

Griffith City Council

SPECIAL SCHEDULES
for the year ended 30 June 2019



Special Schedules

for the year ended 30 June 2019

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Permissible income for general rates for the year ended 30 June 2019

\$ '000		Calculation 2019/20	Calculation 2018/19
Notional general income calculation ¹			
Last year notional general income yield	a	16,812	16,407
Plus or minus adjustments ²	b	143	34
Notional general income	c = a + b	16,955	16,441
Permissible income calculation			
Or rate peg percentage	e	2.70%	2.30%
Or plus rate peg amount	$i = e \times (c + g)$	458	378
Sub-total	$k = (c + g + h + i + j)$	17,413	16,819
Plus (or minus) last year's carry forward total	l	(1)	(8)
Sub-total	$n = (l + m)$	(1)	(8)
Total permissible income	$o = k + n$	17,412	16,811
Less notional general income yield	p	17,405	16,812
Catch-up or (excess) result	$q = o - p$	7	(1)
Plus income lost due to valuation objections claimed ⁴	r	-	1
Carry forward to next year ⁶	$t = q + r + s$	7	-

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.
- (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 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
Griffith City Council

To the Councillors of Griffith City Council

Opinion

I have audited the accompanying Special Schedule – Permissible income for general rates (the Schedule) of Griffith City Council (the Council) for the year ending 30 June 2020.

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 27 (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' (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 2019 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 2019'.

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, unless it is not appropriate to do so.

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.

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 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 'M. Kharzoo', with a stylized flourish at the end.

Michael Kharzoo

Delegate of the Auditor-General for New South Wales

23 October 2019
SYDNEY

Report on Infrastructure Assets

as at 30 June 2019

Asset Class	Asset Category	Estimated cost		2018/19 Required maintenance ^a	2018/19 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
Buildings	Buildings	500	500	250	481	56,086	83,335	35.0%	45.5%	17.4%	1.8%	0.3%
	Sub-total	500	500	250	481	56,086	83,335	35.0%	45.5%	17.4%	1.8%	0.3%
Other structures	Other structures	–	–	50	75	4,395	6,403	0.0%	0.0%	0.0%	0.0%	100.0%
	Sub-total	–	–	50	75	4,395	6,403	0.0%	0.0%	0.0%	0.0%	100.0%
Roads	Roads	4,565	4,565	4,675	4,102	262,555	316,909	97.4%	2.6%	0.0%	0.0%	0.0%
	Parking Areas	–	–	–	26	2,836	3,567	0.0%	0.0%	0.0%	0.0%	100.0%
	Bridges	5	5	1	1	3,982	5,310	77.4%	22.6%	0.0%	0.0%	0.0%
	Footpaths	105	105	20	76	8,592	14,091	45.6%	34.0%	5.1%	15.1%	0.2%
	Other road assets	–	–	–	–	194	266	65.3%	31.5%	3.2%	0.0%	0.0%
	Sub-total	4,675	4,675	4,696	4,205	278,159	340,143	93.9%	4.2%	0.2%	0.6%	1.1%
Water supply network	Water supply network	2,505	2,505	1,100	1,385	128,981	184,605	31.7%	54.4%	9.7%	3.6%	0.6%
	Sub-total	2,505	2,505	1,100	1,385	128,981	184,605	31.7%	54.4%	9.7%	3.6%	0.6%
Sewerage network	Sewerage network	2,675	2,675	630	944	119,467	180,723	33.3%	40.1%	19.5%	4.0%	3.1%
	Sub-total	2,675	2,675	630	944	119,467	180,723	33.3%	40.1%	19.5%	4.0%	3.1%
Stormwater drainage	Stormwater drainage	200	200	130	106	58,847	80,507	44.8%	45.7%	6.6%	0.8%	2.1%
	Sub-total	200	200	130	106	58,847	80,507	44.8%	45.7%	6.6%	0.8%	2.1%
Open space / recreational assets	Open space/recreational assets	200	200	150	269	14,365	23,340	24.9%	39.6%	30.7%	3.7%	1.1%
	Sub-total	200	200	150	269	14,365	23,340	24.9%	39.6%	30.7%	3.7%	1.1%
TOTAL - ALL ASSETS		10,755	10,755	7,006	7,465	660,300	899,056	56.6%	30.2%	9.0%	2.1%	2.1%

(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

continued on next page ...

