



## ORDINARY COUNCIL MEETING

Wednesday 16 October, 2024

at 9:00am

Council Chambers, 56 Chanter Street, Berrigan



# Late Items Under Separate Cover Appendices







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# Berrigan Shire Council

ANNUAL FINANCIAL STATEMENTS  
for the year ended 30 June 2024

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*"Making an even better Berrigan Shire"*





# Berrigan Shire Council

## GENERAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2024

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*"Making an even better Berrigan Shire"*





## Berrigan Shire Council

### General Purpose Financial Statements

for the year ended 30 June 2024

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## Overview

Berrigan Shire Council is constituted under the *Local Government Act 1993 (NSW)* and has its principal place of business at:

56 Chanter St  
BERRIGAN NSW 2712

Council's guiding principles are detailed in Chapter 3 of the LGA and includes:

- principles applying to the exercise of functions generally by council,
- principles to be applied when making decisions,
- principles of community participation,
- principles of sound financial management, and
- principles for strategic planning relating to the development of an integrated planning and reporting framework.

A description of the nature of Council's operations and its principal activities are provided in Note B1-2.

Through the use of the internet, we have ensured that our reporting is timely, complete and available at minimum cost. All press releases, financial statements and other information are publicly available on our website: [www.berriganshire.nsw.gov.au](http://www.berriganshire.nsw.gov.au).





## Berrigan Shire Council

### General Purpose Financial Statements

for the year ended 30 June 2024

### Understanding Council's Financial Statements

#### Introduction

Each year New South Wales local governments are required to present audited financial statements to their council and community.

#### What you will find in the Statements

The financial statements set out the financial performance, financial position and cash flows of Council for the financial year ended 30 June 2024.

The format of the financial statements is standard across all NSW Councils and complies with both the accounting and reporting requirements of Australian Accounting Standards and requirements as set down by the Office of Local Government.

#### About the Councillor/Management Statement

The financial statements must be certified by senior staff as 'presenting fairly' the Council's financial results for the year and are required to be adopted by Council – ensuring both responsibility for and ownership of the financial statements.

#### About the Primary Financial Statements

The financial statements incorporate five "primary" financial statements:

##### 1. The Income Statement

Summarises Council's financial performance for the year, listing all income and expenses. This statement also displays Council's original adopted budget to provide a comparison between what was projected and what actually occurred.

##### 2. The Statement of Comprehensive Income

Primarily records changes in the fair value of Council's Infrastructure, property, plant and equipment.

##### 3. The Statement of Financial Position

A 30 June snapshot of Council's financial position indicating its assets, liabilities and "net wealth".

##### 4. The Statement of Changes in Equity

The overall change for the year (in dollars) of Council's "net wealth".

##### 5. The Statement of Cash Flows

Indicates where Council's cash came from and where it was spent. This statement also displays Council's original adopted budget to provide a comparison between what was projected and what actually occurred.

#### About the Notes to the Financial Statements

The Notes to the Financial Statements provide greater detail and additional information on the five primary financial statements.

#### About the Auditor's Reports

Council's financial statements are required to be audited by the NSW Audit Office.

In NSW the auditor provides two audit reports:

1. an opinion on whether the financial statements present fairly the Council's financial performance and position, and
2. their observations on the conduct of the audit, including commentary on the Council's financial performance and financial position.

#### Who uses the Financial Statements?

The financial statements are publicly available documents and must be presented at a Council meeting between seven days and five weeks after the date of the audit report.

The public can make submissions to Council up to seven days subsequent to the public presentation of the financial statements. Council is required to forward an audited set of financial statements to the Office of Local Government.



## Berrigan Shire Council

### General Purpose Financial Statements

for the year ended 30 June 2024

Statement by Councillors and Management made pursuant to Section 413(2)(c) of the *Local Government Act 1993* (NSW)

The attached general purpose financial statements have been prepared in accordance with:

- the *Local Government Act 1993* and the regulations made thereunder,
- the Australian Accounting Standards and other pronouncements of the Australian Accounting Standards Board
- the Local Government Code of Accounting Practice and Financial Reporting.

To the best of our knowledge and belief, these statements:

- present fairly the Council's operating result and financial position for the year
- accord with Council's accounting and other records.

We are not aware of any matter that would render these statements false or misleading in any way.

Signed in accordance with a resolution of Council made on 16 October 2024.

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Julia Cornwell McKean  
Mayor  
16 October 2024

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Renee Paine  
Councillor  
16 October 2024

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Karina Ewer  
Chief Executive Officer  
16 October 2024

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Genevieve Taylor  
Responsible Accounting Officer  
16 October 2024



Berrigan Shire Council | Income Statement | for the year ended 30 June 2024

## Berrigan Shire Council

### Income Statement

for the year ended 30 June 2024

Original unaudited budget 2024	\$ '000	Notes	Actual 2024	Actual 2023
<b>Income from continuing operations</b>				
11,890	Rates and annual charges	B2-1	12,119	11,601
2,214	User charges and fees	B2-2	3,304	2,421
729	Other revenues	B2-3	548	435
7,847	Grants and contributions provided for operating purposes	B2-4	9,281	11,028
13,585	Grants and contributions provided for capital purposes	B2-4	6,743	6,350
1,274	Interest and investment income	B2-5	1,404	924
26	Other income	B2-6	152	192
37,565	<b>Total income from continuing operations</b>		<b>33,551</b>	<b>32,951</b>
<b>Expenses from continuing operations</b>				
4,822	Employee benefits and on-costs	B3-1	9,851	9,072
14,307	Materials and services	B3-2	9,832	10,225
164	Borrowing costs	B3-3	100	(251)
6,372	Depreciation, amortisation and impairment of non-financial assets	B3-4	8,967	8,471
740	Other expenses	B3-5	750	695
–	Net loss from the disposal of assets	B4-1	3,171	1,697
26,405	<b>Total expenses from continuing operations</b>		<b>32,671</b>	<b>29,909</b>
11,160	<b>Net operating result for the year attributable to Council</b>		<b>880</b>	<b>3,042</b>
<b>Net operating result for the year before grants and contributions provided for capital purposes</b>				
(2,425)			(5,863)	(3,308)

The above Income Statement should be read in conjunction with the accompanying notes.



Berrigan Shire Council | Statement of Comprehensive Income | for the year ended 30 June 2024

## Berrigan Shire Council

### Statement of Comprehensive Income for the year ended 30 June 2024

\$ '000	Notes	2024	2023
<b>Net operating result for the year – from Income Statement</b>		<b>880</b>	<b>3,042</b>
<b>Other comprehensive income:</b>			
Amounts which will not be reclassified subsequently to the operating result			
Gain/(loss) on revaluation of infrastructure, property, plant and equipment	C1-6	<b>42,041</b>	<b>43,161</b>
<b>Total items which will not be reclassified subsequently to the operating result</b>		<b>42,041</b>	<b>43,161</b>
<b>Total other comprehensive income for the year</b>		<b>42,041</b>	<b>43,161</b>
<b>Total comprehensive income for the year attributable to Council</b>		<b>42,921</b>	<b>46,203</b>

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.





Berrigan Shire Council | Statement of Financial Position | as at 30 June 2024

## Berrigan Shire Council

### Statement of Financial Position as at 30 June 2024

\$ '000	Notes	2024	2023
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	C1-1	23,540	15,084
Investments	C1-2	19,090	28,113
Receivables	C1-4	5,903	3,195
Inventories	C1-5	348	691
Other	C1-7	93	51
<b>Total current assets</b>		<b>48,974</b>	<b>47,134</b>
<b>Non-current assets</b>			
Infrastructure, property, plant and equipment (IPPE)	C1-6	446,379	401,971
<b>Total non-current assets</b>		<b>446,379</b>	<b>401,971</b>
<b>Total assets</b>		<b>495,353</b>	<b>449,105</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	C3-1	3,086	2,645
Contract liabilities	C3-2	4,963	1,254
Borrowings	C3-3	606	675
Employee benefit provisions	C3-4	1,951	1,620
<b>Total current liabilities</b>		<b>10,606</b>	<b>6,194</b>
<b>Non-current liabilities</b>			
Borrowings	C3-3	2,828	3,434
Employee benefit provisions	C3-4	196	663
Provisions	C3-5	147	159
<b>Total non-current liabilities</b>		<b>3,171</b>	<b>4,256</b>
<b>Total liabilities</b>		<b>13,777</b>	<b>10,450</b>
<b>Net assets</b>		<b>481,576</b>	<b>438,655</b>
<b>EQUITY</b>			
Accumulated surplus		134,444	133,564
IPPE revaluation reserve	C4-1	347,132	305,091
<b>Total equity</b>		<b>481,576</b>	<b>438,655</b>

The above Statement of Financial Position should be read in conjunction with the accompanying notes.



Berrigan Shire Council | Statement of Changes in Equity | for the year ended 30 June 2024

## Berrigan Shire Council

### Statement of Changes in Equity for the year ended 30 June 2024

\$ '000	Notes	2024			2023		
		Accumulated surplus	IPPE revaluation reserve	Total equity	Accumulated surplus	IPPE revaluation reserve	Total equity
Opening balance at 1 July		133,564	305,091	438,655	130,522	261,930	392,452
Net operating result for the year		880	–	880	3,042	–	3,042
<b>Other comprehensive income</b>							
Gain (loss) on revaluation of infrastructure, property, plant and equipment	C1-6	–	42,041	42,041	–	43,161	43,161
<b>Other comprehensive income</b>		–	42,041	42,041	–	43,161	43,161
<b>Total comprehensive income</b>		880	42,041	42,921	3,042	43,161	46,203
<b>Closing balance at 30 June</b>		134,444	347,132	481,576	133,564	305,091	438,655

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.



Berrigan Shire Council | Statement of Cash Flows | for the year ended 30 June 2024

## Berrigan Shire Council

### Statement of Cash Flows for the year ended 30 June 2024

Original unaudited budget 2024	\$ '000	Notes	Actual 2024	Actual 2023
<b>Cash flows from operating activities</b>				
<i>Receipts:</i>				
11,793	Rates and annual charges		11,803	11,473
2,180	User charges and fees		2,466	2,620
1,009	Interest received		1,343	514
9,759	Grants and contributions		19,180	17,864
—	Bonds, deposits and retentions received		11	—
607	Other		(225)	2,670
<i>Payments:</i>				
(5,403)	Payments to employees		(9,931)	(9,031)
(10,407)	Payments for materials and services		(9,661)	(11,979)
(164)	Borrowing costs		(100)	251
—	Bonds, deposits and retentions refunded		—	(47)
(2,250)	Other		(558)	(1,064)
7,124	<b>Net cash flows from operating activities</b>	G1-1	<b>14,328</b>	<b>13,271</b>
<b>Cash flows from investing activities</b>				
<i>Receipts:</i>				
2,941	Redemption of term deposits		24,113	39,194
—	Sale of real estate assets		386	432
354	Proceeds from sale of IPPE		99	263
<i>Payments:</i>				
—	Acquisition of term deposits		(15,090)	(41,223)
(13,029)	Payments for IPPE		(14,705)	(13,578)
(9,734)	<b>Net cash flows from/(used in) investing activities</b>		<b>(5,197)</b>	<b>(14,912)</b>
<b>Cash flows from financing activities</b>				
<i>Receipts:</i>				
2,561	Proceeds from borrowings		—	—
<i>Payments:</i>				
(833)	Repayment of borrowings		(675)	(659)
1,728	<b>Net cash flows from/(used in) financing activities</b>		<b>(675)</b>	<b>(659)</b>
(882)	<b>Net change in cash and cash equivalents</b>		<b>8,456</b>	<b>(2,300)</b>
9,143	Cash and cash equivalents at beginning of year		15,084	17,384
8,261	<b>Cash and cash equivalents at end of year</b>	C1-1	<b>23,540</b>	<b>15,084</b>
20,880	Plus: Investments on hand at end of year	C1-2	19,090	28,113
29,141	<b>Total cash, cash equivalents and investments</b>		<b>42,630</b>	<b>43,197</b>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.



## Berrigan Shire Council

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## Berrigan Shire Council

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## A About Council and these financial statements

### A1-1 Basis of preparation

These financial statements were authorised for issue by Council on 16 October 2024. Council has the power to amend and reissue these financial statements in cases where critical information is received from public submissions or where the OLG directs Council to amend the financial statements.

The material accounting policies adopted in the preparation of these consolidated financial statements are set out below.

These policies have been consistently applied to all the years presented, unless otherwise stated.

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations, the *Local Government Act 1993 (Act)* and *Local Government (General) Regulation 2005 (Regulation)*, and the Local Government Code of Accounting Practice and Financial Reporting.

Council is a not-for-profit entity.

The financial statements are presented in Australian dollars and are rounded to the nearest thousand dollars.

Unless otherwise indicated, all amounts disclosed in the financial statements are actual amounts. Specific budgetary amounts have been included for comparative analysis (to actuals) in the following reports and notes:

- Income statement
- Statement of cash flows
- Note B5-1 – Material budget variations

and are clearly marked.

#### **Historical cost convention**

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities and certain classes of infrastructure, property, plant and equipment.

#### **Significant accounting estimates and judgements**

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Council's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Council and that are believed to be reasonable under the circumstances.

#### **Critical accounting estimates and assumptions**

Council makes estimates and assumptions concerning the future.

The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

- (i) fair values of infrastructure, property, plant and equipment – refer Note C1-6
- (ii) tip remediation provisions – refer Note C3-5
- (iii) employee benefit provisions – refer Note C3-4.

#### **Significant judgements in applying the Council's accounting policies**

- (i) Impairment of receivables

Council has made a significant judgement about the impairment of a number of its receivables – refer Note C1-4.

Council monitors its receivables closely and currently considered all of them recoverable, with debt collection processes ongoing where necessary.



## A1-1 Basis of preparation (continued)

### Monies and other assets received by Council

#### The Consolidated Fund

In accordance with the provisions of Section 409(1) of the *Local Government Act 1993 (NSW)*, all money and property received by Council is held in the Council's Consolidated Fund unless it is required to be held in the Council's Trust Fund.

The Consolidated Fund has been included in the financial statements of the Council.

Cash and other assets of the following activities have been included as part of the Consolidated Fund:

- General purpose operations
- Water service
- Sewerage service

#### Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Statement of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities that are recoverable from, or payable to, the taxation authority, are presented as operating cash flows.

#### Volunteer services

Council has no material reliance on volunteer services and there is no financial impact on the financial statements as presented.

#### New accounting standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations (ie. pronouncements) have been published by the Australian Accounting Standards Board that are not mandatory for the 30 June 2024 reporting period.

Council has elected not to apply any of these pronouncements in these financial statements before their operative dates.

As at the date of authorisation of these financial statements Council does not consider that any of these new (and still to be applied) standards and interpretations are likely to have a material impact on the Council's future financial statements, financial position, financial performance or cash flows.

#### New accounting standards adopted during the year

During the year Council adopted all accounting standards, which were mandatorily effective from the first time at 30 June 2024. None of these standards had a significant impact on reported position or performance.



## B Financial Performance

### B1 Functions or activities

#### B1-1 Functions or activities – income, expenses and assets

Income, expenses and assets have been directly attributed to the following functions or activities. Details of those functions or activities are provided in Note B1-2.

\$ '000	Income		Expenses		Operating result		Grants and contributions		Carrying amount of assets	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
<b>Functions or activities</b>										
Sustainable & Natural Built Landscapes	19,720	19,085	20,691	21,350	(971)	(2,265)	10,267	10,465	397,532	358,661
Good Government	12,211	12,754	6,733	3,527	5,478	9,227	4,339	5,422	34,679	32,325
Supported & Engaged Communities	1,100	497	4,060	3,905	(2,960)	(3,408)	1,418	1,491	54,181	49,274
Diverse & Resilient Business	520	615	1,187	1,127	(667)	(512)	–	–	8,961	8,845
<b>Total functions and activities</b>	<b>33,551</b>	<b>32,951</b>	<b>32,671</b>	<b>29,909</b>	<b>880</b>	<b>3,042</b>	<b>16,024</b>	<b>17,378</b>	<b>495,353</b>	<b>449,105</b>



## B1-2 Components of functions or activities

### Sustainable and Natural Built Landscapes

Details relating to the councils functions or activities as reported in B1-1 are as follows:

Development decisions made today about how we move around and between our communities and use our natural resources - the River, wildlife, forests, agricultural and urban land, and water shape the future of our communities. Council's Delivery Program and strategic objectives are:

- 1.1 Support sustainable use of natural resources and built landscapes;
- 1.2 Retain the diversity and preserve the health of our natural landscapes and wildlife; and
- 1.3 Connect and protect our communities.

Sustainable and natural built landscapes include the Council functions of Housing, Environment, Water Supply, Sewerage Services, Mining, Manufacture and Construction, and Transport and Communication.

### Good Government

Good government is about making good decisions over time. These decisions involve managing our financial, economic, and environmental risks and the social implications of decisions made. Council's good government Delivery Program and strategic objectives are:

- 2.1 Berrigan Shire 2027 objectives and strategic actions facilitate the effective governance by Council of Council operations and reporting; and
- 2.2 Strengthen strategic relationships and partnerships with community, business and government.

Good Government includes the Council functions of Administration and Governance.

### Supported and Engaged communities

Safe, healthy, accessible and inclusive communities are child and older person friendly. Lifelong learning, cultural expression, services for older residents and recreational activities provide opportunities for people with a diverse range of interests to become involved and engaged in their local communities. Council's Supported and engaged communities Delivery Program and strategic objectives are:

- 3.1 Create safe, friendly and accessible communities; and
- 3.2 Support community engagement through life-long learning, culture and recreation.

Supported and engaged communities includes the Council functions of Public Order and Safety, Health, Community Amenities, Community Services and Education and Recreation and Culture.

### Diverse and resilient business

Our lifestyle, climate, existing facilities and proximity to Melbourne present a range of agricultural, tourism, retail and health industry opportunities. Council's Delivery Program and diverse and resilient business strategic objectives include:

- 4.1 Strengthen and diversify the local economy and invest in local job creation and innovation;
- 4.2 Diversify and promote local tourism; and
- 4.3 Connect local, regional and national road and rail infrastructure and networks.

Diverse and resilient business include the Council functions of Economic Affairs.



## B2 Sources of income

### B2-1 Rates and annual charges

\$ '000	Timing	2024	2023
<b>Ordinary rates</b>			
Residential	1	3,237	3,041
Farmland	1	2,112	2,035
Business	1	563	611
Less: pensioner rebates	1	(176)	(174)
<b>Rates levied to ratepayers</b>		<b>5,736</b>	<b>5,513</b>
Pensioner rate subsidies received	2	95	95
<b>Total ordinary rates</b>		<b>5,831</b>	<b>5,608</b>
<b>Annual charges (pursuant to s496, 496A, 496B, 501 &amp; 611)</b>			
Domestic waste management services	1	1,244	1,186
Stormwater management services	1	78	77
Water supply services	1	2,459	2,347
Sewerage services	1	2,491	2,377
Waste management services (not-domestic)	1	123	116
Less: pensioner rebates	1	(244)	(242)
<b>Annual charges levied</b>		<b>6,151</b>	<b>5,861</b>
Pensioner annual charges subsidies received:			
– Water	2	47	46
– Sewerage	2	45	44
– Domestic waste management	2	45	42
<b>Total annual charges</b>		<b>6,288</b>	<b>5,993</b>
<b>Total rates and annual charges</b>		<b>12,119</b>	<b>11,601</b>

Council has used 2022 year valuations provided by the NSW Valuer-General in calculating its rates.

