

# Tenterfield Shire Council

SPECIAL SCHEDULES  
for the year ended 30 June 2019

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*"Quality Nature, Quality Heritage and Quality Lifestyle"*



## 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
<b>Notional general income calculation <sup>1</sup></b>			
Last year notional general income yield	a	4,469	4,365
Plus or minus adjustments <sup>2</sup>	b	39	(1)
<b>Notional general income</b>	<b>c = a + b</b>	<b>4,508</b>	<b>4,364</b>
<b>Permissible income calculation</b>			
Or rate peg percentage	e	2.70%	2.30%
Or plus rate peg amount	$i = e \times (c + g)$	122	100
<b>Sub-total</b>	<b>k = (c + g + h + i + j)</b>	<b>4,630</b>	<b>4,464</b>
Plus (or minus) last year's carry forward total	l	(30)	(25)
<b>Sub-total</b>	<b>n = (l + m)</b>	<b>(30)</b>	<b>(25)</b>
<b>Total permissible income</b>	<b>o = k + n</b>	<b>4,600</b>	<b>4,439</b>
Less notional general income yield	p	4,598	4,469
<b>Catch-up or (excess) result</b>	<b>q = o - p</b>	<b>2</b>	<b>(30)</b>
<b>Carry forward to next year <sup>6</sup></b>	<b>t = q + r + s</b>	<b>2</b>	<b>(30)</b>

### 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**  
**Tenterfield Shire Council**

To the Councillors of Tenterfield Shire Council

### **Opinion**

I have audited the accompanying Special Schedule – Permissible income for general rates (the Schedule) of Tenterfield Shire 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](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 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 "David Nolan", with a long horizontal stroke extending to the right.

David Nolan  
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

22 October 2019  
SYDNEY

## Report on Infrastructure Assets

as at 30 June 2019

Asset Class	Asset Category	Estimated cost		2018/19 Required maintenance <sup>a</sup>	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
<b>Buildings</b>	Buildings	1,748	444	1,149	1,149	17,167	37,953	0.0%	10.0%	66.0%	22.0%	2.0%
	<b>Sub-total</b>	<b>1,748</b>	<b>444</b>	<b>1,149</b>	<b>1,149</b>	<b>17,167</b>	<b>37,953</b>	<b>0.0%</b>	<b>10.0%</b>	<b>66.0%</b>	<b>22.0%</b>	<b>2.0%</b>
<b>Other structures</b>	Other structures	63	120	100	100	2,194	3,397	19.0%	14.0%	62.0%	2.0%	3.0%
	<b>Sub-total</b>	<b>63</b>	<b>120</b>	<b>100</b>	<b>100</b>	<b>2,194</b>	<b>3,397</b>	<b>19.0%</b>	<b>14.0%</b>	<b>62.0%</b>	<b>2.0%</b>	<b>3.0%</b>
<b>Roads</b>	Roads	5,168	3,755	3,619	3,620	212,911	260,413	46.0%	33.0%	13.0%	6.0%	2.0%
	Bridges	6,457	7,625	170	170	48,056	89,813	13.0%	49.0%	11.0%	19.0%	8.0%
	Footpaths	12	–	13	13	2,443	3,276	56.0%	38.0%	5.0%	1.0%	0.0%
	Bulk earthworks	–	–	–	–	91,380	91,380	100.0%	0.0%	0.0%	0.0%	0.0%
	<b>Sub-total</b>	<b>11,637</b>	<b>11,380</b>	<b>3,802</b>	<b>3,803</b>	<b>354,790</b>	<b>444,882</b>	<b>50.5%</b>	<b>29.5%</b>	<b>9.9%</b>	<b>7.4%</b>	<b>2.7%</b>
<b>Water supply network</b>	Water supply	5,170	10,484	743	743	23,999	57,471	9.0%	4.0%	60.0%	9.0%	18.0%
	<b>Sub-total</b>	<b>5,170</b>	<b>10,484</b>	<b>743</b>	<b>743</b>	<b>23,999</b>	<b>57,471</b>	<b>9.0%</b>	<b>4.0%</b>	<b>60.0%</b>	<b>9.0%</b>	<b>18.0%</b>
<b>Sewerage network</b>	Sewerage network	211	–	443	443	21,866	33,210	14.0%	47.0%	36.0%	3.0%	0.0%
	<b>Sub-total</b>	<b>211</b>	<b>–</b>	<b>443</b>	<b>443</b>	<b>21,866</b>	<b>33,210</b>	<b>14.0%</b>	<b>47.0%</b>	<b>36.0%</b>	<b>3.0%</b>	<b>0.0%</b>
<b>Stormwater drainage</b>	Stormwater drainage	654	325	134	134	3,897	8,355	24.0%	33.0%	13.0%	26.0%	4.0%
	<b>Sub-total</b>	<b>654</b>	<b>325</b>	<b>134</b>	<b>134</b>	<b>3,897</b>	<b>8,355</b>	<b>24.0%</b>	<b>33.0%</b>	<b>13.0%</b>	<b>26.0%</b>	<b>4.0%</b>
<b>Open space / recreational assets</b>	Swimming pools	–	–	237	237	887	1,164	0.0%	99.0%	1.0%	0.0%	0.0%
	Open Space & Recreation	33	–	1,212	1,212	1,633	2,191	32.0%	46.0%	16.0%	6.0%	0.0%
	<b>Sub-total</b>	<b>33</b>	<b>–</b>	<b>1,449</b>	<b>1,449</b>	<b>2,520</b>	<b>3,355</b>	<b>20.9%</b>	<b>64.4%</b>	<b>10.8%</b>	<b>3.9%</b>	<b>0.0%</b>
<b>TOTAL - ALL ASSETS</b>		<b>19,516</b>	<b>22,753</b>	<b>7,820</b>	<b>7,821</b>	<b>426,433</b>	<b>588,623</b>	<b>40.4%</b>	<b>26.9%</b>	<b>20.2%</b>	<b>8.4%</b>	<b>4.1%</b>

