

BERRIGAN SHIRE COUNCIL
ANNUAL REPORT

2016
2017



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ERECTED
BY THE RESIDENTS OF
FINLAY AND DISTRICT
IN HONOUR OF THEIR MEN
WHO SERVED IN THE GREAT WAR
1914 - 1919
UNVEILED BY
COLONEL W. MCKENZIE M.C.
CAPT 17 INFANTRY BRIGADE A.I.F.
24th MAY 1923.



The Berrigan Shire on the New South Wales and Victorian border is three hours or 270 km north of Melbourne and approximately 7 hours south west of Sydney. It is a rural area with Murray River based tourism and excellent recreational facilities in its four towns:

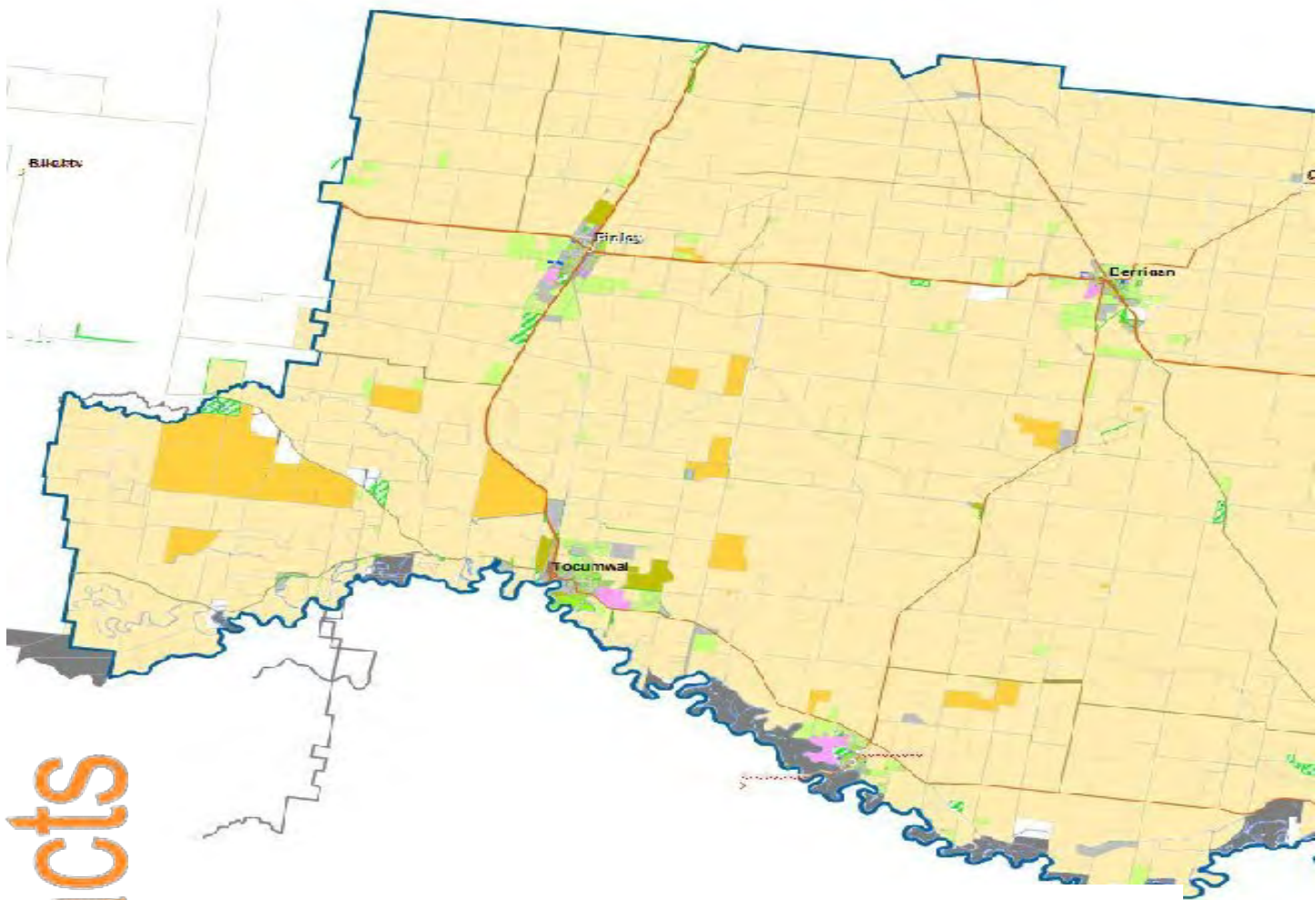
- Barooga
- Berrigan
- Finley; and
- Tocumwal

The Shire was established in 1906 and during its early years as now, the population of the Shire fluctuated in response to economic conditions.

