21	83	275	358

Notes: excludes (i) internal loans and (ii) principal inflows/outflows relating to loan re-financing.

This schedule is prepared using the **face value** of debt obligations, rather than **fair value** (which are reported in the GPFS).

Warren Shire Council

Special Schedule 3 – Water Supply Income Statement

Includes all internal transactions, i.e. prepared on a gross basis
for the year ended 30 June 2017

\$'000	Actuals 2017	Actuals 2016
A Expenses and income		
Expenses		
1. Management expenses		
a. Administration	120	101
b. Engineering and supervision	56	54
2. Operation and maintenance expenses		
– dams and weirs		
a. Operation expenses	–	–
b. Maintenance expenses	–	–
– Mains		
c. Operation expenses	23	32
d. Maintenance expenses	148	125
– Reservoirs		
e. Operation expenses	9	7
f. Maintenance expenses	3	6
– Pumping stations		
g. Operation expenses (excluding energy costs)	5	14
h. Energy costs	50	56
i. Maintenance expenses	46	28
– Treatment		
j. Operation expenses (excluding chemical costs)	48	27
k. Chemical costs	25	22
l. Maintenance expenses	–	–
– Other		
m. Operation expenses	5	6
n. Maintenance expenses	11	7
o. Purchase of water	27	29
3. Depreciation expenses		
a. System assets	177	176
b. Plant and equipment	27	23
4. Miscellaneous expenses		
a. Interest expenses	–	–
b. Revaluation decrements	–	–
c. Other expenses	23	37
d. Impairment – system assets	–	–
e. Impairment – plant and equipment	–	–
f. Aboriginal Communities Water and Sewerage Program	–	–
g. Tax equivalents dividends (actually paid)	–	–
5. Total expenses	803	750

Warren Shire Council

Special Schedule 3 – Water Supply Income Statement (continued)

Includes all internal transactions, i.e. prepared on a gross basis
for the year ended 30 June 2017

\$'000	Actuals 2017	Actuals 2016
Income		
6. Residential charges		
a. Access (including rates)	311	295
b. Usage charges	279	296
7. Non-residential charges		
a. Access (including rates)	31	29
b. Usage charges	45	39
8. Extra charges	1	1
9. Interest income	17	15
10. Other income	12	3
10a. Aboriginal Communities Water and Sewerage Program	–	–
11. Grants		
a. Grants for acquisition of assets	352	548
b. Grants for pensioner rebates	10	9
c. Other grants	–	–
12. Contributions		
a. Developer charges	–	–
b. Developer provided assets	–	–
c. Other contributions	3	–
13. Total income	1,061	1,235
14. Gain (or loss) on disposal of assets	–	–
15. Operating result	258	485
15a. Operating result (less grants for acquisition of assets)	(94)	(63)

Warren Shire Council

Special Schedule 3 – Water Supply Income Statement (continued)

Includes all internal transactions, i.e. prepared on a gross basis
for the year ended 30 June 2017

\$'000	Actuals 2017	Actuals 2016
B Capital transactions		
Non-operating expenditures		
16. Acquisition of fixed assets		
a. New assets for improved standards	352	548
b. New assets for growth	–	–
c. Renewals	25	12
d. Plant and equipment	–	41
17. Repayment of debt	–	–
18. Totals	377	601
Non-operating funds employed		
19. Proceeds from disposal of assets	–	–
20. Borrowing utilised	–	–
21. Totals	–	–
C Rates and charges		
22. Number of assessments		
a. Residential (occupied)	889	882
b. Residential (unoccupied, ie. vacant lot)	65	64
c. Non-residential (occupied)	90	89
d. Non-residential (unoccupied, ie. vacant lot)	–	–
23. Number of ETs for which developer charges were received	– ET	– ET
24. Total amount of pensioner rebates (actual dollars)	\$ 17,434	\$ 17,150

Warren Shire Council

Special Schedule 4 – Water Supply Statement of Financial Position

Includes internal transactions, i.e. prepared on a gross basis
as at 30 June 2017