#### Material accounting policy information

Rates and annual charges are recognised as revenue at the beginning of the rating period to which they relate. Prepaid rates are recognised as a financial liability until the beginning of the rating period.

Pensioner rebates relate to reductions in rates and certain annual charges for eligible pensioners' place of residence in the local government council area.

Pensioner rate subsidies are received from the NSW Government to provide a contribution towards the pensioner rebates and are recognised within the underlying revenue item based on their substance.





## B2-2 User charges and fees

\$ '000	Timing	2024	2023
<b>User charges</b>			
Domestic waste management services	2	276	270
Water supply services	2	1,168	960
Sewerage services	2	89	77
Waste management services (not-domestic)	2	350	346
<b>Total User charges</b>		<b>1,883</b>	<b>1,653</b>
<b>Fees</b>			
<b>(i) Fees and charges – statutory and regulatory functions (per s608)</b>			
Building regulation	2	296	215
Private works – section 67	2	158	126
Section 10.7 certificates (EP&A Act)	2	26	24
Section 603 certificates	2	25	28
Aerodrome	2	43	30
Cemeteries	2	133	146
Library	2	6	9
Swimming centres	2	112	88
Sewerage	2	10	5
Water supply	2	76	51
Other	2	536	46
<b>Total fees</b>		<b>1,421</b>	<b>768</b>
<b>Total user charges and fees</b>		<b>3,304</b>	<b>2,421</b>
<b>Timing of revenue recognition for user charges and fees</b>			
User charges and fees recognised at a point in time (2)		3,304	2,421
<b>Total user charges and fees</b>		<b>3,304</b>	<b>2,421</b>

The AASB notation (above) identifies the revenue recognition pattern for material items of Council revenue:

- (1) indicates income recognised under AASB 15 “at a point in time”,
- (2) indicates income recognised under AASB 15 “over time”.

### Material accounting policy information

Revenue arising from user charges and fees is recognised when or as the performance obligation is completed and the customer receives the benefit of the goods / services being provided.

The performance obligation relates to the specific services which are provided to the customers and generally the payment terms are within 30 days of the provision of the service. There is no material obligation for Council in relation to refunds or returns.

Where an upfront fee is charged such as joining fees for the leisure centre, the fee is recognised on a straight-line basis over the expected life of the membership.

Licences granted by Council are all either short-term or low value and all revenue from licences is recognised at the time that the licence is granted rather than the term of the licence.



## B2-3 Other revenues

\$ '000	Timing	2024	2023
Fines	2	2	1
Legal fees recovery – rates and charges (extra charges)	1	4	31
Commissions and agency fees	1	94	99
Diesel rebate	1	87	58
Insurance claims recoveries	1	–	13
Recycling income (non-domestic)	1	23	28
Sales – general	1	16	95
Insurance rebate	1	79	3
Paid parental leave scheme	1	16	21
Sale of gravel	1	29	–
Sale of scrap metal	1	28	10
Other	1	139	42
Workers compensation recovery	1	31	34
<b>Total other revenue</b>		<b>548</b>	<b>435</b>
<b>Timing of revenue recognition for other revenue</b>			
Other revenue recognised over time (1)		546	434
Other revenue recognised at a point in time (2)		2	1
<b>Total other revenue</b>		<b>548</b>	<b>435</b>

The timing column notation (above) identifies the revenue recognition pattern for material items of Council's revenue:

- (1) indicates income recognised under AASB 15 or AASB 1058 "over time",  
(2) indicates income recognised under AASB 15 or AASB 1058 "at a point in time".

### Material accounting policy information for other revenue

Where the revenue is earned for the provision of specified goods / services under an enforceable contract, revenue is recognised when or as the obligations are satisfied.

Statutory fees and fines are recognised as revenue when the service has been provided, the payment is received or when the penalty has been applied, whichever occurs first.

Other revenue is recorded when the payment is due, the value of the payment is notified, or the payment is received, whichever occurs first.





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## B2-4 Grants and contributions

\$ '000	Timing	Operating 2024	Operating 2023	Capital 2024	Capital 2023
<b>General purpose grants and non-developer contributions (untied)</b>					
<b>General purpose (untied)</b>					
<b>Current year allocation</b>					
Financial assistance – general component	1	272	1,100	–	–
Financial assistance – local roads component	1	47	459	–	–
<b>Payment in advance - future year allocation</b>					
Financial assistance – general component	1	3,951	4,306	–	–
Financial assistance – local roads component	1	1,513	1,761	–	–
<b>Amount recognised as income during current year</b>		<b>5,783</b>	<b>7,626</b>	<b>–</b>	<b>–</b>
<b>Special purpose grants and non-developer contributions (tied)</b>					
<b>Cash contributions</b>					
<b>Previously specific grants:</b>					
Bushfire and emergency services	1	62	61	–	–
– Domestic waste management	1	17	–	–	–
Community care	2	–	5	–	–
Economic development	2	60	7	7	–
Employment and training programs	2	116	4	–	–
Floodplain management	2	39	–	–	–
Heritage and cultural	2	–	13	–	–
Library	2	7	8	–	–
Library – per capita	1	69	65	–	–
Library – special projects	1	19	20	–	–
LIRS subsidy	1	8	13	–	–
Recreation and culture	2	–	–	1,005	1,120
Noxious weeds	2	57	62	–	–
Street lighting	2	53	52	–	–
Transport (other roads and bridges funding)	2	–	1,471	3,196	2,741
Transport (roads to recovery)	2	1,853	516	–	–
Water supplies	2	–	–	703	1,929
Other specific grants	2	57	35	173	224
<b>Previously contributions:</b>					
Paving	2	–	–	–	(6)
Recreation and culture	2	–	–	4	4
Transport for NSW contributions (regional roads, block grant)	2	1,081	1,060	252	58
Other contributions	2	–	10	9	20
<b>Total special purpose grants and non-developer contributions (tied)</b>		<b>3,498</b>	<b>3,402</b>	<b>5,349</b>	<b>6,090</b>
<b>Total grants and non-developer contributions</b>		<b>9,281</b>	<b>11,028</b>	<b>5,349</b>	<b>6,090</b>

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## B2-4 Grants and contributions (continued)

\$ '000	Timing	Operating 2024	Operating 2023	Capital 2024	Capital 2023
<b>Comprising:</b>					
– Other funding		–	11	14	88
– Commonwealth funding		7,817	9,665	186	224
– State funding		1,464	1,352	5,149	5,778
		<b>9,281</b>	<b>11,028</b>	<b>5,349</b>	<b>6,090</b>

### Developer contributions

\$ '000	Notes	Timing	Operating 2024	Operating 2023	Capital 2024	Capital 2023
<b>Developer contributions: (s7.4 &amp; s7.11 - EP&amp;A Act, s64 of the LGA):</b>						
	G5					
<b>Cash contributions</b>						
S 7.11 – contributions towards amenities/services		2	–	–	114	46
S 64 – water supply contributions		2	–	–	1,135	214
S 64 – sewerage service contributions		2	–	–	145	–
<b>Total developer contributions</b>			<b>–</b>	<b>–</b>	<b>1,394</b>	<b>260</b>
<b>Total grants and contributions</b>			<b>9,281</b>	<b>11,028</b>	<b>6,743</b>	<b>6,350</b>

### Timing of revenue recognition for grants and contributions

Grants and contributions recognised over time (1)	5,958	7,785	–	–
Grants and contributions recognised at a point in time (2)	3,323	3,243	6,743	6,350
<b>Total grants and contributions</b>	<b>9,281</b>	<b>11,028</b>	<b>6,743</b>	<b>6,350</b>

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## B2-4 Grants and contributions (continued)

### Unspent grants and contributions

Certain grants and contributions are obtained by Council on the condition they be spent in a specified manner or in a future period but which are not yet spent in accordance with those conditions are as follows:

\$ '000	Operating 2024	Operating 2023	Capital 2024	Capital 2023
<b>Unspent grants and contributions</b>				
Unspent funds at 1 July	534	453	1,254	951
<b>Add:</b> Funds received and not recognised as revenue in the current year	–	12,460	4,287	4,524
<b>Add:</b> Funds recognised as revenue in the reporting year but not yet spent in accordance with the conditions	(34)	(12,379)	(1)	(3,270)
<b>Less:</b> Funds received in prior year but revenue recognised and funds spent in current year	(412)	–	(576)	(951)
<b>Unspent funds at 30 June</b>	<b>88</b>	<b>534</b>	<b>4,964</b>	<b>1,254</b>
<b>Contributions</b>				
Unspent funds at 1 July	1,213	955	–	–
<b>Add:</b> contributions recognised as revenue in the reporting year but not yet spent in accordance with the conditions	1,395	258	–	–
<b>Add:</b> contributions received for the provision of goods and services	1,345	1,215	–	–
<b>Less:</b> contributions recognised in the current period now spent	(1,345)	(1,215)	–	–
<b>Unspent contributions at 30 June</b>	<b>2,608</b>	<b>1,213</b>	<b>–</b>	<b>–</b>

### Material accounting policy information

#### Grants and contributions – enforceable agreement with sufficiently specific performance obligations

Grant and contribution revenue from an agreement which is enforceable and contains sufficiently specific performance obligations is recognised as or when control of each performance obligations is transferred.

The performance obligations vary according to the agreement but include achievement of agreed service levels, or the completion of certain works or delivery of specified services. Payment terms vary depending on the terms of the grant, cash is received upfront for some grants and on the achievement of certain payment milestones for others.

Performance obligations may be satisfied either at a point in time or over time and this is reflected in the revenue recognition pattern. Point in time recognition occurs when the beneficiary obtains control of the goods / services at a single time (e.g. completion of the project when a report / outcome is provided), whereas over time recognition is where the control of the services is ongoing throughout the project (e.g. provision of community health services through the year).

Where control is transferred over time, generally the input methods being either costs or time incurred are deemed to be the most appropriate methods to reflect the transfer of benefit.

#### Capital grants

Capital grants received by Council under an enforceable contract for the acquisition or construction of infrastructure, property, plant and equipment to identified specifications which will be under Council's control on completion are recognised as revenue as and when the obligation to construct or purchase is completed.

For construction projects, this is generally as the construction progresses in accordance with costs incurred since this is deemed to be the most appropriate measure of the completeness of the construction project.

For acquisitions of assets, the revenue is recognised when the asset is acquired and controlled by the Council.



## B2-4 Grants and contributions (continued)

### Other grants and contributions

Assets, including cash, received from other grants and contributions are recognised at fair value when the asset is received. Council considers whether there are any related liability or equity items associated with the asset which are recognised in accordance with the relevant accounting standard.

Once the assets and liabilities have been recognised then income is recognised for any remaining asset value at the time that the asset is received.

### Developer contributions

Council has obligations to provide facilities from contribution revenues levied on developers under the provisions of sections 7.4, 7.11 and 7.12 of the *Environmental Planning and Assessment Act 1979*. (EP&A Act)

While Council generally incorporates these amounts as part of a Development Consents Order, such developer contributions are only recognised as income upon receipt by Council, due to the possibility that individual development consents may not be acted upon by the applicant and, accordingly, would not be payable to Council.

Developer contributions may only be expended for the purposes for which the contributions were required, but Council may apply contributions according to the priorities established in work schedules for the contribution plan.

## B2-5 Interest and investment income

\$ '000	2024	2023
<b>Interest on financial assets measured at amortised cost</b>		
– Overdue rates and annual charges (incl. special purpose rates)	58	29
– Cash and investments	1,346	895
<b>Total interest and investment income (losses)</b>	<b>1,404</b>	<b>924</b>
<b>Interest and investment income is attributable to:</b>		
<b>Unrestricted investments/financial assets:</b>		
Overdue rates and annual charges (general fund)	28	14
General Council cash and investments	804	444
<b>Restricted investments/funds – external:</b>		
Water fund operations	387	400
Sewerage fund operations	185	66
<b>Total interest and investment income</b>	<b>1,404</b>	<b>924</b>

### Material accounting policy information

Interest income is recognised using the effective interest rate at the date that interest is earned.

## B2-6 Other income

\$ '000	Notes	2024	2023
<b>Rental income</b>			
<b>Other lease income</b>			
Staff Housing		18	36
Caravan Park		37	42
Leaseback fees - council vehicles		15	44
Other facilities		82	70
<b>Total rental income</b>	C2-2	<b>152</b>	<b>192</b>
<b>Total other income</b>		<b>152</b>	<b>192</b>



## B3 Costs of providing services

### B3-1 Employee benefits and on-costs

\$ '000	2024	2023
Salaries and wages	7,230	6,456
Employee leave entitlements (ELE)	1,569	1,441
ELE on-costs	(54)	35
Superannuation – defined contribution plans	853	715
Superannuation – defined benefit plans	43	80
Workers' compensation insurance	316	444
Fringe benefit tax (FBT)	38	64
Training costs (other than salaries and wages)	–	1
Protective clothing	25	14
Other	72	30
<b>Total employee costs</b>	<b>10,092</b>	<b>9,280</b>
Less: capitalised costs	(241)	(208)
<b>Total employee costs expensed</b>	<b>9,851</b>	<b>9,072</b>

#### Material accounting policy information

Employee benefit expenses are recorded when the service has been provided by the employee.

##### *Retirement benefit obligations*

All employees of the Council are entitled to benefits on retirement, disability or death. Council contributes to various defined benefit plans and defined contribution plans on behalf of its employees.

##### *Superannuation plans*

Contributions to defined contribution plans are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Council participates in a defined benefit plan under the Local Government Superannuation Scheme, however, sufficient information to account for the plan as a defined benefit is not available and therefore Council accounts for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans, i.e. as an expense when it becomes payable – refer to Note E3-1 for more information.



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### B3-2 Materials and services

\$ '000	Notes	2024	2023
Raw materials and consumables		4,619	6,349
Contractor costs		1,721	733
– Domestic waste and recycling collection contract		636	496
Advertising		92	136
Audit Fees <sup>1</sup>	F2-1	68	71
Bank charges		85	63
Cleaning		5	6
Councillor and Mayoral fees and associated expenses	F1-2	197	216
Electricity and heating		528	374
Insurance		573	549
Street lighting		184	228
Subscriptions and publications		35	49
Telephone and communications		181	115
Training costs (other than salaries and wages)		223	224
Travel expenses		106	169
Valuation fees		46	43
Other expenses		406	295
<b>Legal expenses:</b>			
– Legal expenses: planning and development		16	27
– Legal expenses: debt recovery		107	73
– Legal expenses: other		4	9
<b>Total materials and services</b>		<b>9,832</b>	<b>10,225</b>

#### Material accounting policy information

Expenses are recorded on an accruals basis as the Council receives the goods or services.

### B3-3 Borrowing costs

\$ '000	Notes	2024	2023
<b>(i) Interest bearing liability costs</b>			
Interest on loans		111	132
<b>Total interest bearing liability costs</b>		<b>111</b>	<b>132</b>
<b>(ii) Other borrowing costs</b>			
Discount adjustments relating to movements in provisions (other than ELE)			
– Remediation liabilities	C3-5	(11)	(383)
<b>Total other borrowing costs</b>		<b>(11)</b>	<b>(383)</b>
<b>Total borrowing costs expensed</b>		<b>100</b>	<b>(251)</b>

#### Material accounting policy information

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed as incurred.





### B3-4 Depreciation, amortisation and impairment of non-financial assets

\$ '000	Notes	2024	2023
<b>Depreciation and amortisation</b>			
Plant and equipment		1,048	1,001
Office equipment		37	29
Land improvements (depreciable)		–	–
<b>Infrastructure:</b>			
– Buildings – non-specialised	C1-6	5	10
– Buildings – specialised		796	725
– Roads		3,266	3,063
– Bridges		96	90
– Footpaths		160	152
– Stormwater drainage		308	294
– Water supply network		1,326	1,100
– Sewerage network		1,055	1,036
– Swimming pools		67	59
– Other open space/recreational assets		490	393
– Aerodrome		104	141
<b>Other assets:</b>			
– Heritage collections		–	1
– Library books		9	12
– Other		191	186
<b>Reinstatement, rehabilitation and restoration assets:</b>			
– Tip assets	C1-6	9	179
<b>Total depreciation, amortisation and impairment for non-financial assets</b>		<b>8,967</b>	<b>8,471</b>

#### Material accounting policy information

##### Depreciation and amortisation

Depreciation and amortisation are calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives. Useful lives are included in Note C1-6 for IPPE assets.

##### Impairment of non-financial assets

Council assets held at fair value that are not held primarily for their ability to generate net cash flow, and that are deemed to be specialised, are not tested for impairment since these assets are assessed on an annual basis to ensure that the carrying amount is not materially different from fair value and therefore, an impairment loss would be captured during this assessment.

Intangible assets not yet available for use, are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets that do not meet the criteria above are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

Impairment losses for revalued assets are firstly offset against the amount in the revaluation surplus for the class of asset, with only the excess to be recognised in the Income Statement.



### B3-5 Other expenses

\$ '000	2024	2023
<b>Impairment of receivables</b>		
Other	24	42
<b>Total impairment of receivables</b>	<b>24</b>	<b>42</b>
<b>Other</b>		
Contributions/levies to other levels of government		
– Emergency services levy (includes FRNSW, SES, and RFS levies)	37	21
– NSW fire brigade levy	99	60
– NSW rural fire service levy	155	183
– Other contributions/levies	20	21
Donations, contributions and assistance to other organisations (Section 356)		
– Heritage and cultural programs	12	10
– Public halls and community facilities	25	27
– Riverina and Murray Regional Organisation of Councils	19	18
– Sporting grounds	112	53
– Swimming pools	168	157
– Tourism and area promotion	77	44
– Other	2	59
<b>Total other</b>	<b>726</b>	<b>653</b>
<b>Total other expenses</b>	<b>750</b>	<b>695</b>

#### Material accounting policy information

Other expenses are recorded on an accruals basis when Council has an obligation for the expenses.

Impairment expenses are recognised when identified.





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## B4 Gains or losses

### B4-1 Gain or loss from the disposal, replacement and de-recognition of assets

\$ '000	Notes	2024	2023
<b>Gain (or loss) on disposal of property (excl. investment property)</b>			
Less: carrying amount of property assets sold/written off		—	—
<b>Gain (or loss) on disposal</b>		—	—
<b>Gain (or loss) on disposal of plant and equipment</b>			
	C1-6		
Proceeds from disposal – plant and equipment		99	263
Less: carrying amount of plant and equipment assets sold/written off		(75)	(70)
<b>Gain (or loss) on disposal</b>		<b>24</b>	<b>193</b>
<b>Gain (or loss) on disposal of infrastructure</b>			
	C1-6		
Proceeds from disposal – infrastructure		—	—
Less: carrying amount of infrastructure written off		(3,296)	(1,863)
<b>Gain (or loss) on disposal</b>		<b>(3,296)</b>	<b>(1,863)</b>
<b>Gain (or loss) on disposal of real estate assets held for sale</b>			
	C1-5		
Proceeds from disposal – real estate assets		386	432
Less: carrying amount of real estate assets sold/written off		(285)	(459)
<b>Gain (or loss) on disposal</b>		<b>101</b>	<b>(27)</b>
<b>Net gain (or loss) from disposal of assets</b>		<b>(3,171)</b>	<b>(1,697)</b>

#### Material accounting policy information

Gains and losses on disposals are determined by comparing proceeds with carrying amount. The gain or loss on sale of an asset is determined when control of the asset has irrevocably passed to the buyer and the asset is de-recognised.