Visitors to our region and new residents comment on the lifestyle, our facilities and proximity to Melbourne as the reasons why they visit or have chosen to live in the shire.

Consequently we continue to experience growth in the border towns of Barooga and Tocumwal.

Fast Facts



| | |
|---------------------------|----------|
| Gazetted as a Shire: | 1906 |
| Forecast Population 2017: | 8,599 |
| Number of Councillors: | 8 |
| Length of our roads: | 1,316 km |

Our Vision

In 2027 we will be recognised as a Shire that builds on and promotes our natural assets and advantages to create employment and economic activity to attract residents, families and tourists.

Developed at the Shire's Futures Conference June 2011 and reviewed by the Council in 2013 our vision reflects the top 'preferred futures' of our communities that:

1. Families with young children will want to live in or come to the area
2. People will be more concerned about their health and wellbeing
3. Tourists will go out of their way to come to the area





Mayor

It is with great pleasure that I present this the 2017 Annual Report.

This is my first report and firstly I'd like to observe that while local government presents many challenges along the way it also presents great opportunities for the communities we aim to serve. The first year in my term as your Mayor has been one of much learning which will obviously continue into the future as well.

Unfortunately, one of the most difficult issues to deal with has been when asbestos was found to be within our communities in the form of loose fill insulation. The NSW Dept of Fair Trading has conducted many information sessions within the shire to make our residents aware of testing and the processes homeowners need to go through to have their properties rehabilitated. This has been an difficult event for those affected property owners, however if one positive comes out of this process it is that there will soon to be some blocks available in our towns that can create new development.

The Council with the Moira Shire Council and the Cobram and District Fruit Growers Association have led the way in growing awareness and providing information through the program to help eliminate the Queensland fruit fly from our areas. The Council's staff has driven this process to commence the eradication of this pest from our area to help protect our stone fruit industry.

The Council continues to lobby state government to prove that our council is Fit for the Future. Having been left as a stand-alone council we now need to have the slur of being "unfit" removed by the State.

Irrigation water continues to be a major discussion throughout our region. I note that back in 2011/2012 that the Council was hopeful the Murray Darling Basin Authority along with the Federal Government would come to some outcome that would allow our rural community to remain the powerhouse that it has historically been. This aim however, still needs to come to fruition and it is a constant battle for those that continue to be the voices for our region.

Let's hope that we aren't still talking about it in another 5 years without a suitable outcome.

The Council has delivered many exciting projects throughout the last year including the Tocumwal Aerodrome subdivision a development that has seen the activity in around the aerodrome continue to increase.

The Council, with funding assistance from the State's "Fixing Country Roads" program, reconstructed Silo Road which was a great investment around our intermodal precinct. This project has reduced congestion at the grain facilities in the area and also led to a reduction in queueing and turn-around times for farmers.

Another important project was the revamp of the Tocumwal skate park which is now a hive of activity. The Tocumwal Foreshore Master Plan along with the levee works is also an exciting outcome for our shire.

The Council was able to secure funding through the State's "Fixing Country Truck Washes" program to deliver the upgrading of the facilities at Finley. This upgrade will benefit not only our local operators but also those that use it off the Highways.

It's been great to see South West Arts and the Outback Theatre operating throughout our Shire over the last year culminating in an end of year production which highlighted the stories of our local area through the production of "Folk Song".

Our Town Entry Beautification program continues to grow throughout the Shire. This project has seen significant community engagement and buy in which is and will continue to ensure good program outcomes for the long term. With our four unique towns that take pride in their appearances and through this program we will be able to continue to showcase our towns in the best possible light.

Events throughout our Shire continue to drive our local economy; highlighted by the Tocumwal Pro Am a golf event, the Berrigan Gold Cup, State Cricket Carnivals in Barooga and the Finley Rodeo. Interestingly Show 'n' Shine events within our towns continue to attract many followers along with our other regular markets. There are many other events that happen on a regular basis and I've just named a small few.

It was disappointing to have to cancel this year's business and environment awards and is currently under review going into the future.

Finally I'd like to thank the General Manager for his guidance and support, all staff throughout the organisation for your commitment to our council and, of course my fellow councillors for your support along with the residents of the Berrigan Shire.