\$'000	Actuals Current	Actuals Non-current	Actuals Total
ASSETS			
25. Cash and investments			
a. Developer charges	–	–	–
b. Special purpose grants	–	–	–
c. Accrued leave	–	–	–
d. Unexpended loans	–	–	–
e. Sinking fund	–	–	–
f. Other	343	–	343
26. Receivables			
a. Specific purpose grants	337	–	337
b. Rates and availability charges	18	5	23
c. User charges	60	17	77
d. Other	–	–	–
27. Inventories	–	–	–
28. Property, plant and equipment			
a. System assets	–	7,675	7,675
b. Plant and equipment	–	472	472
29. Other assets	–	–	–
30. Total assets	758	8,169	8,927
LIABILITIES			
31. Bank overdraft	–	–	–
32. Creditors	8	–	8
33. Borrowings	–	–	–
34. Provisions			
a. Tax equivalents	–	–	–
b. Dividend	–	–	–
c. Other	17	4	21
35. Total liabilities	25	4	29
36. NET ASSETS COMMITTED	733	8,165	8,898
EQUITY			
37. Accumulated surplus			5,151
38. Asset revaluation reserve			3,747
39. Other reserves			–
40. TOTAL EQUITY			8,898
Note to system assets:			
41. Current replacement cost of system assets			15,729
42. Accumulated current cost depreciation of system assets			(8,054)
43. Written down current cost of system assets			7,675

Warren Shire Council

Special Schedule 5 – Sewerage Service Income Statement

Includes all internal transactions, i.e. prepared on a gross basis
for the year ended 30 June 2017

\$'000	Actuals 2017	Actuals 2016
A Expenses and income		
Expenses		
1. Management expenses		
a. Administration	101	97
b. Engineering and supervision	59	56
2. Operation and maintenance expenses		
– mains		
a. Operation expenses	3	3
b. Maintenance expenses	62	54
– Pumping stations		
c. Operation expenses (excluding energy costs)	–	2
d. Energy costs	25	26
e. Maintenance expenses	51	63
– Treatment		
f. Operation expenses (excl. chemical, energy, effluent and biosolids management costs)	91	52
g. Chemical costs	–	–
h. Energy costs	1	3
i. Effluent management	–	–
j. Biosolids management	–	–
k. Maintenance expenses	5	14
– Other		
l. Operation expenses	–	–
m. Maintenance expenses	–	–
3. Depreciation expenses		
a. System assets	217	213
b. Plant and equipment	43	44
4. Miscellaneous expenses		
a. Interest expenses	–	–
b. Revaluation decrements	–	–
c. Other expenses	11	10
d. Impairment – system assets	–	–
e. Impairment – plant and equipment	–	–
f. Aboriginal Communities Water and Sewerage Program	–	–
g. Tax equivalents dividends (actually paid)	–	–
5. Total expenses	669	637

Warren Shire Council

Special Schedule 5 – Sewerage Service Income Statement (continued)

Includes all internal transactions, i.e. prepared on a gross basis
for the year ended 30 June 2017

\$'000	Actuals 2017	Actuals 2016
Income		
6. Residential charges (including rates)	397	377
7. Non-residential charges		
a. Access (including rates)	48	46
b. Usage charges	61	61
8. Trade waste charges		
a. Annual fees	–	–
b. Usage charges	–	–
c. Excess mass charges	–	–
d. Re-inspection fees	–	–
9. Extra charges	2	2
10. Interest income	63	67
11. Other income	4	–
11a. Aboriginal Communities Water and Sewerage Program	–	–
12. Grants		
a. Grants for acquisition of assets	53	–
b. Grants for pensioner rebates	9	9
c. Other grants	–	–
13. Contributions		
a. Developer charges	–	–
b. Developer provided assets	–	–
c. Other contributions	–	–
14. Total income	<u>637</u>	<u>562</u>
15. Gain (or loss) on disposal of assets	–	4
16. Operating result	<u>(32)</u>	<u>(71)</u>
16a. Operating result (less grants for acquisition of assets)	(85)	(71)

