

Griffith City 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	17,405	16,812
Plus or minus adjustments ²	b	91	143
Notional general income	$c = a + b$	17,496	16,955
Permissible income calculation			
Or rate peg percentage	e	2.60%	2.70%
Or plus rate peg amount	$i = e \times (c + g)$	455	458
Sub-total	$k = (c + g + h + i + j)$	17,951	17,413
Plus (or minus) last year's carry forward total	l	8	(1)
Sub-total	$n = (l + m)$	8	(1)
Total permissible income	$o = k + n$	17,959	17,412
Less notional general income yield	p	17,945	17,405
Catch-up or (excess) result	$q = o - p$	14	7
Carry forward to next year ⁶	$t = q + r + s$	14	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.
- (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 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 'M. Kharzoo', with a stylized flourish at the end.

Michael Kharzoo
Delegate of the Auditor-General for New South Wales

26 November 2020
SYDNEY

Report on Infrastructure Assets

as at 30 June 2020

Asset Class	Asset Category	Estimated cost	Estimated cost	2019/20	2019/20	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		to bring assets to satisfactory standard	to bring to the agreed level of service set by Council	Required maintenance ^a	Actual maintenance			1	2	3	4	5
		\$ '000	\$ '000	\$ '000	\$ '000							
(a) Report on Infrastructure Assets - Values												
Buildings	Buildings	69	69	250	480	68,401	90,405	28.3%	20.5%	48.3%	2.8%	0.1%
	Sub-total	69	69	250	480	68,401	90,405	28.3%	20.5%	48.3%	2.8%	0.1%
Other structures	Other structures	158	158	50	75	9,628	13,009	55.3%	7.6%	33.4%	0.7%	3.0%
	Sub-total	158	158	50	75	9,628	13,009	55.3%	7.6%	33.4%	0.7%	3.0%
Roads	Sealed Roads	—	—	3,150	3,000	138,297	151,838	71.1%	27.0%	1.9%	0.0%	0.0%
	Unsealed Roads	—	—	1,525	1,100	103,999	111,980	99.7%	0.3%	0.0%	0.0%	0.0%
	Bridges	—	—	1	1	3,946	5,311	0.0%	77.4%	22.6%	0.0%	0.0%
	Footpaths	996	996	20	75	9,442	15,230	15.8%	35.2%	27.5%	21.1%	0.4%
	Other road assets	260	260	150	25	43,713	60,572	21.3%	48.6%	28.5%	1.6%	0.0%
	Sub-total	1,256	1,256	4,846	4,201	299,396	344,931	68.1%	23.3%	7.4%	1.2%	0.0%
Water supply network	Water supply network	2,622	2,622	1,100	1,500	149,781	192,663	33.4%	54.0%	7.9%	3.7%	1.0%
	Sub-total	2,622	2,622	1,100	1,500	149,781	192,663	33.4%	54.0%	7.9%	3.7%	1.0%
Sewerage network	Sewerage network	5,810	5,810	630	700	138,852	189,053	33.3%	39.2%	16.5%	8.1%	2.9%
	Sub-total	5,810	5,810	630	700	138,852	189,053	33.3%	39.2%	16.5%	8.1%	2.9%
Stormwater drainage	Stormwater drainage	746	746	130	110	60,696	81,782	33.2%	11.9%	49.8%	5.0%	0.1%
	Sub-total	746	746	130	110	60,696	81,782	33.2%	11.9%	49.8%	5.0%	0.1%
Open space / recreational assets	Open space/recreational assets	654	654	150	125	14,336	20,301	19.0%	20.1%	39.7%	20.9%	0.3%
	Sub-total	654	654	150	125	14,336	20,301	19.0%	20.1%	39.7%	20.9%	0.3%
TOTAL - ALL ASSETS		11,315	11,315	7,156	7,191	741,090	932,144	45.7%	31.3%	18.1%	4.0%	0.9%

(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

Report on Infrastructure Assets - Values (continued)

as at 30 June 2020

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 2020	Indicator 2020	Prior periods		Benchmark
			2019	2018	
Infrastructure asset performance indicators (consolidated) *					
Buildings and infrastructure renewals ratio ¹					
Asset renewals ²	11,616	94.39%	77.92%	82.50%	>=100.00%
Depreciation, amortisation and impairment	12,307				
Infrastructure backlog ratio ¹					
Estimated cost to bring assets to a satisfactory standard	11,315	1.53%	1.63%	1.71%	<2.00%
Net carrying amount of infrastructure assets	741,090				
Asset maintenance ratio					
Actual asset maintenance	7,191	100.49%	106.55%	100.00%	>100.00%
Required asset maintenance	7,156				
Cost to bring assets to agreed service level					
Estimated cost to bring assets to an agreed service level set by Council	11,315	1.21%	1.20%	1.25%	
Gross replacement cost	932,144				