Cr. Matthew Hannan

Mayor



General Manager

This report reflects the first year of the new Council's four year term. With a new Council team comes the challenge of ensuring all Councillors enjoy the same knowledge base and learn each other strengths. The Council engaged in a structured induction process as a first step towards developing its shared knowledge base. While this induction process is intense and requires active participation, it is the engagement in the Councillor role over the long term that truly develops the skills required to be a successful Councillor and a successful Council. The new Council has progressed well down this path and has seen a fruitful if not challenging first year.

Whilst the development of the new Council team is important, so too is the development of staff skills and capabilities. This year the Council committed to providing leadership training to fourteen of its staff to enhance and expand their individual skills so that they can work with the Council to ensure that it remain a highly achieving Council that is capable of delivering agreed targets into the future. The benefits of this training are already being seen.

As has been seen over the past several years, external influences, particularly other levels of government, can strongly influence the Council's position both negatively and positively. Over the past twelve months the Council has received significant funding from both the State and Commonwealth governments which has seen several significant projects completed that would otherwise would not have been achievable in the short term if

the Council had to rely on its own funding. These projects have required significant adjustments to the Council's own work plans to accommodate these new projects and has resulted in some delays in meeting the Council's own targets. The Council strongly believes that this is a good problem to have and looks forward to additional grant funding in the future.

The freeze on indexation of the Council's Financial Assistance Grant has now been removed and finally some growth in this grant has been seen. The fact remains though, that the freeze in indexation has still put the Council in the position where it is \$250,000 worse off in every future year had the freeze never been introduced.

A positive influence from the State level has been the \$2.5m of funding to upgrade Silo Road and its drainage. These works are now complete and the improved efficiency available to transport operator, grain handling facilities and logistics companies is already evident.

The Council has continued to develop the Tocumwal Aerodrome to attract new users to the facility. The Council's long term aim is to generate additional economic activity at the Aerodrome to help justify the cost of owning and operating it. This year saw the development of twelve new lots at the airpark area of the aerodrome. These lots are currently on the market. This project was partially funded by the Commonwealth government through its "Building Better Regions" fund and this has allowed the lots to be marketed at a competitive price.

One continuing project for the Council is

its enhancement of our key town entries. Finley and Tocumwal have well developed improvement plans that are being progressively implemented and now planning has commenced for Barooga and Berrigan. This planning involves significant community consultation and engagement and while this is time consuming and at times frustrating it does deliver good results that are supported by the community.

It is also positive to see the level of development activity return to levels prior to the global financial crisis. This development helps the community sustain its history of steady population growth. Interestingly this long term population growth defies the long term trend of population decline that has been forecast by the State over the last twenty years. Unfortunately, these State projections make the task of growing the local economy even more difficult.

The Council like all other consumers is challenged by increasing energy costs. While the Council continues to invest in renewable energy this is not always available to business operators and residents for a variety of reasons. Electricity costs are now extremely challenging for our business sector and the cost of upgrading availability of supply is a significant disincentive to commercial investment.

A significant issue for the Council and the community has been the “Mr Fluffy” asbestos insulation problem. With 20 properties identified as being affected this has created real disruption for the owners of those properties. The State has

responded to this issue strongly by both helping families to relocate from or remediate their properties and taking the positive step of eliminating the contamination in the first instance. This is a far better outcome than has been achieved in other, earlier incidents and whilst disruptive it is also effective in the first instance. The Council has ongoing concern that affected properties have been primarily isolated to Finley and it is hard to accept that this insulation would only have been used in one town.

In hindsight the first year of the new Council’s four year term has been a relatively successful one with good outcomes and good progress with longer term strategic projects.

These outcomes have been greatly enhanced through the support of the State and Commonwealth governments and the Council is extremely grateful for this support.

These results would not have been achieved without the co-operation and commitment of the Council to whom I extend my thanks and appreciation.

I would also like to express my appreciation to the Council, all of the Council staff, especially the senior management team without whom, the Council’s goals could not be delivered.

Rowan Perkins
GENERAL MANAGER



SHIRE PROFILE

| | |
|------------------------------------|----------|
| Median Age | 49 years |
| Number of Households | 3,639 |
| Households with Children | 994 |
| Occupied Private Dwellings | 3,649 |
| Average people per household | 2.2 |
| Median monthly mortgage repayments | \$ 857 |

| Our Top Employing Industries | % |
|--------------------------------------|----------|
| Sheep, Beef Cattle and Grain Farming | 10.1 |
| School & Education | 5.7 |
| Road Freight and Transport | 3.7 |
| Residential Care | 3.5 |





Council meetings are open to the public and held on the third Wednesday of the month commencing at 9.15 am in the Council Chambers, 56 Chanter Street, Berrigan. Residents and ratepayers are encouraged by Council to attend Council meetings at 9.00 am for Public Question Time.