Warren Shire Council

Special Schedule 5 – Sewerage Service Income Statement (continued)

Includes all internal transactions, i.e. prepared on a gross basis
for the year ended 30 June 2017

\$'000	Actuals 2017	Actuals 2016
B Capital transactions		
Non-operating expenditures		
17. Acquisition of fixed assets		
a. New assets for improved standards	105	–
b. New assets for growth	–	–
c. Renewals	–	24
d. Plant and equipment	–	30
18. Repayment of debt	–	–
19. Totals	105	54
Non-operating funds employed		
20. Proceeds from disposal of assets	–	18
21. Borrowing utilised	–	–
22. Totals	–	18
C Rates and charges		
23. Number of assessments		
a. Residential (occupied)	777	774
b. Residential (unoccupied, ie. vacant lot)	18	18
c. Non-residential (occupied)	101	100
d. Non-residential (unoccupied, ie. vacant lot)		
24. Number of ETs for which developer charges were received	– ET	– ET
25. Total amount of pensioner rebates (actual dollars)	\$ 15,684	\$ 15,291

Warren Shire Council

Special Schedule 6 – Sewerage Service Statement of Financial Position

Includes internal transactions, i.e. prepared on a gross basis
as at 30 June 2017

\$'000	Actuals Current	Actuals Non-current	Actuals Total
ASSETS			
26. Cash and investments			
a. Developer charges	–	–	–
b. Special purpose grants	–	–	–
c. Accrued leave	–	–	–
d. Unexpended loans	–	–	–
e. Sinking fund	–	–	–
f. Other	2,430	–	2,430
27. Receivables			
a. Specific purpose grants	40	–	40
b. Rates and availability charges	22	7	29
c. User charges	9	–	9
d. Other	1	1	2
28. Inventories	–	–	–
29. Property, plant and equipment			
a. System assets	–	7,642	7,642
b. Plant and equipment	–	481	481
30. Other assets	–	–	–
31. Total assets	<u>2,502</u>	<u>8,131</u>	<u>10,633</u>
LIABILITIES			
32. Bank overdraft	–	–	–
33. Creditors	–	–	–
34. Borrowings	–	–	–
35. Provisions			
a. Tax equivalents	–	–	–
b. Dividend	–	–	–
c. Other	28	4	32
36. Total liabilities	<u>28</u>	<u>4</u>	<u>32</u>
37. NET ASSETS COMMITTED	<u>2,474</u>	<u>8,127</u>	<u>10,601</u>
EQUITY			
38. Accumulated surplus			4,200
39. Asset revaluation reserve			6,401
41. TOTAL EQUITY			<u>10,601</u>
Note to system assets:			
42. Current replacement cost of system assets			13,988
43. Accumulated current cost depreciation of system assets			(6,346)
44. Written down current cost of system assets			<u>7,642</u>

Warren Shire Council

Notes to Special Schedules 3 and 5

for the year ended 30 June 2017

Administration ⁽¹⁾

(item 1a of Special Schedules 3 and 5) comprises the following:

- Administration staff:
 - Salaries and allowance
 - Travelling expenses
 - Accrual of leave entitlements
 - Employment overheads.
- Meter reading
- Bad and doubtful debts
- Other administrative/corporate support services

Engineering and supervision ⁽¹⁾

(item 1b of Special Schedules 3 and 5) comprises the following:

- Engineering staff:
 - Salaries and allowance
 - Travelling expenses
 - Accrual of leave entitlements
 - Employment overheads.
- Other technical and supervision staff:
 - Salaries and allowance
 - Travelling expenses
 - Accrual of leave entitlements
 - Employment overheads.

Operational expenses (item 2 of Special Schedules 3 and 5) comprise the day to day operational expenses excluding maintenance expenses.