Report on Infrastructure Assets - Values (continued)
as at 30 June 2019

4	Poor	Renewal required
5	Very poor	Urgent renewal/upgrading required

Report on Infrastructure Assets (continued)

as at 30 June 2019

\$ '000	Amounts 2019	Indicator 2019	Prior periods		Benchmark
			2018	2017	
Infrastructure asset performance indicators (consolidated) *					
Buildings and infrastructure renewals ratio ¹					
Asset renewals ²	8,567	77.92%	82.50%	73.37%	>=100.00%
Depreciation, amortisation and impairment	10,995				
Infrastructure backlog ratio ¹					
Estimated cost to bring assets to a satisfactory standard	10,755	1.63%	1.71%	1.68%	<2.00%
Net carrying amount of infrastructure assets	660,300				
Asset maintenance ratio					
Actual asset maintenance	7,465	106.55%	100.00%	100.00%	>100.00%
Required asset maintenance	7,006				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	10,755	1.20%	1.25%	1.29%	
Gross replacement cost	899,056				

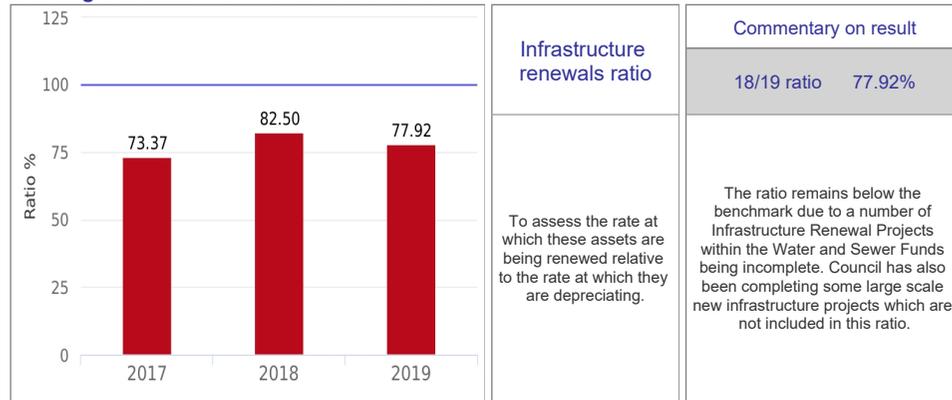
(*) All asset performance indicators are calculated using classes identified in the previous table.

(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 2019

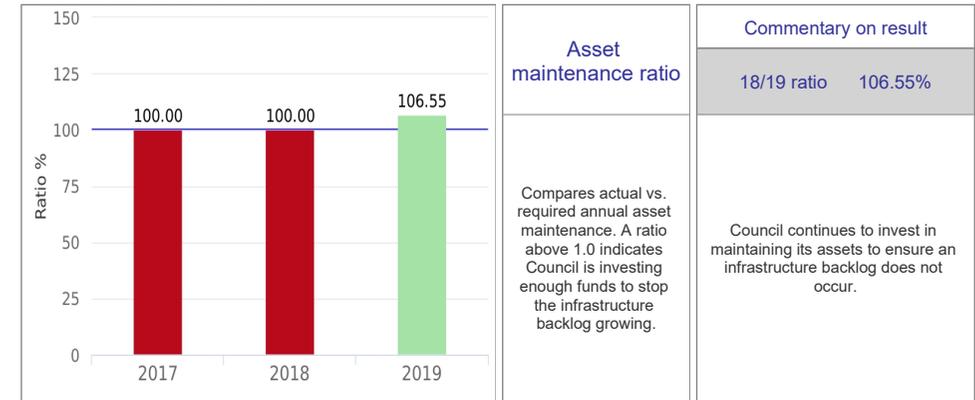
Buildings and infrastructure renewals ratio ¹



<p>Infrastructure renewals ratio</p> <p>To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.</p>	<p>Commentary on result</p> <p>18/19 ratio 77.92%</p>
	<p>The ratio remains below the benchmark due to a number of Infrastructure Renewal Projects within the Water and Sewer Funds being incomplete. Council has also been completing some large scale new infrastructure projects which are not included in this ratio.</p>

Benchmark: — $\geq 100.00\%$ ■ Ratio achieves benchmark
 Source of benchmark: Code of Accounting Practice and Financial Reporting #27 ■ Ratio is outside benchmark