Eight Councillors, representing the whole Shire are elected to Council and ordinarily serve a four year term. Council's Mayor and Deputy Mayor are elected on biennial basis by Councillors.

Committees of Council meet on the Wednesday two weeks prior to a Council meeting. Major working Committees of Council are:

- Corporate Services
- Technical Services
- Risk Management

Council decision making is guided by Council's Strategic Planning framework and its plans:

- 10-year Community Strategic Plan: Berrigan Shire 2027;
- 10-year Resourcing Strategy;
- 4-year Delivery Program; and
- Annual Operational Plan

These plans describe the scope of Council services and the resources (human, physical and financial) needed to ensure the public safety and wellbeing of residents, local businesses and visitors to our Shire

Councillors



Top Left to Right: Councillor Denis Glanville, Councillor Matthew Hannan (Mayor) and Councillor Colin Jones

Middle Row: Councillor Bernard Curtin and Councillor Ross Bodey

Bottom Row Left to Right: Councillor John Bruce, Councillor Daryl Morris (Deputy Mayor) and Councillor John Taylor

Councillor Meeting Attendance

| Councillor | Council Meetings Attended | Committees |
|-----------------|------------------------------|--|
| Matthew Hannan | 16 out of 16 | Finley School of Arts & War Memorial Hall |
| Daryl Morris | 16 out of 16 | |
| John Bruce | 13 out of 16 | Barooga Advancement Group |
| John Taylor | 12 out of 14 | Berrigan Shire Youth Development |
| Denis Glanville | 16 out of 16 | Berrigan Shire Youth Development |
| Bernard Curtin | 14 out of 16 | Australia Day |
| Colin Jones | 16 out of 16 | |
| Ross Bodey | 13 out of 14 | Tocumwal Foreshore |
| Brian Hill | 2 out of 2 | Finley Showgrounds |
| Andrea O'Neill | 1 out of 2 | Australia Day |

Council's Management Team

Rowan Perkins
General Manager
Council Management / Operations
Risk Management
Strategic and Social Planning
Economic Development
Councillor Support



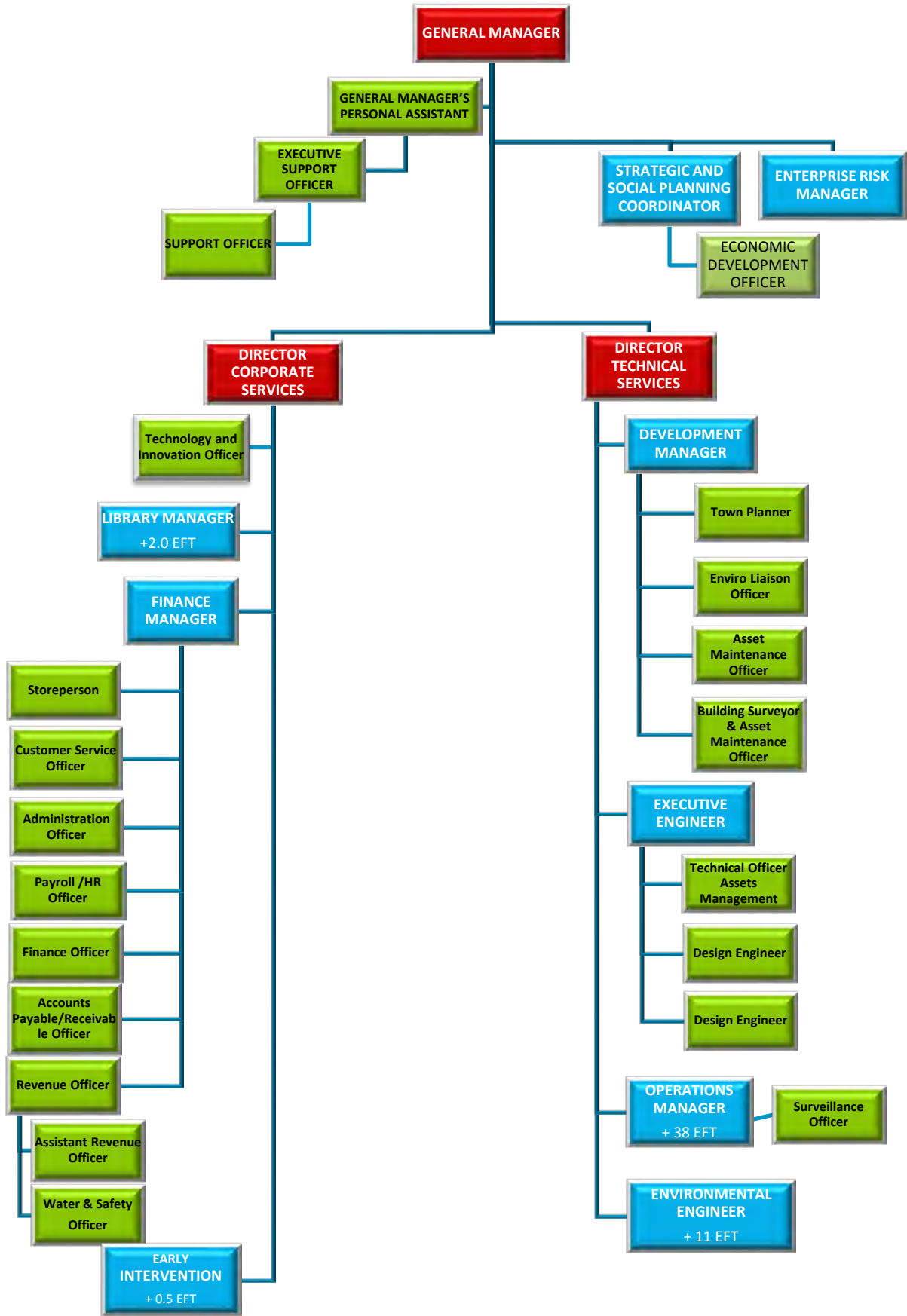
Fred Exton
Director of Technical Services
Roads, Bridges, Footpaths, Drainage
Depot & Council Buildings
Animal Control
Parks & Gardens
Water & Sewerage
Health Services
Town Planning, Development & Building Control
Waste Control
Aerodrome