Maintenance expenses (item 2 of Special Schedules 3 and 5) comprise the day to day repair and maintenance expenses. (Refer to Section 5 of the Local Government Asset Accounting Manual regarding capitalisation principles and the distinction between capital and maintenance expenditure).

Other expenses (item 4c of Special Schedules 3 and 5) includes all expenses not recorded elsewhere.

Revaluation decrements (item 4b of Special Schedules 3 and 5) is to be used when I,PP&E decreases in FV.

Impairment losses (item 4d and 4e of Special Schedules 3 and 5) are to be used when the carrying amount of an asset exceeds its recoverable amount (refer to page D-31).

Aboriginal Communities Water and Sewerage Program (item 4f of Special Schedules 3 and 5) is to be used when operation and maintenance work has been undertaken on behalf of the Aboriginal Communities Water and Sewerage Program. Similarly, income for item 11a of Special Schedule 3 and item 12a of Special Schedule 5 are for services provided to the Aboriginal Communities Water and Sewerage Program and is not part of Council's water supply and sewerage revenue.

Residential charges ⁽²⁾ (items 6a, 6b and item 6 of Special Schedules 3 and 5 respectively) include all income from residential charges. Item 6 of Schedule 3 should be separated into 6a access charges (including rates if applicable) and 6b usage charges.

Non-residential charges ⁽²⁾ (items 7a, 7b of Special Schedules 3 and 5) include all income from non-residential charges separated into 7a access charges (including rates if applicable) and 7b usage charges.

Trade waste charges (item 8 of Special Schedule 5) include all income from trade waste charges separated into 8a annual fees, 8b usage charges and 8c excess mass charges and 8d re-inspection fees.

Other income (items 10 and 11 of Special Schedules 3 and 5 respectively) include all income not recorded elsewhere.

Other contributions (items 12c and 13c of Special Schedules 3 and 5 respectively) including capital contributions for water supply or sewerage services received by Council under Section 565 of the *Local Government Act*.

Notes:

⁽¹⁾ Administration and engineering costs for the development of capital works projects should be reported as part of the capital cost of the project and not as part of the recurrent expenditure (ie. in item 16 for water supply and item 17 for sewerage, and **not** in items 1a and 1b).

⁽²⁾ To enable accurate reporting of **residential revenue from usage charges**, it is essential for councils to accurately separate their residential (item 6) charges and non-residential (item 7) charges.

Warren Shire Council

Special Schedule 7 – Report on Infrastructure Assets as at 30 June 2017

\$'000

Asset class	Asset category	Estimated cost to bring assets to satisfactory standard	2016/17 Required maintenance ^a	2016/17 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
							1	2	3	4	5
Buildings	Buildings – non-specialised	40	40	48	3,788	8,778	50%	45%	5%	0%	0%
	Buildings – specialised	20	60	94	5,369	11,446	0%	70%	30%	0%	0%
	Sub-total	60	100	142	9,157	20,224	21.7%	59.1%	19.1%	0.0%	0.0%
Other structures	Other structures	30	25	47	6,092	11,880	8%	85%	7%	0%	0%
	Sub-total	30	25	47	6,092	11,880	8.0%	85.0%	7.0%	0.0%	0.0%
Roads	Sealed roads	450	950	990	93,577	106,769	50%	45%	5%	0%	0%
	Unsealed roads	250	650	1,494	23,250	25,884	40%	50%	10%	0%	0%
	Bridges	80	15	15	12,043	18,496	80%	20%	0%	0%	0%
	Footpaths	60	20	34	2,386	4,186	70%	20%	10%	0%	0%
	Sub-total	840	1,635	2,533	131,256	155,335	52.4%	42.2%	5.4%	0.0%	0.0%

Warren Shire Council

Special Schedule 7 – Report on Infrastructure Assets as at 30 June 2017 (continued)