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

**Infrastructure asset condition assessment 'key'**

<b>1 Excellent/very good</b>	No work required (normal maintenance)	<b>4 Poor</b>	Renewal required
<b>2 Good</b>	Only minor maintenance work required	<b>5 Very poor</b>	Urgent renewal/upgrading required
<b>3 Satisfactory</b>	Maintenance work required		

## Report on Infrastructure Assets (continued)

as at 30 June 2019

\$ '000	Amounts	Indicator	Prior periods		Benchmark
	2019	2019	2018 Revised, 3	2017	
<b>Infrastructure asset performance indicators (consolidated) *</b>					
<b>Buildings and infrastructure renewals ratio <sup>1</sup></b>					
Asset renewals <sup>2</sup>	<b>13,091</b>	<b>236.56%</b>	159.43%	–	>=100.00%
Depreciation, amortisation and impairment	<b>5,534</b>				
<b>Infrastructure backlog ratio <sup>1</sup></b>					
Estimated cost to bring assets to a satisfactory standard	<b>19,516</b>	<b>4.58%</b>	10.73%	–	<2.00%
Net carrying amount of infrastructure assets	<b>426,433</b>				
<b>Asset maintenance ratio</b>					
Actual asset maintenance	<b>7,821</b>	<b>100.01%</b>	100.00%	–	>100.00%
Required asset maintenance	<b>7,820</b>				
<b>Cost to bring assets to agreed service level</b>					
Estimated cost to bring assets to an agreed service level set by Council	<b>22,753</b>	<b>3.87%</b>	8.16%	–	
Gross replacement cost	<b>588,623</b>				

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

(1) Excludes Work In Progress (WIP)

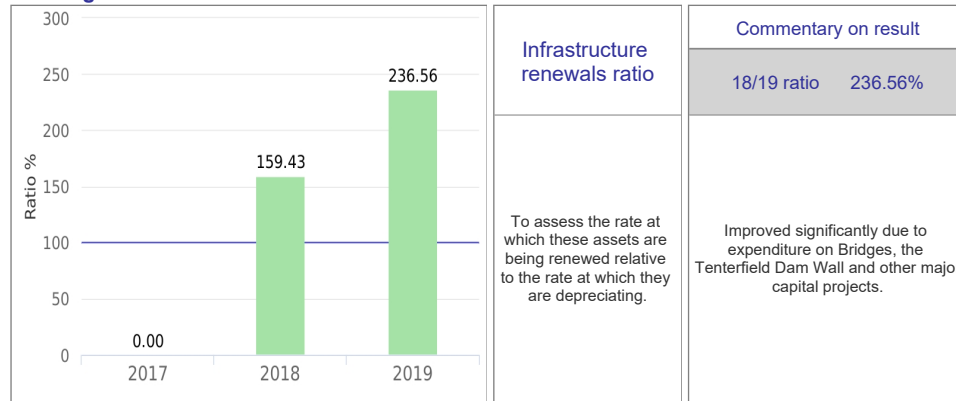
(2) Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.

(3) Please refer to Note 14 for prior period adjustments



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

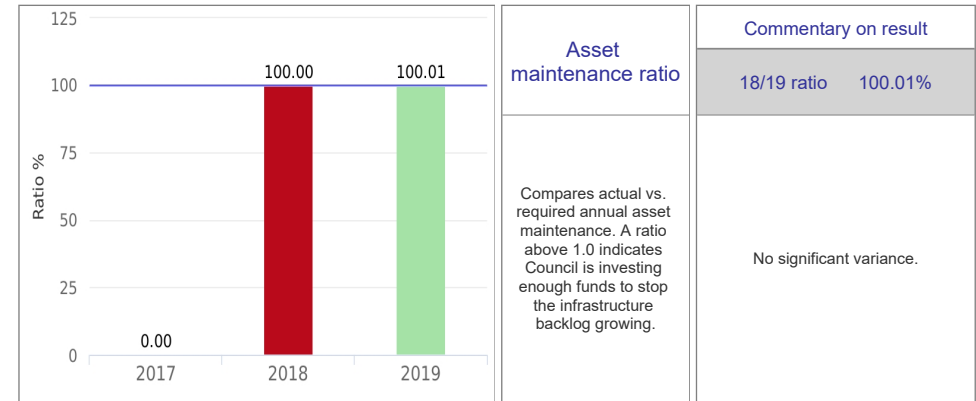
**Buildings and infrastructure renewals ratio <sup>1</sup>**



Infrastructure renewals ratio
<b>Commentary on result</b>
18/19 ratio 236.56%
To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.
Improved significantly due to expenditure on Bridges, the Tenterfield Dam Wall and other major capital projects.