Matthew Hansen
Director of Corporate Services
Finance, Administration & Human Resources
Rates & Charges
Land Sales
Saleyards
Early Intervention
Public Interest Disclosures & Requests for Information
Community Assistance
Libraries
Swimming Pools
Bush Fire Control
Tourism & Caravan Parks
Cemeteries



Organisational Structure



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Page to Screen

All of these novels have been made into movies.
Why not read one before you see one?

FRANKENSTEIN
MARY SHELLEY

TOMORROW, WHEN THE WAR BEGAN
JOHN MARSDEN

William Golding
The Lord of the Flies

Schwanda

Snapshot of our performance

In the past year, 62 Council actions have been fully completed with the remaining three actions being: one on target with a further two actions deferred. The deferred actions will not be carried forward. Namely: the planned review of the Council's 4-year Volunteer Strategy 2012 -2016, and the Early-Years Transition to School Expo. Council's support of its volunteers continues through the Council's commitment to its Section 355 Committee Structure. While the transition of the Council's Early Years' Service, to a National Disability Insurance Agency, approved, service provider contributed to the deferral of an Early Years Expo scheduled for June 2017.

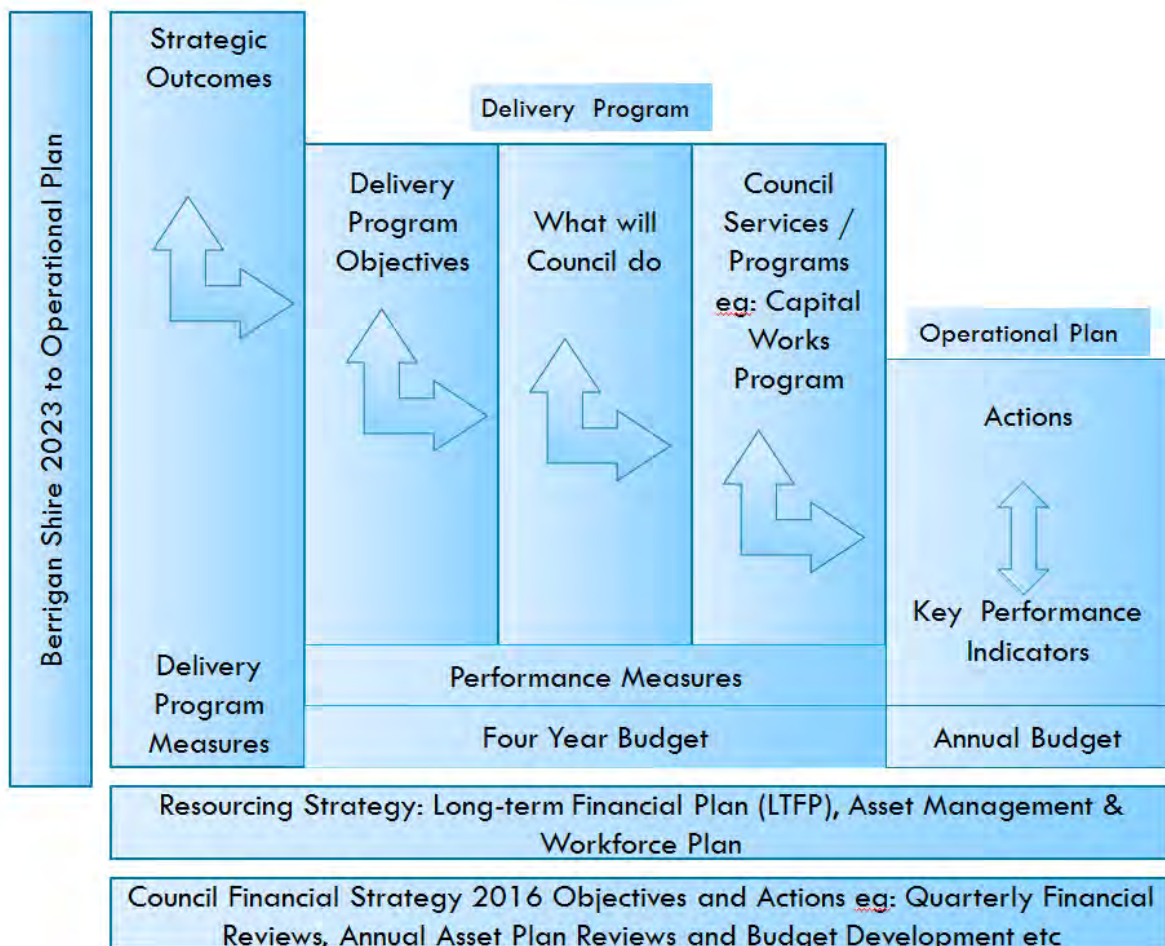
Number and Status of Operational Plan 2016/17 Actions

| | Completed | On target | Not on target | Past Due | Deferred / Not due to start | Total |
|---|-----------|-----------|---------------|----------|-----------------------------|-----------|
| Sustainable natural and built landscapes | 14 | 1 | 0 | 0 | 0 | 15 |
| Good government | 14 | 0 | 0 | 0 | 0 | 14 |
| Supported and engaged communities | 16 | 0 | 0 | 0 | 2 | 18 |
| Diverse and resilient business | 18 | 0 | 0 | 0 | 0 | 18 |
| Total Actions | 62 | 1 | 0 | 0 | 2 | 65 |

Our Planning Framework