## B5 Performance against budget

### B5-1 Material budget variations

Council's original budget was adopted by the Council on 28 June 2023 and is not required to be audited. The original projections on which the budget was based have been affected by a number of factors. These include state and federal government decisions, including new grant programs, changing economic activity, environmental factors, and by decisions made by Council.

While these General Purpose Financial Statements include the original budget adopted by Council, the Act requires Council to review its financial budget on a quarterly basis, so it is able to manage the variation between actuals and budget that invariably occur during the year.

**Material variations of more than 10%** between original budget and actual results or where the variance is considered material by nature are explained below.

**Variation Key:** **F** = Favourable budget variation, **U** = Unfavourable budget variation.

\$ '000	2024 Budget	2024 Actual	2024 ----- Variance -----	
<b>Revenues</b>				
<b>Rates and annual charges</b>	11,890	12,119	229	2% <b>F</b>
<b>User charges and fees</b>	2,214	3,304	1,090	49% <b>F</b>
Council did not budget for several large subdivision applications.				
<b>Other revenues</b>	729	548	(181)	(25)% <b>U</b>
Council incorrectly included revenue that is included in Other Income when setting the budget.				
<b>Operating grants and contributions</b>	7,847	9,281	1,434	18% <b>F</b>
<b>Capital grants and contributions</b>	13,585	6,743	(6,842)	(50)% <b>U</b>
Council only allocates a budget line for Grant Funding once a formal approval of the Grant application is received and a Funding Deed is provided. As Council applies for and receives various grants throughout the year this causes this budget line to vary depending on the Grant Funding available throughout the year.				
<b>Interest and investment revenue</b>	1,274	1,404	130	10% <b>F</b>
Council continued to invest in short term investments within the Water Fund this financial year due to large scale projects taking longer than originally planned. Interest rates stayed higher than anticipated throughout the year.				
<b>Other income</b>	26	152	126	485% <b>F</b>
Council budgets for other income conservatively.				



## B5-1 Material budget variations (continued)

\$ '000	2024 Budget	2024 Actual	2024 ----- Variance -----	
<b>Expenses</b>				
<b>Employee benefits and on-costs</b>	<b>4,822</b>	<b>9,851</b>	<b>(5,029)</b>	<b>(104)% U</b>
Council budgets its salary and wage expenditure for numerous employees against budget line items that are captured under materials and contracts. These employees include but are not limited to roads, water, sewer, waste, parks & gardens. Council needs to do this to ensure they are accurately capturing the cost of capital works, repairs and maintenance.				
<b>Materials and services</b>	<b>14,307</b>	<b>9,832</b>	<b>4,475</b>	<b>31% F</b>
<b>Borrowing costs</b>	<b>164</b>	<b>100</b>	<b>64</b>	<b>39% F</b>
The original budget includes borrowing costs for internal loans which is not captured in the general purpose financial statements. Council also delayed loan drawdowns due to project delays.				
<b>Depreciation, amortisation and impairment of non-financial assets</b>	<b>6,372</b>	<b>8,967</b>	<b>(2,595)</b>	<b>(41)% U</b>
Council is currently revaluing their assets on a regular basis and with current inflation costs and natural disasters Council has not accounted for the large increase in the impairments of some asset classes.				
<b>Other expenses</b>	<b>740</b>	<b>750</b>	<b>(10)</b>	<b>(1)% U</b>
Council did not budget accordingly for other expenses.				
<b>Net losses from disposal of assets</b>	<b>—</b>	<b>3,171</b>	<b>(3,171)</b>	<b>∞ U</b>
Council does not budget for the net loss on disposal of assets as it budgets on a cash basis.				
<b>Statement of cash flows</b>				
<b>Cash flows from operating activities</b>	<b>7,124</b>	<b>14,328</b>	<b>7,204</b>	<b>101% F</b>
<b>Cash flows from investing activities</b>	<b>(9,734)</b>	<b>(5,197)</b>	<b>4,537</b>	<b>(47)% F</b>
<b>Cash flows from financing activities</b>	<b>1,728</b>	<b>(675)</b>	<b>(2,403)</b>	<b>(139)% U</b>



## C Financial position

### C1 Assets we manage

#### C1-1 Cash and cash equivalents

\$ '000	2024	2023
<b>Cash assets</b>		
Cash at bank and on hand	23,540	15,084
<b>Total cash and cash equivalents</b>	<b>23,540</b>	<b>15,084</b>

#### Reconciliation of cash and cash equivalents

Total cash and cash equivalents per Statement of Financial Position	23,540	15,084
<b>Balance as per the Statement of Cash Flows</b>	<b>23,540</b>	<b>15,084</b>

#### Material accounting policy information

For Statement of Cash Flow presentation purposes, cash and cash equivalents include: cash on hand; deposits held at call with financial institutions; other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value; and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position.

#### C1-2 Financial investments

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
<b>Debt securities at amortised cost</b>				
Term deposits	19,090	–	28,113	–
<b>Total financial investments</b>	<b>19,090</b>	<b>–</b>	<b>28,113</b>	<b>–</b>
<b>Total cash assets, cash equivalents and investments</b>	<b>42,630</b>	<b>–</b>	<b>43,197</b>	<b>–</b>

#### Material accounting policy information

Financial instruments are recognised initially on the date that the Council becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

#### Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

#### Classification

On initial recognition, Council classifies its financial assets into the following categories those measured at:

- amortised cost
- fair value through profit and loss
- fair value through other comprehensive income
- equity instrument.

Financial assets are not reclassified subsequent to their initial recognition.

#### Amortised cost

Council's financial assets measured at amortised cost comprise trade and other receivables, term deposits and cash and cash equivalents in the Statement of Financial Position. Term deposits with an initial term of more than 3 months are classified as investments rather than cash and cash equivalents.



## C1-2 Financial investments (continued)

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, impairment and gains or loss on de-recognition are recognised in profit or loss.

### **Financial assets through profit or loss**

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss.

Net gains or losses, including any interest or dividend income, are recognised in profit or loss.



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### C1-3 Restricted and allocated cash, cash equivalents and investments

\$ '000	2024	2023
(a) Externally restricted cash, cash equivalents and investments		
<b>Total cash, cash equivalents and investments</b>	<b>42,630</b>	<b>43,197</b>
Less: Externally restricted cash, cash equivalents and investments	<b>(31,475)</b>	<b>(28,243)</b>
<b>Cash, cash equivalents and investments not subject to external restrictions</b>	<b>11,155</b>	<b>14,954</b>
<b>External restrictions</b>		
<b>External restrictions – included in liabilities</b>		
External restrictions included in cash, cash equivalents and investments above comprise:		
Specific purpose unexpended grants – general fund	<b>4,964</b>	<b>1,254</b>
<b>External restrictions – included in liabilities</b>	<b>4,964</b>	<b>1,254</b>
<b>External restrictions – other</b>		
External restrictions included in cash, cash equivalents and investments above comprise:		
Developer contributions – general	<b>2,608</b>	<b>1,215</b>
Specific purpose unexpended grants (recognised as revenue) – general fund	<b>88</b>	<b>534</b>
Water fund	<b>12,887</b>	<b>16,304</b>
Sewer fund	<b>5,867</b>	<b>5,293</b>
Domestic waste management	<b>5,061</b>	<b>3,643</b>
<b>External restrictions – other</b>	<b>26,511</b>	<b>26,989</b>
<b>Total external restrictions</b>	<b>31,475</b>	<b>28,243</b>

Cash, cash equivalents and investments subject to external restrictions are those which are only available for specific use by Council due to a restriction placed by legislation or third-party contractual agreement.

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Berrigan Shire Council | Notes to the Financial Statements 30 June 2024

### C1-3 Restricted and allocated cash, cash equivalents and investments (continued)

\$ '000	2024	2023
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#### (b) Internal allocations

##### Cash, cash equivalents and investments not subject to external restrictions

11,155	14,954
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Less: Internally restricted cash, cash equivalents and investments

(7,575)	(2,925)
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##### Unrestricted and unallocated cash, cash equivalents and investments

3,580	12,029
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#### Internal allocations

At 30 June, Council has internally allocated funds to the following:

Plant and vehicle replacement	2,244	1,516
Employees leave entitlement	289	289
Aerodrome	114	114
Capital works reserve	4,575	653
Information technology	162	162
Risk management	191	191
<b>Total internal allocations</b>	<b>7,575</b>	<b>2,925</b>

Cash, cash equivalents and investments not subject to external restrictions may be internally allocated by resolution or policy of the elected Council.

\$ '000	2024	2023
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#### (c) Unrestricted and unallocated

Unrestricted and unallocated cash, cash equivalents and investments	3,580	12,029
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## C1-4 Receivables

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Rates and annual charges	980	–	625	–
User charges and fees	1,161	–	323	–
Accrued revenues				
– Interest on investments	562	–	501	–
– Other income accruals	34	–	312	–
Government grants and subsidies	1,899	–	1,346	–
Net GST receivable	1,070	–	–	–
Other debtors	197	–	88	–
<b>Total net receivables</b>	<b>5,903</b>	<b>–</b>	<b>3,195</b>	<b>–</b>
<b>Externally restricted receivables</b>				
<b>Water supply</b>				
– Rates and availability charges	225	–	320	–
<b>Sewerage services</b>				
– Rates and availability charges	191	–	124	–
<b>Total external restrictions</b>	<b>416</b>	<b>–</b>	<b>444</b>	<b>–</b>
<b>Unrestricted receivables</b>	<b>5,487</b>	<b>–</b>	<b>2,751</b>	<b>–</b>
<b>Total net receivables</b>	<b>5,903</b>	<b>–</b>	<b>3,195</b>	<b>–</b>

### Material accounting policy information

Receivables are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Receivables are generally due for settlement within 30 days. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

### Impairment

Impairment of financial assets measured at amortised cost is recognised on an expected credit loss (ECL) basis.

When estimating ECL, Council considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on Council's historical experience and informed credit assessment, and including forward-looking information.

Council uses the simplified approach for trade receivables where the expected lifetime credit losses are recognised on day 1.

When considering the ECL for rates and annual charges debtors, Council takes into account that unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold.

Credit losses are measured at the present value of the difference between the cash flows due to the entity in accordance with the contract, and the cash flows expected to be received. This is applied using a probability weighted approach.

Council writes off a receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the receivables are over 120 days past due, whichever occurs first.

None of the receivables that have been written off are subject to enforcement activity.

Where Council renegotiates the terms of receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.





Berrigan Shire Council | Notes to the Financial Statements 30 June 2024

## C1-5 Inventories

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
<b>(i) Inventories at cost</b>				
Real estate for resale	123	–	408	–
Stores and materials	225	–	283	–
<b>Total inventories</b>	<b>348</b>	<b>–</b>	<b>691</b>	<b>–</b>

## Externally restricted assets

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
<b>Water</b>				
Stores and materials	85	–	108	–
<b>Total water</b>	<b>85</b>	<b>–</b>	<b>108</b>	<b>–</b>
<b>Sewerage</b>				
Stores and materials	9	–	12	–
<b>Total sewerage</b>	<b>9</b>	<b>–</b>	<b>12</b>	<b>–</b>
<b>Total externally restricted assets</b>	<b>94</b>	<b>–</b>	<b>120</b>	<b>–</b>
<b>Total unrestricted assets</b>	<b>254</b>	<b>–</b>	<b>571</b>	<b>–</b>
<b>Total inventories</b>	<b>348</b>	<b>–</b>	<b>691</b>	<b>–</b>

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## C1-5 Inventories (continued)

### (i) Other disclosures

\$ '000	Notes	2024 Current	2024 Non-current	2023 Current	2023 Non-current
<b>(a) Details for real estate development</b>					
Residential		123	–	408	–
<b>Total real estate for resale</b>		<b>123</b>	<b>–</b>	<b>408</b>	<b>–</b>
(Valued at the lower of cost and net realisable value)					
<b>Represented by:</b>					
Acquisition costs		123	–	408	–
<b>Total costs</b>		<b>123</b>	<b>–</b>	<b>408</b>	<b>–</b>
<b>Total real estate for resale</b>		<b>123</b>	<b>–</b>	<b>408</b>	<b>–</b>
<b>Movements:</b>					
Real estate assets at beginning of the year		408	–	521	–
– Purchases and other costs		1	–	1	–
– Transfers in from (out to) Note C1-6		–	–	345	–
– WDV of sales (expense)	B4-1	(286)	–	(459)	–
<b>Total real estate for resale</b>		<b>123</b>	<b>–</b>	<b>408</b>	<b>–</b>

### Material accounting policy information

#### Raw materials and stores

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

#### Land held for resale

Land held for resale is stated at the lower of cost and net realisable value. Cost is assigned by specific identification and includes the cost of acquisition, and development and borrowing costs during development. When development is completed, borrowing costs and other holding charges are expensed as incurred.

Borrowing costs included in the cost of land held for resale are those costs that would have been avoided if the expenditure on the acquisition and development of the land had not been made. Borrowing costs incurred while active development is interrupted for extended periods are recognised as expenses.



## C1-6 Infrastructure, property, plant and equipment

By aggregated asset class	At 1 July 2023			Asset movements during the reporting period								At 30 June 2024		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals <sup>(1)</sup>	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
<b>\$ '000</b>														
Capital work in progress	7,870	–	7,870	265	2,517	–	–	(4,795)	–	–	–	5,857	–	5,857
Plant and equipment	9,245	(5,737)	3,508	–	856	(77)	(1,048)	–	(2)	–	–	9,387	(6,149)	3,238
Office equipment	874	(690)	184	–	80	(18)	(37)	91	1	–	–	1,019	(718)	301
<b>Land:</b>														
– Operational land	8,812	–	8,812	–	–	–	–	–	–	–	–	8,812	–	8,812
– Community land	1,337	–	1,337	–	–	–	–	–	–	–	421	1,758	–	1,758
– Crown land	4,043	–	4,043	–	–	–	–	–	–	–	2,950	6,993	–	6,993
– Land under roads (post 30/6/08)	88	–	88	–	–	–	–	–	–	–	–	88	–	88
Land improvements – depreciable	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<b>Infrastructure:</b>														
– Buildings – non-specialised	404	(36)	368	–	87	–	(5)	122	(209)	–	8	411	(40)	371
– Buildings – specialised	57,874	(18,162)	39,712	62	–	(39)	(796)	18	207	–	2,084	61,264	(20,016)	41,248
– Roads	205,423	(32,958)	172,465	5,854	1,179	(800)	(3,266)	270	(48)	–	8,379	222,228	(38,195)	184,033
– Bridges & Culverts	12,796	(5,289)	7,507	–	–	–	(96)	–	47	–	497	13,715	(5,760)	7,955
– Footpaths	11,167	(2,217)	8,950	–	88	–	(160)	–	1	(399)	–	10,978	(2,498)	8,480
– Bulk earthworks (non-depreciable)	14,204	–	14,204	–	–	–	–	–	–	–	721	14,925	–	14,925
– Stormwater drainage	29,561	(5,256)	24,305	–	17	–	(308)	24	(1)	–	763	30,531	(5,730)	24,801
– Water supply network	57,974	(21,736)	36,238	1,958	74	(2,240)	(1,326)	3,977	2	–	19,436	75,094	(16,975)	58,119
– Sewerage network	71,482	(24,606)	46,876	562	340	(3)	(1,055)	127	(2)	–	5,649	73,147	(20,653)	52,494
– Swimming pools	4,078	(1,816)	2,262	–	–	–	(67)	–	–	–	120	4,261	(1,946)	2,315
– Other open space/recreational assets	16,041	(3,770)	12,271	217	326	(131)	(490)	4	1	–	790	17,347	(4,359)	12,988
– Aerodrome	10,047	(3,950)	6,097	–	–	–	(104)	–	369	–	343	11,021	(4,316)	6,705
<b>Other assets:</b>														
– Heritage collections	–	–	–	–	–	–	–	–	–	–	–	–	–	–
– Library books	87	(9)	78	–	27	(61)	(9)	–	–	–	–	36	(1)	35
– Other	7,676	(2,969)	4,707	139	135	(81)	(191)	162	(369)	–	305	8,075	(3,267)	4,808
<b>Reinstatement, rehabilitation and restoration assets :</b>														
– Quarry assets	37	(37)	–	–	–	–	–	–	–	–	–	24	(24)	–
– Tip assets	1,253	(1,164)	89	–	–	–	(9)	–	1	(26)	–	1,313	(1,258)	55
<b>Total infrastructure, property, plant and equipment</b>	<b>532,373</b>	<b>(130,402)</b>	<b>401,971</b>	<b>9,057</b>	<b>5,726</b>	<b>(3,450)</b>	<b>(8,967)</b>	<b>–</b>	<b>(2)</b>	<b>(425)</b>	<b>42,466</b>	<b>578,284</b>	<b>(131,905)</b>	<b>446,379</b>

(1) Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

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## C1-6 Infrastructure, property, plant and equipment (continued)

By aggregated asset class	At 1 July 2022			Asset movements during the reporting period									At 30 June 2023		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals <sup>1</sup>	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Tfrs from/(to) real estate assets (Note C1-5)	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
<b>\$ '000</b>															
Capital work in progress	2,518	–	2,518	417	5,004	–	–	(69)	–	–	–	–	7,870	–	7,870
Plant and equipment	8,372	(5,160)	3,212	–	1,329	(32)	(1,001)	–	–	–	–	–	9,245	(5,737)	3,508
Office equipment	747	(661)	86	–	127	–	(29)	–	–	–	–	–	874	(690)	184
<b>Land:</b>															
– Operational land	7,853	–	7,853	–	1,094	–	–	–	27	(25)	(137)	–	8,812	–	8,812
– Community land	970	–	970	–	–	–	–	–	–	–	–	366	1,337	–	1,337
– Crown land	2,253	–	2,253	–	–	–	–	–	–	–	–	1,790	4,043	–	4,043
– Land under roads (post 30/6/08)	88	–	88	–	–	–	–	–	–	–	–	–	88	–	88
Land improvements – depreciable	847	(399)	448	–	–	–	–	–	(448)	–	–	–	–	–	–
<b>Infrastructure:</b>															
– Buildings – non-specialised	729	(30)	699	–	–	–	(10)	–	–	(320)	(1)	–	404	(36)	368
– Buildings – specialised	53,515	(16,355)	37,160	262	51	(151)	(725)	8	–	–	–	3,106	57,874	(18,162)	39,712
– Roads	183,562	(29,221)	154,341	1,738	588	(1,247)	(3,063)	12	–	–	–	20,096	205,423	(32,958)	172,465
– Bridges	12,165	(5,213)	6,952	–	–	–	(90)	–	–	–	–	644	12,796	(5,289)	7,507
– Footpaths	5,440	(1,196)	4,244	–	861	(135)	(152)	–	–	–	–	4,131	11,167	(2,217)	8,950
– Bulk earthworks (non-depreciable)	12,553	–	12,553	105	–	–	–	–	–	–	–	1,546	14,204	–	14,204
– Stormwater drainage	26,103	(4,874)	21,229	456	–	(14)	(294)	9	–	–	–	2,919	29,561	(5,256)	24,305
– Water supply network	53,860	(19,118)	34,742	411	29	(2)	(1,100)	20	–	–	–	2,138	57,974	(21,736)	36,238
– Sewerage network	66,853	(21,806)	45,047	153	–	(314)	(1,036)	16	–	–	–	3,010	71,482	(24,606)	46,876
– Swimming pools	3,608	(1,569)	2,039	–	–	–	(59)	–	–	–	–	282	4,078	(1,816)	2,262
– Other open space/recreational assets	12,188	(3,517)	8,671	–	385	–	(393)	4	519	–	–	3,085	16,041	(3,770)	12,271
– Aerodrome	11,940	(4,896)	7,044	–	–	–	(141)	–	–	–	(806)	–	10,047	(3,950)	6,097
<b>Other assets:</b>															
– Heritage collections	81	(9)	72	–	–	–	(1)	–	–	–	(71)	–	–	–	–
– Library books	120	(20)	100	–	28	(38)	(12)	–	–	–	–	–	87	(9)	78
– Other	5,666	(2,186)	3,480	439	11	–	(186)	–	(98)	–	–	1,063	7,676	(2,969)	4,707
<b>Reinstatement, rehabilitation and restoration assets (refer Note C3-5):</b>															
– Tip assets	3,555	(3,374)	181	–	86	–	(179)	–	–	–	–	–	1,253	(1,164)	89
– Quarry assets	37	(37)	–	–	–	–	–	–	–	–	–	–	37	(37)	–
<b>Total infrastructure, property, plant and equipment</b>	<b>475,623</b>	<b>(119,641)</b>	<b>355,982</b>	<b>3,981</b>	<b>9,593</b>	<b>(1,933)</b>	<b>(8,471)</b>	<b>–</b>	<b>–</b>	<b>(345)</b>	<b>(1,015)</b>	<b>44,176</b>	<b>532,373</b>	<b>(130,402)</b>	<b>401,971</b>

(1) Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

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## C1-6 Infrastructure, property, plant and equipment (continued)

### Material accounting policy information

#### Initial recognition of infrastructure, property, plant and equipment (IPPE)

IPPE is measured initially at cost. Cost includes the fair value of the consideration given to acquire the asset (net of discounts and rebates) and any directly attributable cost of bringing the asset to working condition for its intended use (inclusive of import duties and taxes).