\$'000

Asset class	Asset category	Estimated cost to bring assets to satisfactory standard	2016/17 Required maintenance ^a	2016/17 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost					
							1	2	3	4	5	
Water supply network	Water supply network											
	Bores	–	4	10	209	384	75%	25%	0%	0%	0%	
	Mains	100	50	148	3,022	8,963	10%	55%	25%	10%	0%	
	Reservoirs	–	5	3	3,613	4,963	90%	10%	0%	0%	0%	
	Pumping Stations	15	15	47	831	1,419	80%	15%	5%	0%	0%	
	Sub-total	115	74	208	7,675	15,729	43.1%	36.5%	14.7%	5.7%	0.0%	
Sewerage network	Sewerage network											
	Mains	100	60	62	4,248	6,949	40%	40%	20%	0%	0%	
	Pumping Stations	10	15	51	1,156	2,135	75%	20%	5%	0%	0%	
	Treatment Plant	55	20	5	2,238	4,904	0%	10%	90%	0%	0%	
	Sub-total	165	95	118	7,642	13,988	31.3%	26.4%	42.3%	0.0%	0.0%	

Warren Shire Council

Special Schedule 7 – Report on Infrastructure Assets as at 30 June 2017 (continued)

\$'000

Asset class	Asset category	Estimated cost to bring assets to satisfactory standard	2016/17 Required maintenance ^a	2016/17 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
							1	2	3	4	5
Stormwater	Stormwater drainage	35	15	25	2,237	3,993	80%	15%	5%	0%	0%
	Sub-total	35	15	25	2,237	3,993	80.0%	15.0%	5.0%	0.0%	0.0%
Open space/ recreational	Swimming pools	25	15	17	104	1,631	0%	15%	65%	20%	0%
	Other Recreational	10	25	50	698	1,922	25%	60%	15%	0%	0%
	Sub-total	35	40	67	802	3,553	13.5%	39.3%	38.0%	9.2%	0.0%
TOTAL – ALL ASSETS		1,280	1,984	3,140	164,861	224,702	45.2%	44.1%	10.2%	0.5%	0.0%

Notes:

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

Infrastructure asset condition assessment 'key'

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

6	Condition	Description here...
7	Condition	Description here...
8	Condition	Description here...
9	Condition	Description here...
10	Condition	Description here...

Warren Shire Council

Special Schedule 7 – Report on Infrastructure Assets (continued)
for the year ended 30 June 2017

\$ '000	Amounts 2017	Indicator 2017	Prior periods	
			2016	2015
Infrastructure asset performance indicators * consolidated				
1. Infrastructure renewals ratio				
Asset renewals ⁽¹⁾	<u>3,719</u>	143.54%	136.44%	93.02%
Depreciation, amortisation and impairment	<u>2,591</u>			
2. Infrastructure backlog ratio				
Estimated cost to bring assets to a satisfactory standard	<u>1,280</u>	0.78%	0.76%	0.90%
Net carrying amount of infrastructure assets	<u>164,861</u>			
3. Asset maintenance ratio				
Actual asset maintenance	<u>3,140</u>	1.58	1.17	1.18
Required asset maintenance	<u>1,984</u>			

Notes

* All asset performance indicators are calculated using the asset 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.

Warren Shire Council

Special Schedule 7 – Report on Infrastructure Assets (continued)
for the year ended 30 June 2017

\$ '000	Water 2017	Sewer 2017	General ⁽¹⁾ 2017
Infrastructure asset performance indicators by fund			
1. Infrastructure renewals ratio			
<u>Asset renewals ⁽²⁾</u>	14.12%	40.09%	164.18%
Depreciation, amortisation and impairment	prior period: 68.75%	11.27%	154.52%
2. Infrastructure backlog ratio			
<u>Estimated cost to bring assets to a satisfactory standard</u>	1.50%	2.16%	0.67%
Net carrying amount of infrastructure assets	prior period: 1.79%	3.91%	0.62%
3. Asset maintenance ratio			
<u>Actual asset maintenance</u>	2.81	1.24	1.55
Required asset maintenance	prior period: 1.66	1.19	1.14

Notes

- (1) General fund refers to all of Council's activities except for its water and sewer activities which are listed separately.
- (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.