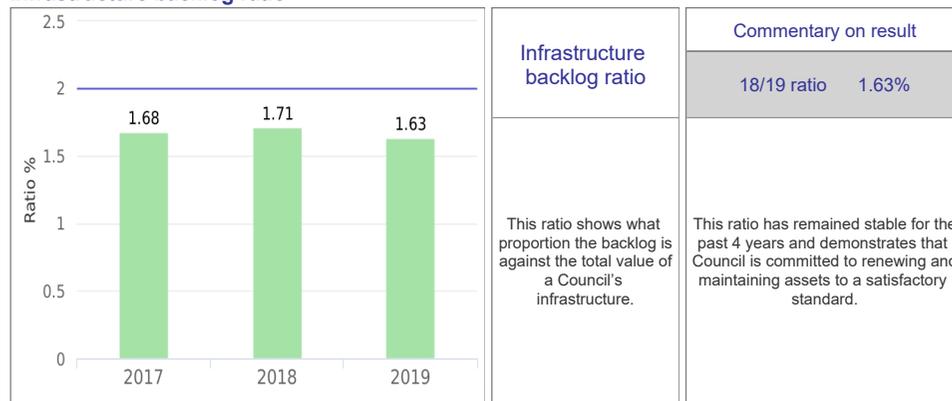
Asset maintenance ratio



<p>Asset maintenance ratio</p> <p>Compares actual vs. required annual asset maintenance. A ratio above 1.0 indicates Council is investing enough funds to stop the infrastructure backlog growing.</p>	<p>Commentary on result</p> <p>18/19 ratio 106.55%</p>
	<p>Council continues to invest in maintaining its assets to ensure an infrastructure backlog does not occur.</p>

Benchmark: — $> 100.00\%$ ■ Ratio achieves benchmark
 Source of benchmark: Code of Accounting Practice and Financial Reporting #27 ■ Ratio is outside benchmark

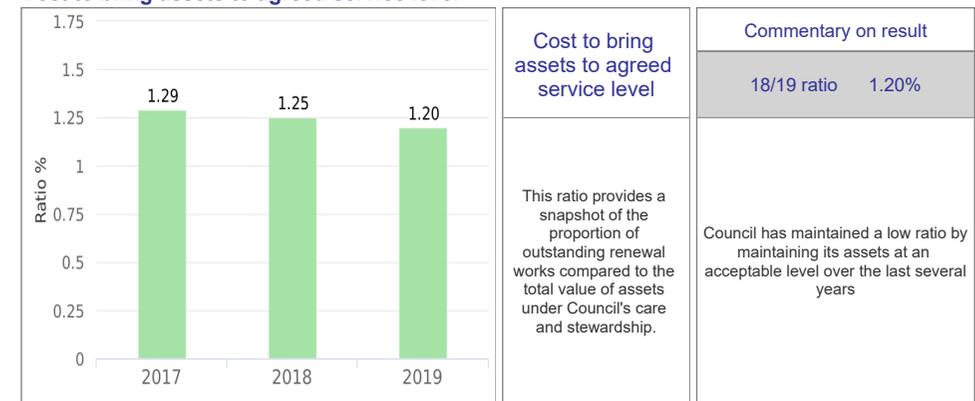
Infrastructure backlog ratio ¹



<p>Infrastructure backlog ratio</p> <p>This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.</p>	<p>Commentary on result</p> <p>18/19 ratio 1.63%</p>
	<p>This ratio has remained stable for the past 4 years and demonstrates that Council is committed to renewing and maintaining assets to a satisfactory standard.</p>

Benchmark: — $< 2.00\%$ ■ Ratio achieves benchmark
 Source of benchmark: Code of Accounting Practice and Financial Reporting #27 ■ Ratio is outside benchmark

Cost to bring assets to agreed service level



<p>Cost to bring assets to agreed service level</p> <p>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.</p>	<p>Commentary on result</p> <p>18/19 ratio 1.20%</p>
	<p>Council has maintained a low ratio by maintaining its assets at an acceptable level over the last several years</p>

(1) Excludes Work In Progress (WIP)

Report on Infrastructure Assets (continued)

as at 30 June 2019

\$ '000	General fund		Water fund		Sewer fund		Benchmark
	2019	2018	2019	2018	2019	2018	
Infrastructure asset performance indicators (by fund)							
Buildings and infrastructure renewals ratio ¹							
Asset renewals ²							
Depreciation, amortisation and impairment	108.31%	109.78%	40.52%	49.44%	26.20%	4.77%	>=100.00%
Infrastructure backlog ratio ¹							
Estimated cost to bring assets to a satisfactory standard							
Net carrying amount of infrastructure assets	1.35%	1.45%	1.94%	1.95%	2.24%	2.33%	<2.00%
Asset maintenance ratio							
Actual asset maintenance							
Required asset maintenance	97.35%	100.00%	125.91%	100.00%	149.84%	100.00%	>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	1.04%	1.11%	1.36%	1.39%	1.48%	1.55%	

(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.