When infrastructure, property, plant and equipment is acquired by Council at significantly below fair value, the assets are initially recognised at their fair value at acquisition date.

Infrastructure, property, plant and equipment are held at fair value. Independent valuations are performed at least every five years, however the carrying amount of assets is assessed at each reporting date to confirm that it is not materially different from current fair value.

Water and sewerage network assets are indexed at each reporting period in accordance with a desktop valuation provided by an external valuer, or in accordance with the Rates Reference Manual issued by Crown Lands and Water (CLAW), if no desktop valuation is available.

Increases in the carrying amounts arising on revaluation are credited to the asset revaluation reserve. To the extent that the increase reverses a decrease previously recognising profit or loss relating to that asset class, the increase is first recognised as profit or loss. Decreases that reverse previous increases of assets in the same class are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the class; all other decreases are charged to the Income Statement.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Council and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

#### Useful lives of IPPE

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

<b>Plant and equipment</b>	<b>Years</b>	<b>Other equipment</b>	<b>Years</b>
Office equipment	5 to 10	Playground equipment	5 to 30
Office furniture	10 to 20	Benches, seats etc.	20 to 60
Computer equipment	4		
Vehicles	5 to 8	<b>Buildings</b>	
Heavy plant/road making equipment	5 to 8	Buildings: masonry	60 to 125
Other plant and equipment	5 to 15	Buildings: other	10 to 195
<b>Water and sewer assets</b>		<b>Stormwater assets</b>	
Dams and reservoirs	80 to 100	Drains	60 to 100
Bores	20 to 40	Culverts	60 to 100
Reticulation pipes	80 to 130	Flood control structures	80 to 100
Pumps and telemetry	15 to 20		
<b>Transportation assets</b>		<b>Other infrastructure assets</b>	
Road Pavements - Sealed	30 to 200	Airport Assets	20 to 180
Road Pavements - Unsealed	15 to 60	Swimming pools	9 to 80
Road Surface	10 to 85	Other open space/recreational assets	5 to 60
Bridge: concrete	60 to 200	Other infrastructure	15 to 210
Bridge: other	100 to 200	Library books	10
Kerb, gutter and footpaths	15 to 100		

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Income Statement.



## C1-6 Infrastructure, property, plant and equipment (continued)

### Land under roads

Land under roads is land under roadways and road reserves including land under footpaths, nature strips and median strips.

Council has elected not to recognise land under roads acquired before 1 July 2008. Land under roads acquired after 1 July 2008 is recognised in accordance with the IPPE accounting policy.

### Crown reserves

Crown reserves under Council's care and control are recognised as assets of the Council. While ownership of the reserves remains with the Crown, Council retains operational control of the reserves and is responsible for their maintenance and use in accordance with the specific purposes to which the reserves are dedicated.

Improvements on Crown reserves are also recorded as assets, while maintenance costs incurred by Council and revenues relating to the reserves are recognised within Council's Income Statement.

## Externally restricted infrastructure, property, plant and equipment

\$ '000	as at 30/06/24			as at 30/06/23		
	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount	Gross carrying amount	Accumulated depn. and impairment	Net carrying amount
<b>Water supply</b>						
WIP	4,848	–	4,848	6,419	–	6,419
Office equipment	7	7	–	7	7	–
Land						
– Operational land	1,826	–	1,826	1,826	–	1,826
Buildings	363	110	253	247	103	144
Infrastructure	75,094	16,975	58,119	57,974	21,736	36,238
<b>Total water supply</b>	<b>82,138</b>	<b>17,092</b>	<b>65,046</b>	<b>66,473</b>	<b>21,846</b>	<b>44,627</b>
<b>Sewerage services</b>						
WIP	244	–	244	226	–	226
Plant and equipment	284	206	78	217	217	–
Land						
– Operational land	1,489	–	1,489	1,489	–	1,489
Infrastructure	73,147	20,653	52,494	71,481	24,606	46,875
<b>Total sewerage services</b>	<b>75,164</b>	<b>20,859</b>	<b>54,305</b>	<b>73,413</b>	<b>24,823</b>	<b>48,590</b>
<b>Total restricted infrastructure, property, plant and equipment</b>	<b>157,302</b>	<b>37,951</b>	<b>119,351</b>	<b>139,886</b>	<b>46,669</b>	<b>93,217</b>

## C1-7 Other

### Other assets

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Prepayments	93	–	51	–
<b>Total other assets</b>	<b>93</b>	<b>–</b>	<b>51</b>	<b>–</b>





## C2 Leasing activities

### C2-1 Council as a lessee

Council does not have any material leases for the purpose of delivering services to its community. A number of minor leases over Crown lands have been classified as 'peppercorn' leases with annual rentals less than \$2,000 as disclosed in Note C2.

#### Leases at significantly below market value – concessionary / peppercorn leases

Council has a number of leases at significantly below market value for land and buildings which are used for:

- Community Services
- Second Hand Store/Car Park

The leases are generally between 5 and 30 years and require payments of a maximum amount of \$1,250 per year.

Council does not believe that any of the leases in place are individually material from a statement of financial position or performance perspective.

#### Material accounting policy information

At inception of a contract, Council assesses whether a lease exists – i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration?

Council has elected not to separate non-lease components from lease components for any class of asset and has accounted for payments as a single component.

At the lease commencement, Council recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where Council believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises: the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration, less any lease incentives received. The right-of-use asset is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of asset accounting policy.

The lease liability is initially recognised at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Council's incremental borrowing rate for a similar term with similar security is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is re-measured when there is a lease modification, or change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI).

Where the lease liability is re-measured, the right-of-use asset is adjusted to reflect the re-measurement.

#### Exceptions to lease accounting

Council has applied the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. Council recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

#### Leases at significantly below market value / Concessionary leases

Council has elected to measure the right of use asset arising from the concessionary leases at cost which is based on the associated lease liability at initial recognition.

### C2-2 Council as a lessor

#### Operating leases

Council leases out a number of properties and plant & vehicles to staff and to community groups. These leases have been classified as operating leases for financial reporting purposes and the assets are included as IPP&E (refer in this note part (v) below) in the Statement of Financial Position.

The amounts recognised in the Income Statement relating to operating leases where Council is a lessor are shown below:





## C2-2 Council as a lessor (continued)

\$ '000 2024 2023

The amounts recognised in the Income Statement relating to operating leases where Council is a lessor are shown below

### Operating lease expenses

#### (ii) Assets held as property, plant and equipment

Lease income (excluding variable lease payments not dependent on an index or rate)	152	192
<b>Total income relating to operating leases for Council assets</b>	<b>152</b>	<b>192</b>

### Reconciliation of IPPE assets leased out as operating leases

\$ '000	Land 2024	Land 2023	Buildings & Oth Structures 2024	Buildings & Oth Structures 2023
<b>Opening balance as at 1 July</b>	<b>1,518</b>	<b>631</b>	<b>10,446</b>	<b>8,743</b>
Additions new assets	53	656	317	896
Carrying value of disposals	—	—	—	(320)
Depreciation expense	—	—	(224)	(190)
Revaluation increments to equity (ARR)	162	231	534	1,317
<b>Closing balance as at 30 June</b>	<b>1,733</b>	<b>1,518</b>	<b>11,073</b>	<b>10,446</b>

### Material accounting policy information

When Council is a lessor, the lease is classified as either an operating or finance lease at inception date, based on whether substantially all of the risks and rewards incidental to ownership of the asset have been transferred to the lessee. If the risks and rewards have been transferred then the lease is classified as a finance lease, otherwise it is an operating lease.

When Council has a sub-lease over an asset and is the intermediate lessor then the head lease and sub-lease are accounted for separately. The classification of the sub-lease is based on the right-of-use asset which arises from the head lease rather than the useful life of the underlying asset.

If the lease contains lease and non-lease components, the non-lease components are accounted for in accordance with AASB 15 *Revenue from Contracts with Customers*.

The lease income is recognised on a straight-line basis over the lease term for an operating lease and as finance income using amortised cost basis for finance leases.



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## C3 Liabilities of Council

### C3-1 Payables

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Goods and services – operating expenditure	1,740	–	1,627	–
Accrued expenses:				
– Salaries and wages	338	–	282	–
– Other expenditure accruals	267	–	45	–
Security bonds, deposits and retentions	337	–	326	–
Prepaid rates	404	–	365	–
<b>Total payables</b>	<b>3,086</b>	<b>–</b>	<b>2,645</b>	<b>–</b>

#### Payables relating to restricted assets

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
<b>Externally restricted assets</b>				
Water	358	–	326	–
Sewer	32	–	–	–
Payables relating to externally restricted assets	390	–	326	–
<b>Total payables relating to restricted assets</b>	<b>390</b>	<b>–</b>	<b>326</b>	<b>–</b>
<b>Total payables relating to unrestricted assets</b>	<b>2,696</b>	<b>–</b>	<b>2,319</b>	<b>–</b>
<b>Total payables</b>	<b>3,086</b>	<b>–</b>	<b>2,645</b>	<b>–</b>

#### Material accounting policy information

Council measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

#### Payables

Payables represent liabilities for goods and services provided to Council prior to the end of financial year that are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

### C3-2 Contract Liabilities

\$ '000	Notes	2024 Current	2024 Non-current	2023 Current	2023 Non-current
<b>Grants and contributions received in advance:</b>					
Unexpended capital grants (to construct Council controlled assets)	(i)	4,963	–	1,254	–
<b>Total contract liabilities</b>		<b>4,963</b>	<b>–</b>	<b>1,254</b>	<b>–</b>

#### Notes

(i) Council has received funding to construct assets including sporting facilities, library extensions and other infrastructure. The funds received are under an enforceable contract which require Council to construct an identified asset which will be under Council's control on completion. The revenue is recognised as Council constructs the asset and the contract liability reflects the funding received which cannot yet be recognised as revenue. The revenue is expected to be recognised in the next 12 months.

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### C3-2 Contract Liabilities (continued)

(ii) The contract liability relates to grants received prior to the revenue recognition criteria in AASB 15 or AASB 1058 being satisfied since the performance obligations are ongoing.

#### Contract liabilities relating to restricted assets

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
<b>Externally restricted assets</b>				
Unspent grants held as contract liabilities (excl. Water & Sewer)	4,963	–	1,254	–
<b>Total contract liabilities</b>	<b>4,963</b>	<b>–</b>	<b>1,254</b>	<b>–</b>

#### Revenue recognised that was included in the contract liability balance at the beginning of the period

\$ '000	2024	2023
<b>Grants and contributions received in advance:</b>		
Capital grants (to construct Council controlled assets)	1,254	951
<b>Total revenue recognised that was included in the contract liability balance at the beginning of the period</b>	<b>1,254</b>	<b>951</b>

#### Significant changes in contract liabilities

There has been no significant changes in the value of contract liabilities compared to the previous year.

#### Material accounting policy information

Contract liabilities are recorded when consideration is received from a customer / fund provider prior to Council transferring a good or service to the customer, Council presents the funds which exceed revenue recognised as a contract liability.

### C3-3 Borrowings

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Loans – secured <sup>1</sup>	606	2,828	675	3,434
<b>Total borrowings</b>	<b>606</b>	<b>2,828</b>	<b>675</b>	<b>3,434</b>

(1) Loans are secured over the general rating income of Council.

Disclosures on liability interest rate risk exposures, fair value disclosures and security can be found in Note E1-1.

#### Borrowings relating to restricted assets

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
<b>Externally restricted assets</b>				
Water	399	1,906	391	2,449
<b>Total borrowings relating to restricted assets</b>	<b>399</b>	<b>1,906</b>	<b>391</b>	<b>2,449</b>
<b>Total borrowings relating to unrestricted assets</b>	<b>207</b>	<b>922</b>	<b>284</b>	<b>985</b>
<b>Total borrowings</b>	<b>606</b>	<b>2,828</b>	<b>675</b>	<b>3,434</b>

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### C3-3 Borrowings (continued)

#### Changes in liabilities arising from financing activities

	2023		Non-cash movements				2024
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
\$ '000							
Loans – secured	4,109	(675)	–	–	–	–	3,434
<b>Total liabilities from financing activities</b>	<b>4,109</b>	<b>(675)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>3,434</b>

	2022		Non-cash movements				2023
	Opening Balance	Cash flows	Acquisition	Fair value changes	Acquisition due to change in accounting policy	Other non-cash movement	Closing balance
\$ '000							
Loans – secured	4,768	(659)	–	–	–	–	4,109
<b>Total liabilities from financing activities</b>	<b>4,768</b>	<b>(659)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>4,109</b>

#### Material accounting policy information

Council measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

Borrowings are removed from the Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or borrowing costs.



### C3-4 Employee benefit provisions

\$ '000	2024 Current	2024 Non-current	2023 Current	2023 Non-current
Annual leave	802	–	799	–
Long service leave	890	182	511	604
Other leave	79	–	122	–
ELE on-costs	180	14	188	59
<b>Total employee benefit provisions</b>	<b>1,951</b>	<b>196</b>	<b>1,620</b>	<b>663</b>

#### Current employee benefit provisions not anticipated to be settled within the next twelve months

\$ '000	2024	2023
The following provisions, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions – employees benefits	1,031	709
	<b>1,031</b>	<b>709</b>

#### Description of and movements in provisions

\$ '000	ELE provisions				Total
	Annual leave	Long service leave	ELE on-costs	Other employee benefits	
<b>2024</b>					
At beginning of year	799	1,115	247	122	2,283
Additional provisions	516	226	–	–	742
Amounts used (payments)	(513)	(269)	(53)	(43)	(878)
<b>Total ELE provisions at end of year</b>	<b>802</b>	<b>1,072</b>	<b>194</b>	<b>79</b>	<b>2,147</b>
<b>2023</b>					
At beginning of year	794	1,102	212	140	2,248
Additional provisions	470	148	35	–	653
Amounts used (payments)	(465)	(135)	–	(18)	(618)
<b>Total ELE provisions at end of year</b>	<b>799</b>	<b>1,115</b>	<b>247</b>	<b>122</b>	<b>2,283</b>

#### Material accounting policy information

Employee benefit provisions are presented as current liabilities in the Statement of Financial Position if Council does not have an unconditional right to defer settlement for at least 12 months after the reporting date, regardless of when the actual settlement is expected to occur and therefore all annual leave and vested long service leave (or that which vests within 12 months) is presented as current.

#### Short-term obligations

Liabilities for wages and salaries (including non-monetary benefits, annual leave and accumulating sick leave expected to be wholly settled within 12 months after the end of the period in which the employees render the related service) are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

#### Other long-term employee benefit obligations

The liability for long-service leave and annual leave that is not expected to be wholly settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.



### C3-4 Employee benefit provisions (continued)

#### **On-costs**

The employee benefit provisions include the aggregate on-cost liabilities that will arise when payment of current employee benefits is made in future periods.

These amounts include superannuation, payroll tax and workers compensation expenses which will be payable upon the future payment of certain leave liabilities which employees are entitled to at the reporting period.





### C3-5 Provisions

\$ '000	2024 Current	2024 Non-Current	2023 Current	2023 Non-Current
<b>Asset remediation/restoration:</b>				
Asset remediation/restoration (future works)	–	147	–	159
<b>Total provisions</b>	<b>–</b>	<b>147</b>	<b>–</b>	<b>159</b>

### Description of and movements in provisions

\$ '000	Other provisions	
	Asset remediation	Total
<b>2024</b>		
At beginning of year	159	159
Unwinding of discount	(12)	(12)
Total other provisions at end of year	147	147
<b>2023</b>		
At beginning of year	542	542
Unwinding of discount	(383)	(383)
Total other provisions at end of year	159	159

### Nature and purpose of provisions

#### Asset remediation

Council has a legal/public obligation to make, restore, rehabilitate and reinstate the Council tip and quarry.

#### Material accounting policy information

Provisions are recognised when Council has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as a borrowing cost.

#### Asset remediation – tips and quarries

Close-down and restoration costs include the dismantling and demolition of infrastructure, and the removal of residual materials and remediation of disturbed areas. Estimated close-down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, whether this occurs during the development or during the operation phase, based on the net present value of estimated future costs. Provisions for close-down and restoration costs do not include any additional obligations which are expected to arise from future disturbance. The cost estimates are calculated annually during the life of the operation to reflect known developments, e.g. updated cost estimates and revisions to the estimated lives of operations, and are subject to formal review at regular intervals.

The ultimate cost of environmental remediation is uncertain and cost estimates can vary in response to many factors, including changes to the relevant legal requirements, the emergence of new restoration techniques, or experience at other locations. The expected timing of expenditure can also change, for example in response to changes in quarry reserves or production rates. As a result, there could be significant adjustments to the provision for close down and restoration and environmental clean-up, which would affect future financial results.