The Shire Council's Annual Operational Plan and 4-year Delivery Program describe the full range of council services. It is themed according to Berrigan Shire 2023 strategic outcomes and is the Council's blue print about how Council services, programs and initiatives contribute toward our strategic outcomes:






- Sustainable natural and built landscapes
- Good government
- Supported and engaged communities
- Diverse and resilient business



The following describes our strategic outcomes and includes comments on significant or new projects undertaken and completed in the past year

The traffic light review provides a visual update on the status of the Council's Annual Operational Plan and the Council's progress toward full implementation of its 4-year Delivery Program. It should read using the following key:

KEY

| | | | | |
|---|---|---|--|---|
|  |  |  |  |  |
| Complete | On Target | Not on Target | Past Due | No Status / Deferred |





Other oils



Fluoro globes and tubes



Household batteries



Smoke detectors

AUSTRALIAN COMPETENT AUTHORITIES
APPROVED SEGREGATION DEVICE
FOR USE IN AUSTRALIA ONLY
APPROVAL 30212 TARE 100kg GROSS 8500kg

TOXFREE

B12

TFS-776

AUSTRALIAN COMPETENT AUTHORITIES
APPROVED SEGREGATION DEVICE
FOR USE IN AUSTRALIA ONLY
APPROVAL 30212 TARE 100kg GROSS 8500kg

TOXFREE

B12

TFS-855

Sustainable natural and built landscapes

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 our natural resources and built landscapes
- 1.2 Retain the diversity and preserve the health of our natural landscapes and wildlife
- 1.3 Connect and protect our communities

Our traffic light review of Sustainable natural and built landscapes Operational Plan 2016/17 actions describes whether Council in the past 12 months has *done what it said it would do and if not Officers comments provide guidance on why not?*

Additional comment is also provided by Council Officers on significant achievements or projects commenced and or completed in the past 12 months.