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

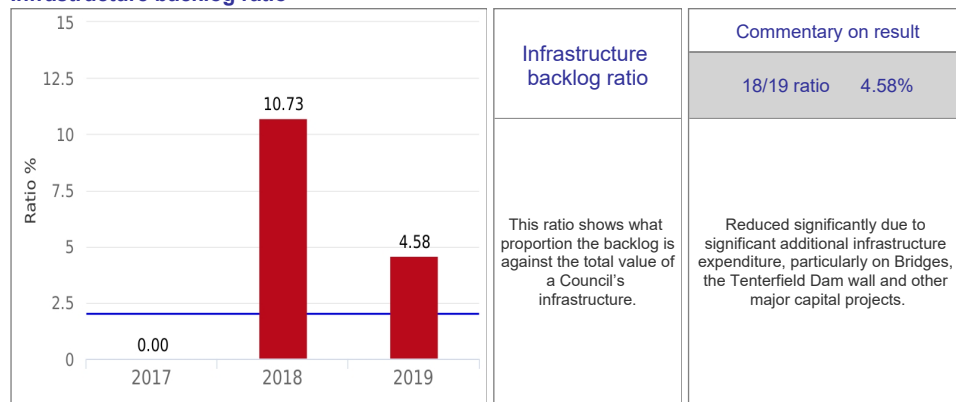
**Asset maintenance ratio**



Asset maintenance ratio
<b>Commentary on result</b>
18/19 ratio 100.01%
Compares actual vs. required annual asset maintenance. A ratio above 1.0 indicates Council is investing enough funds to stop the infrastructure backlog growing.
No significant variance.

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

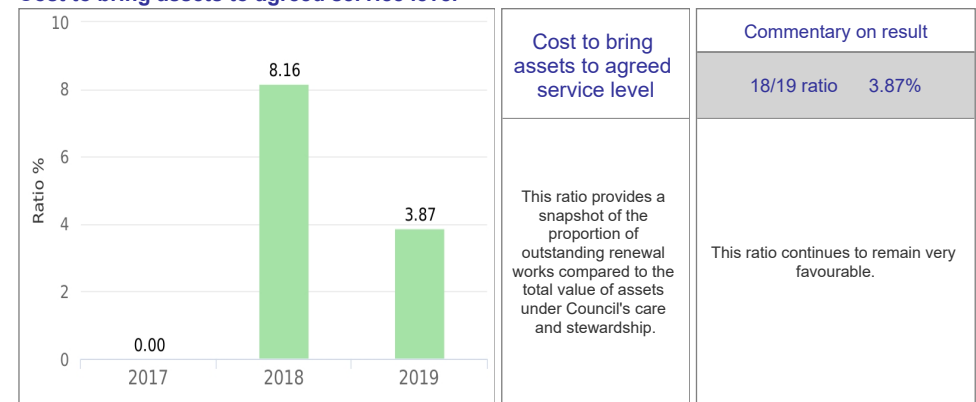
**Infrastructure backlog ratio <sup>1</sup>**



Infrastructure backlog ratio
<b>Commentary on result</b>
18/19 ratio 4.58%
This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.
Reduced significantly due to significant additional infrastructure expenditure, particularly on Bridges, the Tenterfield Dam wall and other major capital projects.

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**



Cost to bring assets to agreed service level
<b>Commentary on result</b>
18/19 ratio 3.87%
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.
This ratio continues to remain very favourable.

(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	
<b>Infrastructure asset performance indicators (by fund)</b>							
<b>Buildings and infrastructure renewals ratio <sup>1</sup></b>							
Asset renewals <sup>2</sup>							
Depreciation, amortisation and impairment	<b>281.47%</b>	224.56%	<b>40.36%</b>	22.37%	<b>63.54%</b>	68.27%	>=100.00%
<b>Infrastructure backlog ratio <sup>1</sup></b>							
Estimated cost to bring assets to a satisfactory standard							
Net carrying amount of infrastructure assets	<b>3.71%</b>	8.17%	<b>21.54%</b>	83.38%	<b>0.96%</b>	0.96%	<2.00%
<b>Asset maintenance ratio</b>							
Actual asset maintenance							
Required asset maintenance	<b>100.02%</b>	100.00%	<b>100.00%</b>	100.00%	<b>100.00%</b>	100.00%	>100.00%
<b>Cost to bring assets to agreed service level</b>							
Estimated cost to bring assets to an agreed service level set by Council							
Gross replacement cost	<b>2.46%</b>	5.61%	<b>18.24%</b>	36.81%	—	—	

(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.