Other movements in the provisions for close-down and restoration costs, including those resulting from new disturbance, updated cost estimates, changes to the estimated lives of operations, and revisions to discount rates, are capitalised within infrastructure, property, plant and equipment. These costs are then depreciated over the lives of the assets to which they relate.



## C4 Reserves

### C4-1 Nature and purpose of reserves

#### **IPPE Revaluation reserve**

IPPE revaluation reserve is used to record increments / decrements of non-current asset values due to their revaluation.



## D Council structure

### D1 Results by fund

General fund refers to all Council activities other than water and sewer. All amounts disclosed in this note are gross i.e. inclusive of internal charges and recoveries made between the funds. Assets and liabilities shown in the water and sewer columns are restricted for use for these activities.

#### D1-1 Income Statement by fund

\$ '000	General 2024	Water 2024	Sewer 2024
<b>Income from continuing operations</b>			
Rates and annual charges	7,311	2,387	2,421
User charges and fees	1,959	1,247	98
Interest and investment revenue	789	387	228
Other revenues	444	59	45
Grants and contributions provided for operating purposes	9,281	–	–
Grants and contributions provided for capital purposes	4,760	1,838	145
Other income	152	–	–
<b>Total income from continuing operations</b>	<b>24,696</b>	<b>5,918</b>	<b>2,937</b>
<b>Expenses from continuing operations</b>			
Employee benefits and on-costs	8,963	425	463
Materials and services	6,959	1,958	915
Borrowing costs	26	74	–
Depreciation, amortisation and impairment of non-financial assets	6,559	1,349	1,059
Other expenses	80	426	244
Net losses from the disposal of assets	928	2,240	3
<b>Total expenses from continuing operations</b>	<b>23,515</b>	<b>6,472</b>	<b>2,684</b>
<b>Net operating result for the year</b>	<b>1,181</b>	<b>(554)</b>	<b>253</b>
<b>Net operating result for the year before grants and contributions provided for capital purposes</b>	<b>(3,579)</b>	<b>(2,392)</b>	<b>108</b>



Berrigan Shire Council | Notes to the Financial Statements 30 June 2024

## D1-2 Statement of Financial Position by fund

\$ '000	General 2024	Water 2024	Sewer 2024
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	14,876	4,797	3,867
Investments	9,000	8,090	2,000
Receivables	3,743	1,617	543
Inventories	254	85	9
Other	93	–	–
<b>Total current assets</b>	<b>27,966</b>	<b>14,589</b>	<b>6,419</b>
<b>Non-current assets</b>			
Receivables	(2,223)	–	2,223
Infrastructure, property, plant and equipment	327,076	65,290	54,013
<b>Total non-current assets</b>	<b>324,853</b>	<b>65,290</b>	<b>56,236</b>
<b>Total assets</b>	<b>352,819</b>	<b>79,879</b>	<b>62,655</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	2,696	358	32
Contract liabilities	4,963	–	–
Borrowings	(40)	646	–
Employee benefit provision	1,951	–	–
<b>Total current liabilities</b>	<b>9,570</b>	<b>1,004</b>	<b>32</b>
<b>Non-current liabilities</b>			
Borrowings	(1,085)	3,913	–
Employee benefit provision	196	–	–
Provisions	147	–	–
<b>Total non-current liabilities</b>	<b>(742)</b>	<b>3,913</b>	<b>–</b>
<b>Total liabilities</b>	<b>8,828</b>	<b>4,917</b>	<b>32</b>
<b>Net assets</b>	<b>343,991</b>	<b>74,962</b>	<b>62,623</b>
<b>EQUITY</b>			
Accumulated surplus	93,833	30,228	10,383
Revaluation reserves	250,157	44,734	52,240
<b>Total equity</b>	<b>343,990</b>	<b>74,962</b>	<b>62,623</b>



### D1-3 Details of internal loans

Council has the below Internal Loans to disclose in accordance with s410(3) of the *Local Government Act 1993*.

Details of individual internal loans	Loan 389	Loan 390
Borrower (by purpose)	General Fund	Water Fund
Lender (by purpose)	Sewer Fund	Sewer Fund
Sewer Fund to Water Fund - Finley Water Treatment Plant		
Date of Minister's approval	10/09/2019	10/09/2019
Date raised	30/06/2021	30/06/2021
Sewer Fund to General Fund - Tocumwal Foreshore Building		
Term years	10	10
Dates of maturity	30/06/2031	30/06/2031
Rate of interest (%)	1.48	1.48
Amount originally raised (\$'000)	\$1,000	\$2,600



## E Risks and accounting uncertainties

### E1-1 Risks relating to financial instruments held

Council's activities expose it to a variety of financial risks including (1) price risk, (2) credit risk, (3) liquidity risk and (4) interest rate risk.

The Council's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Council.

Council does not engage in transactions expressed in foreign currencies and is therefore not subject to foreign currency risk.

Financial risk management is carried out by Council's finance section under policies approved by the Council.

A comparison by category of the carrying amounts and fair values of Council's financial assets and financial liabilities recognised in the financial statements is presented below.

\$ '000	Carrying value 2024	Carrying value 2023	Fair value 2024	Fair value 2023
<b>Financial assets</b>				
<b>Measured at amortised cost</b>				
Cash and cash equivalents	23,540	15,084	23,042	15,084
Receivables	5,903	3,195	5,827	3,195
Investments				
– Debt securities at amortised cost	19,090	28,113	19,090	28,113
<b>Total financial assets</b>	<b>48,533</b>	<b>46,392</b>	<b>47,959</b>	<b>46,392</b>
<b>Financial liabilities</b>				
Payables	3,086	2,645	3,087	2,645
Loans/advances	3,434	4,109	3,434	4,109
<b>Total financial liabilities</b>	<b>6,520</b>	<b>6,754</b>	<b>6,521</b>	<b>6,754</b>

Fair value is determined as follows:

- **Cash and cash equivalents, receivables, payables** – are estimated to be the carrying value that approximates market value.
- **Borrowings and held-to-maturity investments** – are based upon estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles, unless quoted market prices are available.

Council's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital.

Council's finance area manages the cash and Investments portfolio with the assistance of independent advisors.

Council has an investment policy which complies with the *Local Government Act 1993* and the Ministerial investment order made subject to Section 265. This policy is regularly reviewed by Council and its staff and an investment report is tabled before Council on a monthly basis setting out the portfolio breakup and its performance as required by Local Government regulations.

The risks associated with the instruments held are:

- **Price risk** – the risk that the capital value of Investments may fluctuate due to changes in market prices, whether there changes are caused by factors specific to individual financial instruments or their issuers or are caused by factors affecting similar instruments traded in a market.
- **Interest rate risk** – the risk that movements in interest rates could affect returns and income.
- **Credit risk** – the risk that the investment counterparty will not complete their obligations particular to a financial instrument, resulting in a financial loss to Council – be it of a capital or income nature.

Council manages these risks (amongst other measures) by investing only in term deposits, in line with Council's Financial Strategy 2021.





## E1-1 Risks relating to financial instruments held (continued)

### (a) Market risk – interest rate and price risk

\$ '000	2024	2023
<p>The impact on result for the year and equity of a reasonably possible movement in the price of investments held and interest rates is shown below. The reasonably possible movements were determined based on historical movements and economic conditions in place at the reporting date.</p>		
Impact of a 1% movement in interest rates		
– Equity / Income Statement	191	281
Impact of a 10% movement in price of investments		
– Equity / Income Statement	–	–



## E1-1 Risks relating to financial instruments held (continued)

### (b) Credit risk

Council's major receivables comprise (i) rates and annual charges and (ii) user charges and fees.

Council manages the credit risk associated with these receivables by monitoring outstanding debt and employing stringent debt recovery procedures.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

The level of outstanding receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance.

Council makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors.

There are no material receivables that have been subjected to a re-negotiation of repayment terms.

#### Credit risk profile

##### Receivables – rates and annual charges

Credit risk on rates and annual charges is minimised by the ability of Council to recover these debts as a secured charge over the land; that is, the land can be sold to recover the debt. Council is also able to charge interest on overdue rates and annual charges at higher than market rates which further encourages payment.

\$ '000	Not yet overdue	overdue rates and annual charges < 5 years	≥ 5 years	Total
<b>2024</b>				
Gross carrying amount	–	962	18	980
<b>2023</b>				
Gross carrying amount	–	612	13	625

##### Receivables - non-rates and annual charges and contract assets

Council applies the simplified approach for non-rates and annual charges debtors and contract assets to provide for expected credit losses, which permits the use of the lifetime expected loss provision at inception. To measure the expected credit losses, non-rates and annual charges debtors and contract assets have been grouped based on shared credit risk characteristics and the days past due.

The loss allowance provision is determined as follows. The expected credit losses incorporate forward-looking information.

\$ '000	Not yet overdue	0 - 30 days	Overdue debts 31 - 60 days	61 - 90 days	> 91 days	Total
<b>2024</b>						
Gross carrying amount	3,761	520	16	37	589	4,923
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>ECL provision</b>	–	–	–	–	–	–
<b>2023</b>						
Gross carrying amount	2,248	220	1	–	101	2,570
Expected loss rate (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>ECL provision</b>	–	–	–	–	–	–

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## E1-1 Risks relating to financial instruments held (continued)

### (c) Liquidity risk

Payables, lease liabilities and borrowings are both subject to liquidity risk; that is, the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due.

Council manages this risk by monitoring its cash flow requirements and liquidity levels, and by maintaining an adequate cash buffer. Payment terms can be extended, and overdraft facilities drawn upon in extenuating circumstances.

Borrowings are also subject to interest rate risk: the risk that movements in interest rates could adversely affect funding costs. Council manages this risk through diversification of borrowing types, maturities and interest rate structures.

The finance team regularly reviews interest rate movements to determine if it would be advantageous to refinance or renegotiate part or all of the loan portfolio.

The timing of cash flows presented in the table below to settle financial liabilities reflects the earliest contractual settlement dates. The timing of expected outflows is not expected to be materially different from contracted cashflows.

The amounts disclosed in the table are the undiscounted contracted cash flows for non-lease liabilities (refer to Note C2-1(b) for lease liabilities) and therefore the balances in the table may not equal the balances in the Statement of Financial Position due to the effect of discounting.

\$ '000	Weighted average interest rate	Subject to no maturity	≤ 1 Year	payable in:		Total contractual cashflows	Actual carrying values
				1 - 5 Years	> 5 Years		
<b>2024</b>							
Payables	0.00%	337	2,712	–	–	3,049	3,086
Borrowings	2.68%	–	606	2,791	37	3,434	3,434
<b>Total financial liabilities</b>		<b>337</b>	<b>3,318</b>	<b>2,791</b>	<b>37</b>	<b>6,483</b>	<b>6,520</b>
<b>2023</b>							
Payables	0.00%	326	2,319	–	–	2,645	2,645
Borrowings	2.68%	–	675	2,975	459	4,109	4,109
<b>Total financial liabilities</b>		<b>326</b>	<b>2,994</b>	<b>2,975</b>	<b>459</b>	<b>6,754</b>	<b>6,754</b>

### Loan agreement breaches

There have been no breaches to loan agreements during the reporting year.



## E2-1 Fair value measurement

The Council measures the following asset and liability classes at fair value on a recurring basis:

- Infrastructure, property, plant and equipment
- Financial assets and liabilities

The fair value of assets and liabilities must be estimated in accordance with various accounting standards for either recognition and measurement requirements or for disclosure purposes. AASB 13 Fair Value Measurement requires all assets and liabilities measured at fair value to be assigned to a 'level' in the fair value hierarchy as follows:

**Level 1:** Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

**Level 2:** Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

**Level 3:** Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value measurement hierarchy									
\$ '000	Notes	Date of latest valuation		Level 2 Significant observable inputs		Level 3 Significant unobservable inputs		Total	
		2024	2023	2024	2023	2024	2023	2024	2023
Recurring fair value measurements									
Infrastructure, property, plant and equipment	C1-6								
Plant and equipment	30/06/2024	30/06/23	—	—	3,238	3,508	3,238	3,508	
Office equipment	30/06/2024	30/06/23	—	—	301	184	301	184	
Operational land	30/06/2024	30/06/23	8,812	8,812	—	—	8,812	8,812	
Community land	30/06/2024	30/06/23	—	—	1,758	1,336	1,758	1,336	
Crown Land	30/06/2024	30/06/23	—	—	6,993	4,043	6,993	4,043	
Land under roads (post 30/06/08)	30/06/2024	30/06/23	—	—	88	88	88	88	
Buildings – non-specialised	30/06/2024	30/06/23	371	368	—	—	371	368	
Buildings – specialised	30/06/2024	30/06/23	—	—	41,248	39,711	41,248	39,711	
Roads	30/06/2024	30/06/23	—	—	184,033	172,465	184,033	172,465	
Bridges	30/06/2024	30/06/23	—	—	7,955	7,507	7,955	7,507	
Footpaths	30/06/2024	30/06/23	—	—	8,480	8,949	8,480	8,949	
Bulk earthworks	30/06/2024	30/06/23	—	—	14,925	14,204	14,925	14,204	
Stormwater drainage	30/06/2024	30/06/23	—	—	24,801	24,305	24,801	24,305	
Water supply network	30/06/2024	30/06/23	—	—	58,119	36,238	58,119	36,238	
Sewer network	30/06/2024	30/06/23	—	—	52,494	46,876	52,494	46,876	
Swimming pools	30/06/2024	30/06/23	—	—	2,315	2,262	2,315	2,262	
Open Space	30/06/2024	30/06/23	—	—	12,988	12,271	12,988	12,271	
Aerodrome	30/06/2024	30/06/23	—	—	6,705	6,097	6,705	6,097	
Heritage collections	30/06/2024	30/06/23	—	—	—	—	—	—	
Library books	30/06/2024	30/06/23	—	—	35	78	35	78	
Other assets	30/06/2024	30/06/23	—	—	4,808	4,707	4,808	4,707	
Tip assets	30/06/2024	30/06/23	—	—	55	89	55	89	
Quarry assets	30/06/2024	30/06/23	—	—	—	—	—	—	
Total infrastructure, property, plant and equipment				9,183	9,180	431,339	384,918	440,522	394,098

### Non-recurring fair value measurements

### Transfers between level 1 and level 2 fair value hierarchies

Council's policy for determining transfers between fair value hierarchies is at the end of the reporting period.



## E2-1 Fair value measurement (continued)

### Valuation techniques

Where Council is unable to derive fair valuations using quoted market prices of identical assets (i.e. level 1 inputs) Council instead utilises a spread of both observable inputs (level 2 inputs) and unobservable inputs (level 3 inputs).

The fair valuation techniques Council has employed while utilising level 2 and level 3 inputs are as follows:

#### Infrastructure, property, plant and equipment (IPPE)

**Plant and Equipment:** Major plant (graders, loaders, etc.), fleet vehicles (cars, utes, etc.) and minor plant (chainsaws, mowers etc.)

Valuation technique – “Cost approach”

Inputs used (Level 3) – Fair value is approximated by depreciated historical cost.

**Office Equipment:** Computers, office furniture

Valuation technique – “Cost approach”

Inputs used (Level 3) – Fair value is approximated by depreciated historical cost.

**Operational land:** Land under Council offices, depots, libraries, water and sewer treatment plants etc.

Valuation technique – “Market approach”

Inputs used (Level 3) – Land area, rate per square metre, zoning, geographical location, sales of comparable land.

Council's operational land has been valued at a market value, involving the inspection and analysis of sales evidence and comparisons with the subject property with adjustment for differences between key attributes of the properties.

Council's operational land assets were valued by APV Valuers and Asset Management Pty Ltd, a registered valuer.

**Community land:** Land under parks, recreation reserves, public halls etc.

Valuation technique – “Market approach”

Inputs used (Level 3) – Land area, rate per square metre, zoning, geographical location, sales of comparable land

Council's operational land has been valued at a market value, involving the inspection and analysis of sales evidence and comparisons with the subject property with adjustment for differences between key attributes of the properties.

Council's community land was valued using the unimproved land value provided by the NSW Valuer General in accordance with Office of Local Government guidance for infrastructure assets.

**Land under roads:** Land under roads acquired since 1 July 2008

Valuation technique – “Market approach”

Inputs used (Level 3) – Land area, rate per square metre, zoning, geographical location, sales of comparable land.

Council's operational land has been valued at a market value, involving the inspection and analysis of sales evidence and comparisons with the subject property with adjustment for differences between key attributes of the properties. As the Council's land under roads assets have no feasible alternate use, significant adjustments to the rate per square meter have been applied to the unobservable inputs and are based on a rate per square metre.

Council's Land under roads were valued by APV Valuers and Asset Management Pty Ltd, a registered valuer.

**Buildings (Non-specialised):** Residences

Valuation technique – “Market approach”

Inputs used (Level 3) – Sales evidence

Council's non-specialised buildings have been valued at a market value, involving the inspection and analysis of sales evidence and comparisons with the subject building with adjustment for differences between key attributes of the properties. The land value is then subtracted from the market value of the property to measure the building asset fair value.

Council's Buildings (non-specialised) were valued by APV Valuers and Asset Management Pty Ltd, a registered valuer.





## E2-1 Fair value measurement (continued)

**Buildings (Specialised):** Community halls, toilet blocks, Council office, libraries, depot buildings, sheds etc.

Valuation technique – “Cost approach”

Inputs used (Level 3) – Unit rates, dimensions, specifications. (Level 3) – Condition, Remaining life, Residual value

These assets were valued at depreciated replacement cost. Available market data for recent projects and published cost guides are used to determine the estimated replacement cost of the asset, including preliminaries. A condition assessment is then applied based on factors such as the age of the asset, overall condition and remaining life. In some cases, residual values are factored into the calculation, which is the value at the time the asset is considered no longer to be available.

Council's Buildings (specialised) were valued by APV Valuers and Asset Management Pty Ltd, a registered valuer.

**Roads, Bridges, Footpaths:** Road surface, pavement, formation, road furniture, bridges, culverts.

Valuation technique – “Cost approach”

Inputs used (Level 3) – Unit rates, useful life, asset condition, specifications.

These assets were valued at depreciated replacement cost. Council's road infrastructure assets are segmented and componentised into the following categories:

- Seal
- Pavement
- Formation and earthworks
- Culverts
- Road furniture (signs, guideposts, guardrails)

Council has surveyed its entire road network to measure both length and width of pavement and seal.

Council's roads, bridges and footpath assets were valued by APV Valuers and Asset Management Pty Ltd, a registered valuer.

**Bulk earthworks:** Levee banks.

Valuation technique – “Cost approach”

Inputs used (Level 3) – Unit rates, dimensions, condition

The unit rates were determined by current replacement cost.

Council's bulk earthworks were valued by APV Valuers and Asset Management Pty Ltd, a registered valuer.

**Stormwater drainage:** Kerb and gutter, drainage network, pumps and pump well, retention basins etc.

Valuation technique – “Cost approach”

Inputs used (Level 3) – Unit rates, useful life, asset condition, dimensions and specification

Council has surveyed its entire stormwater drainage network to measure both length and width of pipes and location and depth of pits.