Highlights

Community Recycling Centre: Berrigan Landfill

Council has successfully completed the construction and equipping of a community recycling centre at the Berrigan Landfill. Community Recycling Centres are drop-off centres for common household wastes that can't be collected via council kerbside waste and recycling collection services. The Berrigan CRC is operated by council and was funded, as part of EPA's Waste Less, Recycle More Initiative. Household quantities (max 20 litres or kilograms) of the following items are accepted at the Berrigan Community Recycling Centre:



Town Entry Master Plans

In the past 12 months the focus has been on completing the development of Town Concept Plans for Berrigan and Barooga, the finalisation of Tocumwal's Foreshore Masterplan, and the implementation of the first stage of the Finley and Tocumwal Town Entry Master Plans.

Stage I projects have included:

- Tree Plantings in Murray Street, Finley;
- Tree Plantings, new kerb and gutters in Dean Street, Tocumwal; and
- New Town Entry Signage, Tocumwal.

Each plan is based on what residents and the businesses who engaged in the process told us is important and valued by community.



Fixing Country Roads and Truck Washes

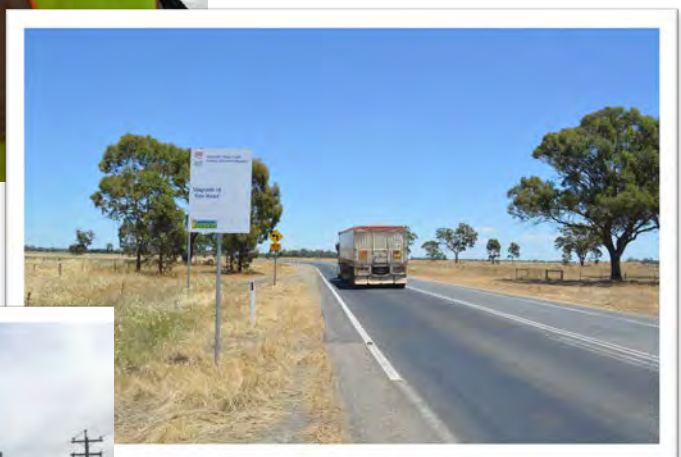
The past 12-months has seen the Council's completion and opening of the upgrade of Silo Road: a Fixing Country Roads Initiative valued at \$ 3 million and a successful funding application (\$347,000) under the Fixing Country Truck Washes initiative. Silo Road improvements included:

- Strengthening the road;
- Widening of Silo and Tuppal Roads to allow trucks to pass each other and park safely; and
- Drainage works to help improve heavy vehicle access to the Tocumwal Freight Precinct.

These are projects that support our communities investment in agriculture, while improving road safety for all users and the bio-security of our landscapes.

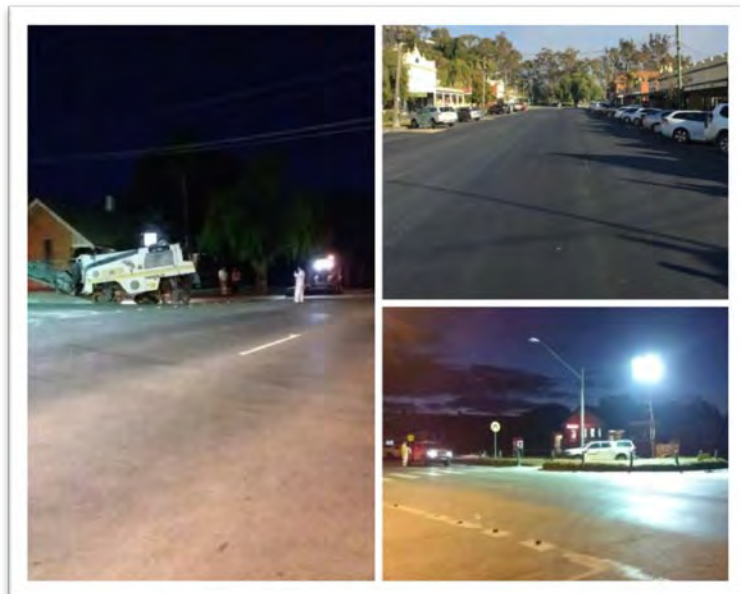


Opening Silo Road: 20 December 2016



Resurfacing Deniliquin Street

In addition to the Council's planned program of road works – our works crews have been busy with additional works. The resurfacing of Deniliquin Street in Tocumwal undertaken at night to minimise disruption as a hot mix asphalt surface should have a useful life of around 30-years before any significant further maintenance is required.



The works required the complete closure of Deniliquin Street from Murray Street to Morris Street for two nights.





Flood Recovery


During flood events, it is common for our rural roads sealed and unsealed roads, bridge approaches, causeways and culverts to be damaged. The cost to the Council of last year's floods was \$ 245,000 Flood recovery works included: removal of trees growing in the Levee at Tocumwal in addition to significant repairs and upgrades to Lower River Road \$191,000.