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

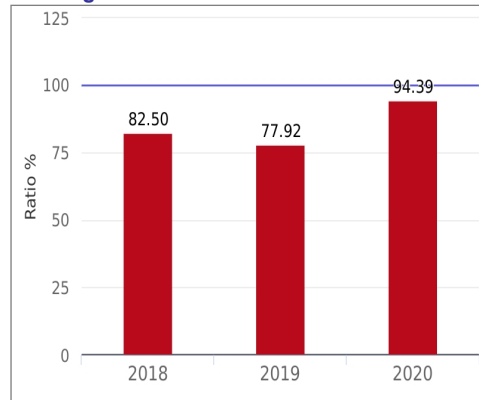
(1) Excludes Work In Progress (WIP)

(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 94.39%

The ratio remains slightly below the benchmark due to a number of Infrastructure Renewal Projects within the Water and Sewer Funds being ongoing. Council has also been completing some large scale new infrastructure projects which are not included in this ratio.

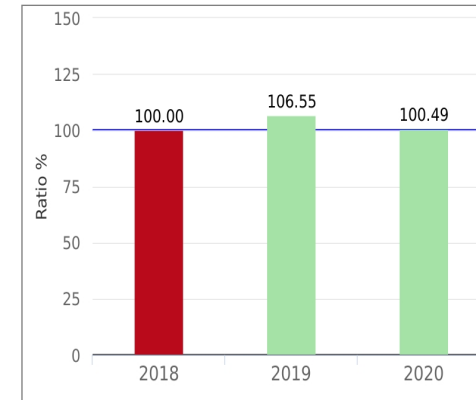
Benchmark: — $\geq 100.00\%$

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 100.49%

Council continues to invest in maintaining its assets to ensure an infrastructure backlog does not occur.

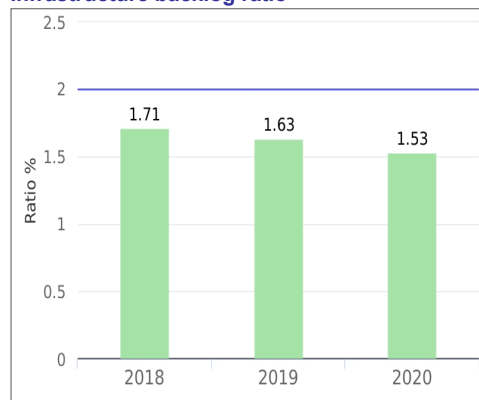
Benchmark: — $> 100.00\%$

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 1.53%

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.

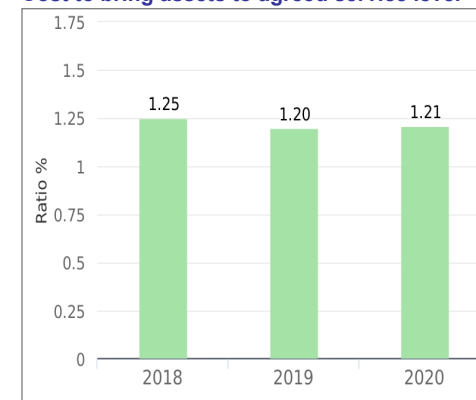
Benchmark: — $< 2.00\%$

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 1.21%

Council has maintained a low ratio by maintaining its assets at an acceptable level over the last several years

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	120.27%	108.31%	78.24%	40.52%	22.05%	26.20%	>=100.00%
Depreciation, amortisation and impairment							
Infrastructure backlog ratio ¹							
Estimated cost to bring assets to a satisfactory standard	0.64%	1.35%	1.75%	1.94%	4.18%	2.24%	<2.00%
Net carrying amount of infrastructure assets							
Asset maintenance ratio							
Actual asset maintenance	91.98%	97.35%	136.36%	125.91%	111.11%	149.84%	>100.00%
Required asset maintenance							
Cost to bring assets to agreed service level							
Estimated cost to bring assets to an agreed service level set by Council	0.52%	1.04%	1.36%	1.36%	3.07%	1.48%	
Gross replacement cost							

(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.