Condition assessments have been applied across the entire drainage network to establish remaining useful lives.

Council's stormwater drainage were valued by APV Valuers and Asset Management Pty Ltd, a registered valuer.

**Water Supply Network:** Treatment plants, mains, reservoirs etc.

Valuation technique – “Cost approach”

Inputs used (Level 3) – Unit rates, useful life, asset condition, dimensions and specification

The Council has surveyed its entire sewerage network to measure both length and width of pipes and their location.

Unit rates are based on the NSW References Rates Manual: Valuation of Water Supply, Sewerage and Stormwater Assets, including annual indexation.

Condition assessments were applied to individual assets based on inspection programs, including the use of cameras. Where inspections have not been, or are unable to be, made the life of the asset has been used to estimate condition.

Council's water network assets were valued externally by APV Valuers and Asset Management.





## E2-1 Fair value measurement (continued)

**Sewerage Network:** Sewer pipes, pump stations, treatment plants etc.

Valuation technique – “Cost approach”

Inputs used (Level 3) – Unit rates, useful life, asset condition, dimensions and specification

The Council has surveyed its entire sewerage network to measure both length and width of pipes and location and depth of pits. Unit rates are based on the NSW References Rates Manual: Valuation of Water Supply, Sewerage and Stormwater Assets, including annual indexation.

Condition assessments were applied to individual assets based on inspection programs, including the use of cameras. Where inspections have not been, or are unable to be, made the life of the asset has been used to estimate condition.

Council's sewerage network assets were valued by APV Valuers and Asset Management Pty Ltd, a registered valuer.

### Other Assets

**Heritage collections:**

Valuation technique – “Cost approach”

Inputs used (Level 3) – Fair value is approximated by depreciated historical cost

**Library books:** Books and other collection items.

Valuation technique – “Cost approach”

Inputs used (Level 3) – Fair value is approximated by depreciated historical cost

Library books are valued as bulk annual purchases and depreciated using a standard useful life.

**Other Assets:**

Valuation technique – “Cost approach”

Inputs used (Level 3) – Fair value is approximated by depreciated historical cost

Council's other assets were valued by APV Valuers and Asset Management Pty Ltd, a registered valuer.

**Tip & Quarry Assets:**

Valuation technique – “Cost approach”

Inputs used (Level 3) – Fair value is approximated by depreciated historical cost

Council's tip and quarry assets were valued by APV Valuers and Asset Management Pty Ltd, a registered valuer, and are factored to account for inflation.

**Open Space Assets:**

Valuation technique – “Cost approach”

Inputs used (Level 3) – Fair value is approximated by depreciated historical cost

Council's open space assets were valued by APV Valuers and Asset Management Pty Ltd, a registered valuer.

### Non-current assets classified as ‘held for sale’

Assets previously classified as “Held for Sale” are actively being marketed however as they may not sell within 12 months, or indeed for some considerable time they have been transferred to Inventory assets along with all other land being marketed.



## E2-1 Fair value measurement (continued)

### Fair value measurements using significant unobservable inputs (level 3)

#### The valuation process for level 3 fair value measurements

The valuation process/es they use for level 3 fair valuation measurements is to use the market or cost approach (as indicated above) to review fair value, where the relationship of unobservable inputs to Fair Value are affected by any change in component pricing and asset condition. Asset valuations are reviewed annually by the Director Infrastructure and the Finance Manager.

#### Significant unobservable valuation inputs used (for level 3 asset classes) and their relationship to fair value.

The following table summarises the quantitative information relating to the significant unobservable inputs used in deriving the various level 3 asset class fair values.

	Valuation technique/s	Unobservable inputs
<b>Infrastructure, property, plant and equipment</b>		
Plant & Equipment	Cost Approach	<ul style="list-style-type: none"> <li>• Gross Replacement Cost</li> <li>• Remaining Useful Life</li> </ul>
Office Equipment	Cost Approach	<ul style="list-style-type: none"> <li>• Gross Replacement Cost</li> <li>• Remaining Useful Life</li> </ul>
Aerodrome	Cost Approach	<ul style="list-style-type: none"> <li>• Gross Replacement Cost</li> <li>• Remaining Useful Life</li> </ul>
Operational Land	Market Approach	<ul style="list-style-type: none"> <li>• Price per square metre, Land area, zoning, geographical location, sales of comparable land</li> </ul>
Community Land	Market Approach	<ul style="list-style-type: none"> <li>• Price per square metre, Land area, zoning, geographical location, sales of comparable land</li> </ul>
Land under Roads (post 30/06/08)	Market Approach	<ul style="list-style-type: none"> <li>• Price per square metre, Land area, zoning, geographical location, sales of comparable land</li> <li>• Alternate Uses</li> </ul>
Buildings – Non Specialised	Market Approach	<ul style="list-style-type: none"> <li>• Unit Rates</li> <li>• Asset Condition</li> <li>• Useful Life</li> </ul>
Buildings - Specialised	Cost Approach	<ul style="list-style-type: none"> <li>• Unit Rates</li> <li>• Asset Condition</li> <li>• Useful Life</li> </ul>
Roads	Cost Approach	<ul style="list-style-type: none"> <li>• Unit Rates</li> <li>• Asset Condition</li> <li>• Useful Life</li> </ul>
Bridges	Cost Approach	<ul style="list-style-type: none"> <li>• Unit Rates</li> <li>• Asset Condition</li> <li>• Useful Life</li> </ul>
Footpaths	Cost Approach	<ul style="list-style-type: none"> <li>• Unit Rates</li> <li>• Asset Condition</li> <li>• Useful Life</li> </ul>
Bulk Earthworks	Cost Approach	<ul style="list-style-type: none"> <li>• Unit Rates</li> <li>• Asset Condition</li> <li>• Useful Life</li> </ul>
Stormwater Drainage	Cost Approach	<ul style="list-style-type: none"> <li>• Unit Rates</li> <li>• Asset Condition</li> <li>• Useful Life</li> </ul>
Water Supply Network	Cost Approach	<ul style="list-style-type: none"> <li>• Unit Rates</li> <li>• Asset Condition</li> <li>• Useful Life</li> </ul>
Sewer Network	Cost Approach	<ul style="list-style-type: none"> <li>• Unit Rates</li> <li>• Asset Condition</li> <li>• Useful Life</li> </ul>
Swimming Pools	Cost Approach	<ul style="list-style-type: none"> <li>• Unit Rates</li> <li>• Asset Condition</li> <li>• Useful Life</li> </ul>

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## E2-1 Fair value measurement (continued)

	Valuation technique/s	Unobservable inputs
Heritage Collections	Cost Approach	<ul style="list-style-type: none"> <li>• Unit Rates</li> <li>• Asset Condition</li> <li>• Useful Life</li> </ul>
Library Books	Cost Approach	<ul style="list-style-type: none"> <li>• Unit Rates</li> <li>• Asset Condition</li> <li>• Useful Life</li> </ul>
Other Assets	Cost Approach	<ul style="list-style-type: none"> <li>• Unit Rates</li> <li>• Asset Condition</li> <li>• Useful Life</li> </ul>
Tip & Quarry Assets	Cost Approach	<ul style="list-style-type: none"> <li>• Unit Rates</li> <li>• Asset Condition</li> <li>• Useful Life</li> </ul>

A reconciliation of the movements in recurring fair value measurements allocated to Level 3 of the hierarchy is provided below:

\$ '000	Community Land		Crown Land		Land under roads		Building specialised	
	2024	2023	2024	2023	2024	2023	2024	2023
Opening balance	1,337	970	4,043	2,253	88	88	39,711	37,160
Total gains or losses for the period								
Other movements								
Purchases (Gross Book Value)	—	—	—	—	—	—	288	321
Disposals (Written Down Value)	—	—	—	—	—	—	(39)	(151)
Depreciation and impairment	—	—	—	—	—	—	(796)	(725)
Revaluation	421	366	2,950	1,790	—	—	2,084	3,106
Rounding	—	1	—	—	—	—	—	—
Closing balance	1,758	1,337	6,993	4,043	88	88	41,248	39,711

\$ '000	Plant and equipment		Office equipment		Roads		Bridges	
	2024	2023	2024	2023	2024	2023	2024	2023
Opening balance	3,508	3,212	184	86	172,465	154,341	7,507	6,952
Total gains or losses for the period								
Other movements								
Transfers from/(to) another asset class	(2)	—	1	—	(48)	—	47	—
Purchases (Gross Book Value)	856	1,329	171	127	7,303	2,338	—	—
Disposals (Written Down Value)	(77)	(32)	(18)	—	(800)	(1,247)	—	—
Depreciation and impairment	(1,048)	(1,001)	(37)	(29)	(3,266)	(3,063)	(96)	(90)
Revaluation	—	—	—	—	8,379	20,096	497	645
Rounding	1	—	—	—	—	—	—	—
Closing balance	3,238	3,508	301	184	184,033	172,465	7,955	7,507

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## E2-1 Fair value measurement (continued)

\$ '000	Footpaths		Bulk earthworks		Stormwater drainage		Water supply network	
	2024	2023	2024	2023	2024	2023	2024	2023
Opening balance	8,950	4,244	14,204	12,553	24,305	21,229	36,238	34,742
Total gains or losses for the period								
Other movements								
Transfers from/(to) another asset class	1	–	–	–	(1)	–	2	–
Purchases (Gross Book Value)	88	861	–	105	41	465	6,009	460
Disposals (Written Down Value)	–	(135)	–	–	–	(14)	(2,240)	(2)
Depreciation and impairment	(160)	(152)	–	–	(308)	(294)	(1,326)	(1,100)
Revaluation	(399)	4,131	721	1,546	763	2,919	19,436	2,138
Rounding	–	1	–	–	1	–	–	–
Closing balance	8,480	8,950	14,925	14,204	24,801	24,305	58,119	36,238

\$ '000	Sewerage network		Swimming pools		Heritage collections		Library books	
	2024	2023	2024	2023	2024	2023	2024	2023
Opening balance	46,875	45,047	2,262	2,039	–	72	78	100
Total gains or losses for the period								
Other movements								
Transfers from/(to) another asset class	(2)	–	–	–	–	–	–	–
Purchases (Gross Book Value)	1,029	169	–	–	–	–	27	28
Disposals (Written Down Value)	(3)	(314)	–	–	–	–	(61)	(38)
Depreciation and impairment	(1,055)	(1,036)	(67)	(59)	–	(1)	(9)	(12)
Revaluation	5,649	3,010	120	282	–	(71)	–	–
Rounding	1	(1)	–	–	–	–	–	–
Closing balance	52,494	46,875	2,315	2,262	–	–	35	78

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## E2-1 Fair value measurement (continued)

\$ '000	Other assets		Tip and quarry assets		Aerodrome		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
<b>Opening balance</b>	<b>16,978</b>	12,151	<b>89</b>	181	<b>6,097</b>	7,044	<b>384,919</b>	<b>344,912</b>
Transfers from/(to) another asset class	(368)	419	1	—	369	—	—	(29)
Purchases (Gross Book Value)	983	839	—	86	—	—	16,795	7,128
Disposals (Written Down Value)	(212)	—	—	—	—	—	(3,450)	(1,933)
Depreciation and impairment	(681)	(579)	(9)	(179)	(104)	(141)	(8,962)	(8,461)
Revaluation	1,095	4,148	(26)	1	343	(805)	42,033	43,302
Rounding	1	—	—	—	—	(1)	4	—
<b>Closing balance</b>	<b>17,796</b>	16,978	<b>55</b>	89	<b>6,705</b>	6,097	<b>431,339</b>	<b>384,919</b>

### Information relating to the transfers into and out of the level 3 fair valuation hierarchy includes:

There was a transfer out of level 3 and into level 2 for buildings - non-specialised and operational land as these were subject to a comprehensive revaluation as at 30 June 2022.

### Highest and best use

All of Council's non-financial assets are considered as being utilised for their highest and best use.



## E3-1 Contingencies

The following assets and liabilities do not qualify for recognition in the Statement of Financial Position, but their knowledge and disclosure is considered relevant to the users of Council's financial report.

### LIABILITIES NOT RECOGNISED

#### 1. Guarantees

##### (i) Defined benefit superannuation contribution plans

Council is party to an Industry Defined Benefit Plan under the Local Government Superannuation Scheme, named The Local Government Superannuation Scheme – Pool B (the Scheme) which is a defined benefit plan that has been deemed to be a 'multi-employer fund' for purposes of AASB119 Employee Benefits for the following reasons:

- Assets are not segregated within the sub-group according to the employees of each sponsoring employer.
- The contribution rates have been the same for all sponsoring employers. That is, contribution rates have not varied for each sponsoring employer according to the experience relating to the employees of that sponsoring employer.
- Benefits for employees of all sponsoring employers are determined according to the same formulae and without regard to the sponsoring employer.
- The same actuarial assumptions are currently used in respect of the employees of each sponsoring employer.

Given the factors above, each sponsoring employer is exposed to the actuarial risks associated with current and former employees of other sponsoring employers, and hence shares in the associated gains and losses (to the extent that they are not borne by members).

##### *Description of the funding arrangements.*

Pooled employers are required to pay standard employer contributions and additional lump sum contributions to the fund.

The future service employer contributions were determined using the new entrant rate method under which a contribution rate sufficient to fund the total benefits over the working life-time of a typical new entrant is calculated. The current future service employer contribution rates are:

Division B	1.9 times employee contributions for non-180 Point members; Nil for 180 Point Members*
Division C	2.5% salaries
Division D	1.64 times employee contributions

\* For 180 Point Members, Employers are required to contribute 8.5% of salaries for the year ending 30 June 2024 (increasing to 9.0% in line with the increase in the Superannuation Guarantee) to these members' accumulation accounts, which are paid in addition to members defined benefits.

The past service contribution for each Pooled Employer is a share of the total past service contributions of \$20.0 million per annum for 1 January 2022 to 31 December 2024, apportioned according to each employer's share of the accrued liabilities as at 30 June 2023. These past service contributions are used to maintain the adequacy of the funding position for the accrued liabilities.

The adequacy of contributions is assessed at each triennial actuarial investigation and monitored annually between triennials.

##### *Description of the extent to which Council can be liable to the plan for other Council's obligations under the terms and conditions of the multi-employer plan*

As stated above, each sponsoring employer (Council) is exposed to the actuarial risks associated with current and former employees of other sponsoring employers and hence shares in the associated gains and losses.

However, there is no relief under the Fund's trust deed for employers to walk away from their defined benefit obligations. Under limited circumstances, an employer may withdraw from the plan when there are no active members, on full payment of outstanding additional contributions. There is no provision for allocation of any surplus which may be present at the date of withdrawal of the Council.

There are no specific provisions under the Fund's trust deed dealing with deficits or surplus on wind-up.

The amount of Council employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2024 was \$33,133. The last valuation of the Scheme was performed by Mr Richard Boyfield, FIAA as at 30 June 2023.





### E3-1 Contingencies (continued)

Council's expected contribution to the plan for the next annual reporting period is \$34,533.

The estimated employer reserves financial position for the Pooled Employers at 30 June 2023 is:

Employer reserves only *	\$millions	Asset Coverage
Assets	2,237.5	
Past Service Liabilities	2,141.9	104.5%
Vested Benefits	2,159.8	103.6%

\* excluding other accumulation accounts and reserves in both assets and liabilities.

The share of any funding surplus or deficit that can be attributed to Council is 0.08%.

Council's share of that deficiency cannot be accurately calculated as the Scheme is a mutual arrangement where assets and liabilities are pooled together for all member councils. For this reason, no liability for the deficiency has been recognised in Council's accounts. Council has a possible obligation that may arise should the Scheme require immediate payment to correct the deficiency.

The key economic long term assumptions used to calculate the present value of accrued benefits are:

Investment return	6.0% per annum
Salary inflation	3.5% per annum
Increase in CPI	3.5% for FY 23/24 2.5% per annum thereafter

The contribution requirements may vary from the current rates if the overall sub-group experience is not in line with the actuarial assumptions in determining the funding program; however, any adjustment to the funding program would be the same for all sponsoring employers in the Pooled Employers group.

Please note that the estimated employer reserves financial position above is a preliminary calculation, and once all the relevant information has been received by the Funds Actuary, the final end of year review will be completed by December 2024.

#### (ii) Statewide Limited

Council is a member of Statewide Mutual, a mutual pool scheme providing liability insurance to local government.

Membership includes the potential to share in either the net assets or liabilities of the fund depending on its past performance. Council's share of the net assets or liabilities reflects Council's contributions to the pool and the result of insurance claims within each of the fund years.

The future realisation and finalisation of claims incurred but not reported to 30 June this year may result in future liabilities or benefits as a result of past events that Council will be required to fund or share in respectively.

#### (iii) StateCover Limited

Council is a member of StateCover Mutual Limited and holds a partly paid share in the entity.

StateCover is a company providing workers compensation insurance cover to the NSW local government industry and specifically Council.

Council has a contingent liability to contribute further equity in the event of the erosion of the company's capital base as a result of the company's past performance and/or claims experience or as a result of any increased prudential requirements from APRA.

These future equity contributions would be required to maintain the company's minimum level of net assets in accordance with its licence requirements.

### ASSETS NOT RECOGNISED

#### (i) Land under roads

As permitted under AASB 1051, Council has elected not to bring to account land under roads that it owned or controlled up to and including 30/6/08.



## F People and relationships

### F1 Related party disclosures

#### F1-1 Key management personnel (KMP)

Key management personnel (KMP) of the council are those persons having the authority and responsibility for planning, directing and controlling the activities of the council, directly or indirectly.

The aggregate amount of KMP compensation included in the Income Statement is:

\$ '000	2024	2023
<b>Compensation:</b>		
Short-term benefits	1,134	978
Post-employment benefits	153	108
<b>Total</b>	<b>1,287</b>	<b>1,086</b>

#### Other transactions with KMP and their related parties

Council has determined that transactions at arm's length between KMP and Council as part of Council delivering a public service objective (e.g. access to library or Council swimming pool by KMP) will not be disclosed.

There are no other disclosures to be made by KMP.