Warren Shire Council

Special Schedule 8 – Permissible Income Calculation

for the year ended 30 June 2018

\$'000		Calculation 2016/17	Calculation 2017/18
Notional general income calculation ⁽¹⁾			
Last year notional general income yield	a	4,506	4,595
Plus or minus adjustments ⁽²⁾	b	9	3
Notional general income	c = (a + b)	4,515	4,598
Permissible income calculation			
Special variation percentage ⁽³⁾	d	0.00%	0.00%
Or rate peg percentage	e	1.80%	1.50%
Or crown land adjustment (incl. rate peg percentage)	f	0.00%	0.00%
Less expiring special variation amount	g	–	–
Plus special variation amount	h = d x (c – g)	–	–
Or plus rate peg amount	i = c x e	81	69
Or plus Crown land adjustment and rate peg amount	j = c x f	–	–
Sub-total	k = (c + g + h + i + j)	4,596	4,667
Plus (or minus) last year's carry forward total	l	1	2
Less valuation objections claimed in the previous year	m	–	–
Sub-total	n = (l + m)	1	2
Total permissible income	o = k + n	4,597	4,669
Less notional general income yield	p	4,595	4,668
Catch-up or (excess) result	q = o – p	2	1
Plus income lost due to valuation objections claimed ⁽⁴⁾	r	–	–
Less unused catch-up ⁽⁵⁾	s	–	–
Carry forward to next year	t = q + r – s	2	1

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*.
- (3) The 'special variation percentage' is inclusive of the rate peg percentage and where applicable 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.
- (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 Special Schedule 8 in the financial data return (FDR) to administer this process.



INDEPENDENT AUDITOR'S REPORT

Special Schedule No. 8

Warren Shire Council

To the Councillors of Warren Shire Council

Opinion

I have audited the accompanying special purpose financial statement comprising the reconciliation of total permissible general income (Special Schedule No. 8) of Warren Shire Council (the Council) for the year ending 30 June 2017.

In my opinion, Special Schedule No. 8 of Warren Shire Council for 2017–18 is prepared, in all material respects in accordance with the requirements of the Local Government Code of Accounting Practice and Financial Reporting (LG Code) issued by the Office of Local Government (OLG), 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, and in particular the Emphasis of Matter paragraph, which describes the basis of accounting.

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 Special Schedule No.8' section of my report.

I am independent of the Council in accordance with the requirements of the:

- Australian Auditing Standards
- ethical requirements of the 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 notes and explanations in Special Schedule No. 8 that instruct councils in its preparation so it complies with OLG's requirements as described in the LG Code. As a result, Special Schedule No. 8 may not be suitable for another purpose.

Councillors' Responsibility for Special Schedule No. 8

The Councillors of the Council are responsible for the preparation of Special Schedule No. 8 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 Special Schedule No. 8 that is free from material misstatement, whether due to fraud or error.

In preparing Special Schedule No.8, the Councillors must assess the Council's ability to continue as a going concern except where the Council will be dissolved or amalgamated by an Act of Parliament. The assessment must disclose, as applicable, matters related to going concern and the appropriateness of using the going concern basis of accounting.

Auditor's Responsibility for the Audit of Special Schedule No. 8

My objectives are to:

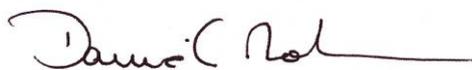
- obtain reasonable assurance whether Special Schedule No. 8 as a whole is free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

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 Special Schedule No.8.

A description of my responsibilities for the audit of Special Schedule No.8 is located at the Auditing and Assurance Standards Board website at http://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 Special Schedule No.8 on any website where they may be presented
- about any other information which may have been hyperlinked to/from Special Schedule No 8.



David Nolan
Director, Financial Audit Services

17 October 2017
SYDNEY