## F1-2 Councillor and Mayoral fees and associated expenses

\$ '000	2024	2023
---------	------	------

The aggregate amount of Councillor and Mayoral fees and associated expenses included in materials and services expenses in the Income Statement are:

Mayoral fee	28	27
Councillors' fees	103	98
Other Councillors' expenses (including Mayor)	66	91
<b>Total</b>	<b>197</b>	<b>216</b>



## F2 Other relationships

### F2-1 Audit fees

\$ '000	2024	2023
---------	------	------

During the year, the following fees were incurred for services provided by the auditor of Council, related practices and non-related audit firms

#### Auditors of the Council - NSW Auditor-General:

##### (i) Audit and other assurance services

Audit of financial statements

#### Total Auditor-General remuneration

68	71
<b>68</b>	<b>71</b>

#### Non NSW Auditor-General audit firms

#### Total audit fees

68	71
----	----



## G Other matters

### G1-1 Statement of Cash Flows information

#### Reconciliation of Operating Result

\$ '000	2024	2023
<b>Net operating result from Income Statement</b>	<b>880</b>	<b>3,042</b>
<b>Add / (less) non-cash items:</b>		
Depreciation and amortisation	8,967	8,471
(Gain) / loss on disposal of assets	3,171	1,697
<b>Movements in operating assets and liabilities and other cash items:</b>		
(Increase) / decrease of receivables	(2,708)	(321)
(Increase) / decrease of inventories	58	(44)
(Increase) / decrease of other current assets	(42)	—
Increase / (decrease) in payables	113	421
Increase / (decrease) in other accrued expenses payable	278	85
Increase / (decrease) in other liabilities	50	(35)
Increase / (decrease) in contract liabilities	3,709	303
Increase / (decrease) in employee benefit provision	(136)	35
Increase / (decrease) in other provisions	(12)	(383)
<b>Net cash flows from operating activities</b>	<b>14,328</b>	<b>13,271</b>



## G2-1 Commitments

### Capital commitments (exclusive of GST)

\$ '000	2024	2023
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
<b>Property, plant and equipment</b>		
Levee	30	89
Plant and equipment	67	549
Roadworks	1,360	461
Sewer Infrastructure	70	288
Other	35	–
Water infrastructure	229	4,616
Economic Development	–	129
Land & Buildings	–	375
<b>Total commitments</b>	<b>1,791</b>	<b>6,507</b>
<b>These expenditures are payable as follows:</b>		
Within the next year	1,791	6,507
<b>Total payable</b>	<b>1,791</b>	<b>6,507</b>
<b>Sources for funding of capital commitments:</b>		
Unrestricted general funds	169	324
Future grants and contributions	1,257	2,001
Externally restricted reserves	298	3,385
Internally restricted reserves	67	797
<b>Total sources of funding</b>	<b>1,791</b>	<b>6,507</b>





### G3-1 Events occurring after the reporting date

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Council is unaware of any material or significant events that should be disclosed.

### G4 Changes from prior year statements

#### G4-1 Changes in accounting estimates

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##### **Nature and effect of changes in accounting estimates on current year**

Council made no changes to accounting estimates during the year ending 30 June 2024.



## G5 Statement of developer contributions as at 30 June 2024

### G5-1 Summary of developer contributions

\$ '000	Opening balance at 1 July 2023	Contributions received during the year		Non-cash Other	Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2024	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land						
S7.11 not under plans	228	114	-	-	-	-	-	342	-
S64 contributions	987	1,279	-	-	-	-	-	2,266	-
<b>Total contributions</b>	<b>1,215</b>	<b>1,393</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,608</b>	<b>-</b>

Under the *Environmental Planning and Assessment Act 1979*, Council has obligations to provide Section 7.11 (contributions towards provision or improvement of amenities or services) infrastructure in new release areas.

It is possible that the funds contributed may be less than the cost of this infrastructure, requiring Council to borrow or use general revenue to fund the difference.

### G5-2 Contributions not under plans

\$ '000	Opening balance at 1 July 2023	Contributions received during the year			Interest and investment income earned	Amounts expended	Internal borrowings	Held as restricted asset at 30 June 2024	Cumulative balance of internal borrowings (to)/from
		Cash	Non-cash Land	Non-cash Other					
CONTRIBUTIONS NOT UNDER A PLAN									
Drainage	102	83	-	-	-	-	-	185	-
Parking	19	-	-	-	-	-	-	19	-
Open space	107	31	-	-	-	-	-	138	-
Total	228	114	-	-	-	-	-	342	-

### G5-3 S64 contributions

<b>S64 contributions</b>									
Water	943	1,135	-	-	-	-	-	2,078	-
Sewer	44	145	-	-	-	-	-	189	-
<b>Total</b>	<b>987</b>	<b>1,280</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,267</b>	<b>-</b>



## G6 Statement of performance measures

### G6-1 Statement of performance measures – consolidated results

\$ '000	Amounts 2024	Indicator 2024	Indicator 2023	Benchmark
<b>1. Operating performance ratio</b>				
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1, 2</sup>	(2,668)	(9.95)%	(5.90)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>	26,808			
<b>2. Own source operating revenue ratio</b>				
Total continuing operating revenue excluding all grants and contributions <sup>1</sup>	17,527	52.24%	47.26%	> 60.00%
Total continuing operating revenue <sup>1</sup>	33,551			
<b>3. Unrestricted current ratio</b>				
Current assets less all external restrictions	16,989	4.44x	5.22x	> 1.50x
Current liabilities less specific purpose liabilities	3,823			
<b>4. Debt service cover ratio</b>				
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	6,399	8.26x	16.30x	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	775			
<b>5. Rates and annual charges outstanding percentage</b>				
Rates and annual charges outstanding	980	7.65%	5.15%	< 10.00%
Rates and annual charges collectable	12,806			
<b>6. Cash expense cover ratio</b>				
Current year's cash and cash equivalents plus all term deposits	42,630	24.45	23.01	> 3.00
Monthly payments from cash flow of operating and financing activities	1,744	months	months	months

(1) Excludes fair value increments on investment properties, reversal of revaluation decrements, reversal of impairment losses on receivables, net gain on sale of assets and net share of interests in joint ventures and associates using the equity method and includes pensioner rate subsidies

(2) Excludes impairment/revaluation decrements of IPPE, fair value decrements on investment properties, net loss on disposal of assets and net loss on share of interests in joint ventures and associates using the equity method



## G6-2 Statement of performance measures by fund

\$ '000	General Indicators <sup>3</sup>		Water Indicators		Sewer Indicators		Benchmark
	2024	2023	2024	2023	2024	2023	
<b>1. Operating performance ratio</b>							
Total continuing operating revenue excluding capital grants and contributions less operating expenses <sup>1,2</sup>	(1.93)%	(4.81)%	(58.63)%	(2.14)%	3.87%	(20.09)%	> 0.00%
Total continuing operating revenue excluding capital grants and contributions <sup>1</sup>							
<b>2. Own source operating revenue ratio</b>							
Total continuing operating revenue excluding capital grants and contributions <sup>1,3</sup>	43.14%	37.85%	68.94%	63.62%	95.06%	100.00%	> 60.00%
Total continuing operating revenue <sup>1</sup>							
<b>3. Unrestricted current ratio</b>							
Current assets less all external restrictions	4.44x	5.22x	14.53x	17.36x	200.59x	∞	> 1.50x
Current liabilities less specific purpose liabilities							
<b>4. Debt service cover ratio</b>							
Operating result before capital excluding interest and depreciation/impairment/amortisation <sup>1</sup>	8.85x	15.44x	(13.09)x	13.36x	∞	∞	> 2.00x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
<b>5. Rates and annual charges outstanding percentage</b>							
Rates and annual charges outstanding	12.25%	8.26%	0.00%	0.00%	0.00%	0.00%	< 10.00%
Rates and annual charges collectable							
<b>6. Cash expense cover ratio</b>							
Current year's cash and cash equivalents plus all term deposits	19.48 months	20.03 months	∞	∞	∞	∞	> 3.00 months
Monthly payments from cash flow of operating and financing activities							

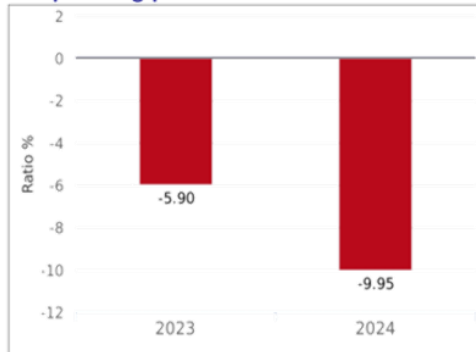
(1) - (2) Refer to Notes at Note G6-1 above.

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



## End of the audited financial statements

### 1. Operating performance ratio



Benchmark: — > 0.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

#### Purpose of operating performance ratio

This ratio measures Council's achievement of containing operating expenditure within operating revenue.

#### Commentary on 2023/24 result

2023/24 ratio (9.95)%

The operating performance ratio has seen a further decrease in 2024 to -9.95% (2023: -5.90%). This is largely due to ongoing cost increases in materials, contracts and depreciation. Council will need to consider how they fund ongoing increases going forward.

Ratio achieves benchmark

Ratio is outside benchmark

### 2. Own source operating revenue ratio



Benchmark: — > 60.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

#### Purpose of own source operating revenue ratio

This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions.

#### Commentary on 2023/24 result

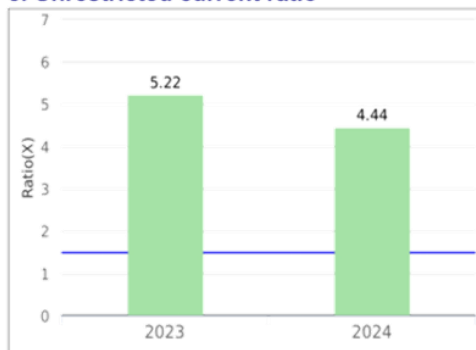
2023/24 ratio 52.24%

The own source operating revenue ratio decreased further in 2024 to 52.24% (2023: 47.26%) due to increases in grant funding.

Ratio achieves benchmark

Ratio is outside benchmark

### 3. Unrestricted current ratio



Benchmark: — > 1.50x

Source of benchmark: Code of Accounting Practice and Financial Reporting

#### Purpose of unrestricted current ratio

#### Commentary on 2023/24 result

2023/24 ratio 4.44x

The unrestricted current ratio has seen a slight decrease in 2024 to 4.14 from 5.22 in 2023. This is largely due to decreases in externally restricted cash, cash equivalents and investments due to an increase in capital works projects being completed.

Ratio achieves benchmark

Ratio is outside benchmark

continued on next page

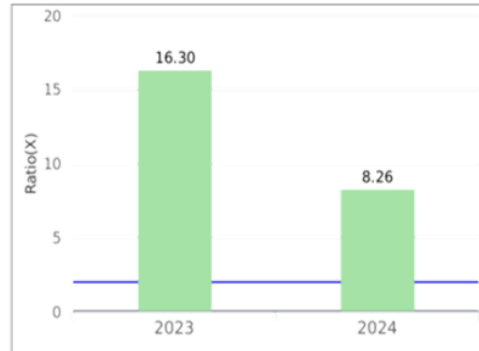
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## H Additional Council disclosures (unaudited)

### H1-1 Statement of performance measures – consolidated results (graphs) (continued)

#### 4. Debt service cover ratio



Benchmark: — > 2.00x

Source of benchmark: Code of Accounting Practice and Financial Reporting

##### Purpose of debt service cover ratio

This ratio measures the availability of operating cash to service debt including interest, principal and lease payments

##### Commentary on 2023/24 result

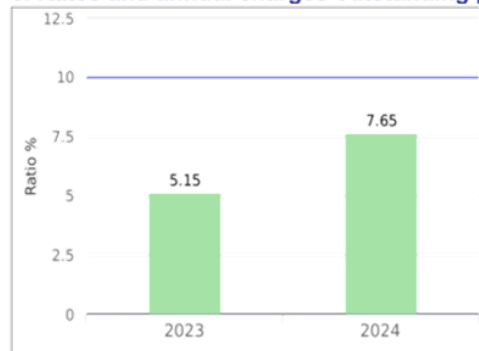
2023/24 ratio 8.26x

The debt service cover ratio has decreased to 8.26% compared to 2023 of 16.30%. Council has continued to pay down loans with no further loan drawdowns this financial year.

Ratio achieves benchmark

Ratio is outside benchmark

#### 5. Rates and annual charges outstanding percentage



Benchmark: — < 10.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

##### Purpose of rates and annual charges outstanding percentage

To assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.

##### Commentary on 2023/24 result

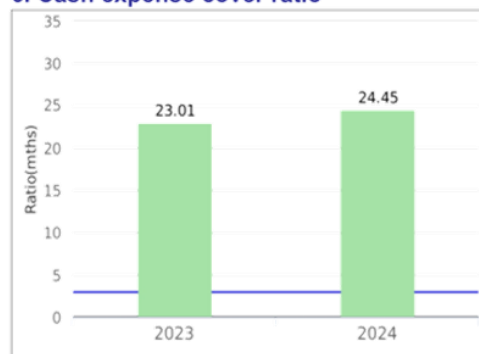
2023/24 ratio 7.65%

The rates and annual charges outstanding percentage has seen a further increase to 7.65% for the 2024 year, in comparison to the prior year (2023: 5.15%). Council continues to stay well above the benchmark due to another successful year of collections.

Ratio achieves benchmark

Ratio is outside benchmark

#### 6. Cash expense cover ratio



Benchmark: — > 3.00months

Source of benchmark: Code of Accounting Practice and Financial Reporting

##### Purpose of cash expense cover ratio

This liquidity ratio indicates the number of months a Council can continue paying for its immediate expenses without additional cash inflow.

##### Commentary on 2023/24 result

2023/24 ratio 24.45 months

Council's cash expenses cover ratio has increased to 24.45% (2023: 23.01%). Council consistently remains above the benchmark showing a strong financial position.

Ratio achieves benchmark

Ratio is outside benchmark





## Berrigan Shire Council

### General Purpose Financial Statements

for the year ended 30 June 2024

#### Independent Auditor's Reports:

On the Financial Statements (Sect 417 [2])

#### Independent Auditor's Report

Please uplift Council's Audit Report PDF (opinion) for inclusion in the GPFS report (via the Home screen).



## Berrigan Shire Council

### General Purpose Financial Statements

for the year ended 30 June 2024

#### Independent Auditor's Reports: (continued)

#### On the Financial Statements (Sect 417 [3])

#### Independent Auditor's Report

Please uplift Council's Audit Report PDF (commentary) for inclusion in the GPFS report (via the Home screen).



# Berrigan Shire Council

## SPECIAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2024

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*"Making an even better Berrigan Shire"*





## Berrigan Shire Council

### Special Purpose Financial Statements for the year ended 30 June 2024

Contents	Page
<b>Statement by Councillors and Management</b>	<b>3</b>
<b>Special Purpose Financial Statements:</b>	
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<b>Note – Material accounting policy information</b>	<b>8</b>
<b>Auditor's Report on Special Purpose Financial Statements</b>	<b>10</b>

#### Background

- i. These Special Purpose Financial Statements have been prepared for the use by both Council and the Office of Local Government in fulfilling their requirements under National Competition Policy.
- ii. The principle of competitive neutrality is based on the concept of a 'level playing field' between persons/entities competing in a market place, particularly between private and public sector competitors.

Essentially, the principle is that government businesses, whether Commonwealth, state or local, should operate without net competitive advantages over other businesses as a result of their public ownership.

- iii. For Council, the principle of competitive neutrality and public reporting applies only to declared business activities.

These include **(a)** those activities classified by the Australian Bureau of Statistics as business activities being water supply, sewerage services, abattoirs, gas production and reticulation, and **(b)** those activities with a turnover of more than \$2 million that Council has formally declared as a business activity (defined as Category 1 activities).

- iv. In preparing these financial statements for Council's self-classified Category 1 businesses and ABS-defined activities, councils must **(a)** adopt a corporatisation model and **(b)** apply full cost attribution including tax-equivalent regime payments and debt guarantee fees (where the business benefits from Council's borrowing position by comparison with commercial rates).



## Berrigan Shire Council

### Special Purpose Financial Statements

for the year ended 30 June 2024

#### Statement by Councillors and Management made pursuant to the Local Government Code of Accounting Practice and Financial Reporting

**The attached Special Purpose Financial Statements have been prepared in accordance with:**

- the NSW Government Policy Statement '*Application of National Competition Policy to Local Government*',
- the Division of Local Government Guidelines '*Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality*',
- the Local Government Code of Accounting Practice and Financial Reporting,
- the NSW Office of Water Best-Practice Management of Water and Sewerage Guidelines.

**To the best of our knowledge and belief, these statements:**

- present fairly the operating result and financial position for each of Council's declared business activities for the year;
- accord with Council's accounting and other records; and
- present overhead reallocation charges to the water and sewerage businesses as fair and reasonable.

**We are not aware of any matter that would render these statements false or misleading in any way.**

**Signed in accordance with a resolution of Council made on 16 October 2024.**

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Julia Cornwell McKean

**Mayor**

16 October 2024

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Renee Paine

**Councillor**

16 October 2024

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Karina Ewer

**Chief Executive Officer**

16 October 2024

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Genevieve Taylor

**Responsible Accounting Officer**

16 October 2024



Berrigan Shire Council | Income Statement of water supply business activity | for the year ended 30 June 2024

## Berrigan Shire Council

### Income Statement of water supply business activity for the year ended 30 June 2024

\$ '000	2024	2023
<b>Income from continuing operations</b>		
Access charges	2,387	2,274
User charges	1,171	964
Fees	76	51
Interest and investment income	387	400
Other income	59	58
<b>Total income from continuing operations</b>	<b>4,080</b>	<b>3,747</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	425	400
Borrowing costs	74	84
Materials and services	1,773	1,791
Depreciation, amortisation and impairment	1,349	1,118
Water purchase charges	185	182
Net loss from the disposal of assets	2,240	2
Other expenses	426	250
<b>Total expenses from continuing operations</b>	<b>6,472</b>	<b>3,827</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>(2,392)</b>	<b>(80)</b>
Grants and contributions provided for capital purposes	1,838	2,143
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>(554)</b>	<b>2,063</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>(554)</b>	<b>2,063</b>
<b>Surplus (deficit) after tax</b>	<b>(554)</b>	<b>2,063</b>
Opening accumulated surplus	30,414	28,351
Plus adjustments for amounts unpaid:		
<b>Closing accumulated surplus</b>	<b>29,860</b>	<b>30,414</b>
Return on capital %	(3.6)%	0.0%
Subsidy from Council	5,125	1,800
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	(554)	2,063
Less: capital grants and contributions (excluding developer contributions)	(1,838)	(2,143)
<b>Surplus for dividend calculation purposes</b>	<b>-</b>	<b>-</b>
<b>Potential dividend calculated from surplus</b>	<b>-</b>	<b>-</b>





Berrigan Shire Council | Income Statement of sewerage business activity | for the year ended 30 June 2024

## Berrigan Shire Council

### Income Statement of sewerage business activity for the year ended 30 June 2024

\$ '000	2024	2023
<strong>Income from continuing operations</strong>		
Access charges	2,421	2,308
User charges	3	–
Fees	95	82
Interest and investment income	228	115
Other income	45	44
<strong>Total income from continuing operations</strong>	<strong>2,792</strong>	<strong>2,549</strong>
<strong>Expenses from continuing operations</strong>		
Employee benefits and on-costs	463	339
Materials and services	915	1,116
Depreciation, amortisation and impairment	1,059	1,039
Net loss from the disposal of assets	3	314
Other expenses	244	253
<strong>Total expenses from continuing operations</strong>	<strong>2,684</strong>	<strong>3,061</strong>
<strong>Surplus (deficit) from continuing operations before capital amounts</strong>	<strong>108</strong>	<strong>(512)</strong>
Grants and contributions provided for capital purposes	145	–
<strong>Surplus (deficit) from continuing operations after capital amounts</strong>	<strong>253</strong>	<strong>(512)</strong>
<strong>Surplus (deficit) from all operations before tax</strong>	<strong>253</strong>	<strong>(512)</strong>
Less: corporate taxation equivalent (25%) [based on result before capital]	(27)	–
<strong>Surplus (deficit) after tax</strong>	<strong>226</strong>	<strong>(512)</strong>
<strong>Opening accumulated surplus</strong>	<strong>10,129</strong>	<strong>10,641</strong>
<strong>Plus adjustments for amounts unpaid:</strong>		
– Corporate taxation equivalent	27	–
<strong>Less:</strong>		
<strong>Closing accumulated surplus</strong>	<strong>10,382</strong>	<strong>10,129</strong>
<strong>Return on capital %</strong>	<strong>0.2%</strong>	<strong>(1.1)%</strong>
<strong>Subsidy from Council</strong>	<strong>2,215</strong>	<strong>2,456</strong>
<strong>Calculation of dividend payable:</strong>		
Surplus (deficit) after tax	226	(512)
Less: capital grants and contributions (excluding developer contributions)	(145)	–
<strong>Surplus for dividend calculation purposes</strong>	<strong>81</strong>	<strong>–</strong>
<strong>Potential dividend calculated from surplus</strong>	<strong>41</strong>	<strong>–</strong>



Berrigan Shire Council | Statement of Financial Position of water supply business activity | as at 30 June 2024

## Berrigan Shire Council

### Statement of Financial Position of water supply business activity as at 30 June 2024

\$ '000	2024	2023
<strong>ASSETS</strong>		
<strong>Current assets</strong>		
Cash and cash equivalents	4,797	4,304
Investments	8,090	12,000
Receivables	1,617	320
Inventories	85	108
<strong>Total current assets</strong>	<strong>14,589</strong>	<strong>16,732</strong>
<strong>Non-current assets</strong>		
Infrastructure, property, plant and equipment	65,290	44,869
<strong>Total non-current assets</strong>	<strong>65,290</strong>	<strong>44,869</strong>
<strong>Total assets</strong>	<strong>79,879</strong>	<strong>61,601</strong>
<strong>LIABILITIES</strong>		
<strong>Current liabilities</strong>		
Payables	358	326
Borrowings	646	638
<strong>Total current liabilities</strong>	<strong>1,004</strong>	<strong>964</strong>
<strong>Non-current liabilities</strong>		
Borrowings	3,913	4,559
<strong>Total non-current liabilities</strong>	<strong>3,913</strong>	<strong>4,559</strong>
<strong>Total liabilities</strong>	<strong>4,917</strong>	<strong>5,523</strong>
<strong>Net assets</strong>	<strong>74,962</strong>	<strong>56,078</strong>
<strong>EQUITY</strong>		
Accumulated surplus	30,228	28,351
Revaluation reserves	44,732	27,727
<strong>Total equity</strong>	<strong>74,960</strong>	<strong>56,078</strong>



Berrigan Shire Council | Statement of Financial Position of sewerage business activity | as at 30 June 2024

## Berrigan Shire Council

### Statement of Financial Position of sewerage business activity as at 30 June 2024

\$ '000	2024	2023
<strong>ASSETS</strong>		
<strong>Current assets</strong>		
Cash and cash equivalents	3,867	1,293
Investments	2,000	4,000
Receivables	543	471
Inventories	9	12
<strong>Total current assets</strong>	<strong>6,419</strong>	<strong>5,776</strong>
<strong>Non-current assets</strong>		
Receivables	2,223	2,575
Infrastructure, property, plant and equipment	54,013	48,369
<strong>Total non-current assets</strong>	<strong>56,236</strong>	<strong>50,944</strong>
<strong>Total assets</strong>	<strong>62,655</strong>	<strong>56,720</strong>
<strong>LIABILITIES</strong>		
<strong>Current liabilities</strong>		
Payables	32	—
<strong>Total current liabilities</strong>	<strong>32</strong>	<strong>—</strong>
<strong>Total liabilities</strong>	<strong>32</strong>	<strong>—</strong>
<strong>Net assets</strong>	<strong>62,623</strong>	<strong>56,720</strong>
<strong>EQUITY</strong>		
Accumulated surplus	10,383	10,130
Revaluation reserves	52,239	46,590
<strong>Total equity</strong>	<strong>62,622</strong>	<strong>56,720</strong>



## Note – Material accounting policy information

A statement summarising the supplemental accounting policies adopted in the preparation of the special purpose financial statements (SPFS) for National Competition Policy (NCP) reporting purposes follows.

These financial statements are SPFS prepared for use by Council and the Office of Local Government. For the purposes of these statements, the Council is a non-reporting not-for-profit entity.

The figures presented in these special purpose financial statements have been prepared in accordance with the recognition and measurement criteria of relevant Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and Australian Accounting Interpretations.

The disclosures in these special purpose financial statements have been prepared in accordance with the *Local Government Act 1993* (Act), the *Local Government (General) Regulation 2022* (Regulation) and the Local Government Code of Accounting Practice and Financial Reporting.

The statements are prepared on an accruals basis. They are based on historic costs and do not take into account changing money values or, except where specifically stated, fair value of non-current assets. Certain taxes and other costs, appropriately described, have been imputed for the purposes of the National Competition Policy.

The Statement of Financial Position includes notional assets/liabilities receivable from/payable to Council's general fund. These balances reflect a notional intra-entity funding arrangement with the declared business activities.

### National Competition Policy

Council has adopted the principle of 'competitive neutrality' in its business activities as part of the National Competition Policy which is being applied throughout Australia at all levels of government. The framework for its application is set out in the June 1996 NSW Government Policy statement titled 'Application of National Competition Policy to Local Government'. *The Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality* issued by the Office of Local Government in July 1997 has also been adopted.

The pricing and costing guidelines outline the process for identifying and allocating costs to activities and provide a standard for disclosure requirements. These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents, Council subsidies, and returns on investments (rate of return and dividends paid).

### Declared business activities

In accordance with *Pricing and Costing for Council Businesses – A Guide to Competitive Neutrality*, Council has declared that the following are to be considered as business activities:

#### Category 1

(where gross operating turnover is over \$2 million)

##### a. Berrigan Shire Council Water Supply

Supply drinking quality water to the towns of Barooga, Berrigan, Finley and Tocumwal.

##### b. Berrigan Shire Council Sewerage Service

Supply of a reticulated sewerage service to the towns of Barooga, Berrigan, Finley and Tocumwal.

#### Category 2

(where gross operating turnover is less than \$2 million)

NIL

### Income tax

An income tax equivalent has been applied on the profits of the business activities.

Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account in terms of assessing the rate of return required on capital invested.

Accordingly, the return on capital invested is set at a pre-tax level - gain/(loss) from ordinary activities before capital amounts, as would be applied by a private sector competitor. That is, it should include a provision equivalent to the corporate income tax rate, currently 25%.

Income tax is only applied where a gain/ (loss) from ordinary activities before capital amounts has been achieved.

continued on next page

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## Note – Material accounting policy information (continued)

Since the taxation equivalent is notional – that is, it is payable to Council as the 'owner' of business operations - it represents an internal payment and has no effect on the operations of the Council. Accordingly, there is no need for disclosure of internal charges in the SPFS.

The rate applied of 25% is the equivalent company tax rate prevalent at reporting date. No adjustments have been made for variations that have occurred during the year.

### Loan and debt guarantee fees

The debt guarantee fee is designed to ensure that Council business activities face 'true' commercial borrowing costs in line with private sector competitors. In order to calculate a debt guarantee fee, Council has determined what the differential borrowing rate would have been between the commercial rate and Council's borrowing rate for its business activities.

#### (i) Subsidies

Government policy requires that subsidies provided to customers, and the funding of those subsidies, must be explicitly disclosed. Subsidies occur where Council provides services on a less than cost recovery basis. This option is exercised on a range of services in order for Council to meet its community service obligations. The overall effect of subsidies is contained within the Income Statements of business activities.

#### (ii) Return on investments (rate of return)

The NCP policy statement requires that councils with Category 1 businesses 'would be expected to generate a return on capital funds employed that is comparable to rates of return for private businesses operating in a similar field'.

Funds are subsequently available for meeting commitments or financing future investment strategies. The rate of return is disclosed for each of Council's business activities on the Income Statement.

The rate of return is calculated as follows:

#### Operating result before capital income + interest expense

#### Written down value of I,PP&E as at 30 June

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 4.30% at 30/6/24.

#### (iii) Dividends

Council is not required to pay dividends to either itself (as owner of a range of businesses) or to any external entities.

Local government water supply and sewerage businesses are permitted to pay an annual dividend from its water supply or sewerage business surplus.

Each dividend must be calculated and approved in accordance with the Department of Industry – Water guidelines and must not exceed:

- 50% of this surplus in any one year, or
- the number of water supply or sewerage assessments at 30 June 2024 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with the Department of Industry – Water guidelines a Dividend Payment form, Statement of Compliance, Unqualified Independent Financial Audit Report and Compliance Audit Report are required to be submitted to the Department of Industry – Water.



Berrigan Shire Council | Special Purpose Financial Statements 2024

## Berrigan Shire Council

### Special Purpose Financial Statements for the year ended 30 June 2024

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# Berrigan Shire Council

SPECIAL SCHEDULES  
for the year ended 30 June 2024

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*"Making an even better Berrigan Shire"*





## Berrigan Shire Council

### Special Schedules

for the year ended 30 June 2024

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<b>Special Schedules:</b>	
Permissible income for general rates	3
Report on infrastructure assets as at 30 June 2024	5

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Berrigan Shire Council | Permissible income for general rates | for the year ended 30 June 2024

## Berrigan Shire Council

### Permissible income for general rates

\$ '000	Notes	Calculation 2023/24	Calculation 2024/25
<b>Notional general income calculation <sup>1</sup></b>			
Last year notional general income yield	a	5,706	5,932
Plus or minus adjustments <sup>2</sup>	b	14	19
<b>Notional general income</b>	$c = a + b$	<b>5,720</b>	<b>5,951</b>
<b>Permissible income calculation</b>			
Percentage increase	d	3.70%	4.50%
Plus percentage increase amount <sup>3</sup>	$f = d \times (c + e)$	212	268
<b>Sub-total</b>	$g = (c + e + f)$	<b>5,932</b>	<b>6,219</b>
<b>Total permissible income</b>	$k = g + j$	<b>5,932</b>	<b>6,219</b>
Less notional general income yield	l	5,932	6,218
<b>Catch-up or (excess) result</b>	$m = k - l$	—	—
<b>Carry forward to next year <sup>4</sup></b>	$p = m + n + o$	—	—

#### 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 'percentage increase' is inclusive of the rate-peg percentage, and/or special variation and/or Crown land adjustment (where applicable).
- (4) 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.



## Permissible income for general rates

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Berrigan Shire Council | Report on infrastructure assets as at 30 June 2024

## Berrigan Shire Council

### Report on infrastructure assets as at 30 June 2024

Asset Class	Asset Category	Estimated cost to bring assets to satisfactory standard	Estimated cost to bring assets to agreed level of service set by Council	2023/24 Required maintenance <sup>a</sup>	2023/24 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	1	2	3	4	5
Buildings	Buildings – non-specialised	–	–	–	–	371	411	26.0%	26.0%	28.0%	19.0%	1.0%
	Buildings – specialised	–	–	–	167	41,248	61,264	26.0%	26.0%	28.0%	19.0%	1.0%
	<b>Sub-total</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>167</b>	<b>41,619</b>	<b>61,675</b>	<b>26.0%</b>	<b>26.0%</b>	<b>28.0%</b>	<b>19.0%</b>	<b>1.0%</b>
Roads	Roads	–	–	2,733	3,236	184,033	222,228	37.0%	15.0%	43.0%	5.0%	0.0%
	Bridges	–	–	–	–	7,955	13,715	10.0%	4.0%	66.0%	20.0%	0.0%
	Footpaths	–	–	–	14	8,480	10,978	37.0%	41.0%	9.0%	7.0%	6.0%
	Bulk earthworks	–	–	–	96	14,925	14,925	100.0%	0.0%	0.0%	0.0%	0.0%
	Other	–	–	–	–	–	–	0.0%	0.0%	0.0%	0.0%	0.0%
	<b>Sub-total</b>	<b>–</b>	<b>–</b>	<b>2,733</b>	<b>3,346</b>	<b>215,393</b>	<b>261,846</b>	<b>39.2%</b>	<b>14.7%</b>	<b>40.3%</b>	<b>5.6%</b>	<b>0.2%</b>
Water supply network	Water supply network	–	–	460	605	58,119	75,094	7.0%	56.0%	31.0%	6.0%	0.0%
	<b>Sub-total</b>	<b>–</b>	<b>–</b>	<b>460</b>	<b>605</b>	<b>58,119</b>	<b>75,094</b>	<b>7.0%</b>	<b>56.0%</b>	<b>31.0%</b>	<b>6.0%</b>	<b>0.0%</b>
Sewerage network	Sewerage network	–	–	520	911	52,494	73,147	5.0%	49.0%	24.0%	22.0%	0.0%
	<b>Sub-total</b>	<b>–</b>	<b>–</b>	<b>520</b>	<b>911</b>	<b>52,494</b>	<b>73,147</b>	<b>5.0%</b>	<b>49.0%</b>	<b>24.0%</b>	<b>22.0%</b>	<b>0.0%</b>
Stormwater drainage	Stormwater drainage	–	–	220	190	24,800	30,530	38.0%	37.0%	21.0%	4.0%	0.0%
	<b>Sub-total</b>	<b>–</b>	<b>–</b>	<b>220</b>	<b>190</b>	<b>24,801</b>	<b>30,530</b>	<b>38.0%</b>	<b>37.0%</b>	<b>21.0%</b>	<b>4.0%</b>	<b>0.0%</b>
Open space / recreational assets	Swimming pools	–	–	–	–	2,315	4,261	0.0%	8.0%	33.0%	59.0%	0.0%
	Other	–	–	380	848	12,988	17,347	29.0%	30.0%	31.0%	9.0%	1.0%
	<b>Sub-total</b>	<b>–</b>	<b>–</b>	<b>380</b>	<b>848</b>	<b>15,303</b>	<b>21,608</b>	<b>23.3%</b>	<b>25.7%</b>	<b>31.4%</b>	<b>18.9%</b>	<b>0.7%</b>
Aerodrome	Aerodrome	–	–	–	–	6,737	11,021	0.0%	3.0%	97.0%	0.0%	0.0%
	<b>Sub-total</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>6,737</b>	<b>11,021</b>	<b>0.0%</b>	<b>3.0%</b>	<b>97.0%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Total – all assets</b>		<b>–</b>	<b>–</b>	<b>4,313</b>	<b>6,067</b>	<b>414,466</b>	<b>534,921</b>	<b>27.0%</b>	<b>27.9%</b>	<b>35.1%</b>	<b>9.8%</b>	<b>0.2%</b>

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

continued on next page

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Berrigan Shire Council | Report on infrastructure assets as at 30 June 2024

## Berrigan Shire Council

### Report on infrastructure assets as at 30 June 2024 (continued)

#### Infrastructure asset condition assessment 'key'

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





## Berrigan Shire Council

### Report on infrastructure assets as at 30 June 2024

#### Infrastructure asset performance indicators (consolidated) \*

\$ '000	Amounts 2024	Indicator 2024	Indicator 2023	Benchmark
Buildings and infrastructure renewals ratio				
Asset renewals <sup>1</sup>	12,699	167.78%	57.51%	> 100.00%
Depreciation, amortisation and impairment	7,569			
Infrastructure backlog ratio				
Estimated cost to bring assets to a satisfactory standard	—	0.00%	0.00%	< 2.00%
Net carrying amount of infrastructure assets	420,323			
Asset maintenance ratio				
Actual asset maintenance	6,067	140.67%	114.43%	> 100.00%
Required asset maintenance	4,313			
Cost to bring assets to agreed service level				
Estimated cost to bring assets to an agreed service level set by Council	—	0.00%	0.00%	
Gross replacement cost	534,921			

(\*) 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.

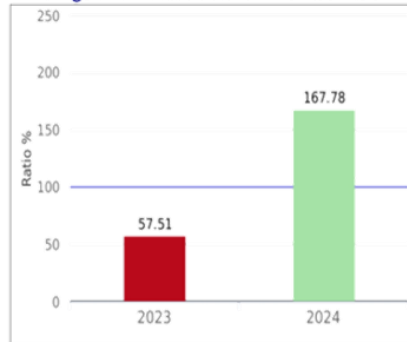


Berrigan Shire Council | Report on infrastructure assets as at 30 June 2024

## Berrigan Shire Council

### Report on infrastructure assets as at 30 June 2024

#### 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

23/24 ratio 167.78%

Councils' infrastructure network was impacted by flooding in 2022/2023, which resulted in interruptions and delays to the scheduled works as the majority of remediation works was undertaken in 2023/2024. Council also upgraded the Finley Water Treatment Plant which was a significant project.

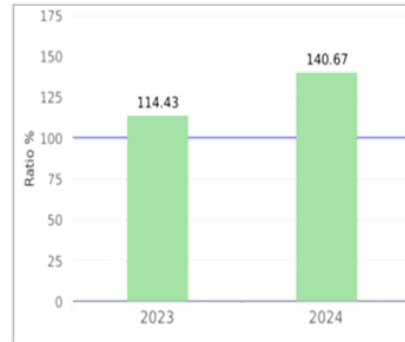
Benchmark: — > 100.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

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

23/24 ratio 140.67%

Council continues to maintain its assets.

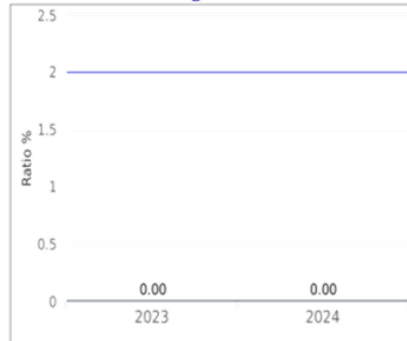
Benchmark: — > 100.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

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

23/24 ratio 0.00%

Council has no unfunded infrastructure.

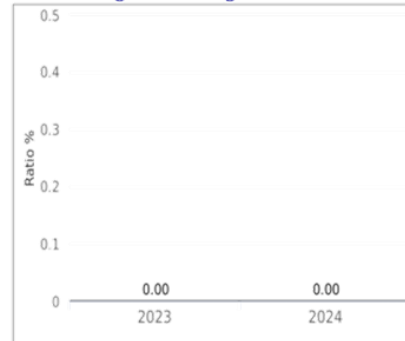
Benchmark: — < 2.00%

Source of benchmark: Code of Accounting Practice and Financial Reporting

Ratio achieves benchmark

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

23/24 ratio 0.00%

All service levels are maintained.



Berrigan Shire Council | Report on infrastructure assets as at 30 June 2024

## Berrigan Shire Council

### Report on infrastructure assets as at 30 June 2024

#### Infrastructure asset performance indicators (by fund)

\$ '000	General fund		Water fund		Sewer fund		Benchmark
	2024	2023	2024	2023	2024	2023	
Buildings and infrastructure renewals ratio							
Asset renewals <sup>1</sup>	119.10%	71.40%	440.12%	37.36%	64.83%	14.77%	> 100.00%
Depreciation, amortisation and impairment							
Infrastructure backlog ratio							
Estimated cost to bring assets to a satisfactory standard	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	< 2.00%
Net carrying amount of infrastructure assets							
Asset maintenance ratio							
Actual asset maintenance	136.54%	109.95%	131.52%	135.12%	175.19%	112.11%	> 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	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Gross replacement cost							

<sup>(1)</sup> 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.