Sustainable natural and built landscapes

1.1 Support sustainable use of our natural resources and built landscapes





| DP Action Code | DP Strategic Objective | Action Code | OP Action | Responsibility | What will be the result? | Status | Comment |
|----------------|---|-------------|---|-----------------------------|--|---|--|
| 1.1.1 | Coordinate strategic land-use planning and effective development assessment and control | 1.1.1.1 | Increase community awareness regarding development application process | Development Manager | Improved community satisfaction with Development Services |  | Liaising with NSW Department of Planning & Environment re: finalisation of Land Use Strategy |
| 1.1.1 | Coordinate strategic land-use planning and effective development assessment and control | 1.1.1.2 | Process and approve / refuse development applications in accordance with relevant legislation, codes and policies | Development Manager | Effective and timely assessment of development applications |  | |
| 1.1.2 | Enhance the visual amenity, heritage and liveability of our communities | 1.1.2.1 | Continue Annual Heritage Grants Program | Development Manager | Enhancement of the conservation value of heritage items |  | |
| 1.1.2 | Enhance the visual amenity, heritage and liveability of our communities | 1.1.2.2 | Continue rolling program of works – town entrances | Director Technical Services | Improved visual amenity and attractiveness of our towns and major town entrances |  | Tocumwal signage installed, Finley signage not yet delivered but should be installed in July, 2017. Dean street kerb and gutter, drainage and shoulder sealing in progress. Works for 16/17 financial year almost on schedule and will continue rolling program. |





| DP Action Code | DP Strategic Objective | Action Code | OP Action | Responsibility | What will be the result? | Status | Comment |
|----------------|---|-------------|---|-----------------------------|--|---|---|
| 1.1.2 | Enhance the visual amenity, heritage and liveability of our communities | 1.1.2.3 | Continue development of Tocumwal Foreshore Improvement Plan and its integration with Tocumwal Town Entrance Project | Director Technical Services | Optimise use and improve amenity, pedestrian mobility and connection between River, the town entry and Foreshore Reserve |  | Masterplan adopted, Levee strengthening complete. Grant application made for dry side projects. Design for river side projects underway |

1.2 Retain the diversity and preserve the health of our natural landscapes and wildlife

| DP Action Code | DP Strategic Objective | Action Code | OP Action | Responsibility | What will be the result? | Status | Comment |
|----------------|---|-------------|---|---------------------|---|---|---------|
| 1.2.1 | Partner with community groups and agencies on projects that retain and preserve the health of our natural landscapes and wildlife | 1.2.1.1 | Contribute to Central Murray County Council | Development Manager | County Council delivery of the Shire's weed eradication and control program/s |  | |
| 1.2.1 | Partner with community groups and agencies on projects that retain and preserve the health of our natural landscapes and wildlife | 1.2.1.2 | Participation in roadside vegetation enhancement projects | Development Manager | Enhanced bio-diversity in linear reserves |  | |





1.3 Connect and protect our communities

| DP Action Code | DP Strategic Objective | Action Code | OP Action | Responsibility | What will be the result? | Status | Comment |
|----------------|---|-------------|---|-----------------------------|--|---|--|
| 1.3.1 | Coordinate flood levee, Council road network and stormwater asset management and planning | 1.3.1.1 | Develop and implement asset management plans which maintain a balance between improving and maintaining flood levees, stormwater, Council roads, paths and trails | Director Technical Services | Service levels met as set out in adopted Asset Management Plans |  | Asset Management Plans for Levees, Stormwater, Roads and Footpaths are up to date. |
| 1.3.1 | Coordinate flood levee, Council road network and stormwater asset management and planning | 1.3.1.2 | Design, construct and maintain stormwater systems that safely capture and remove water | Director Technical Services | Service levels met as set out in adopted Storm water Asset Management Plan |  | Major Stormwater projects are currently being completed and there are several smaller jobs to be completed this financial year. |
| 1.3.1 | Coordinate flood levee, Council road network and stormwater asset management and planning | 1.3.1.3 | Design, construct and maintain flood protection network | Director Technical Services | A flood levee protection network that prevents inundation of Tocumwal and Barooga from recognized flood levels |  | Levee tested by a moderate flood without incident. Tocumwal foreshore section of levee upgraded. Flood Levee Owners Manual completed to draft stage. |
| 1.3.1 | Coordinate flood levee, Council road network and stormwater asset management and planning | 1.3.1.4 | Continue remediation Tocumwal Foreshore Levee | Director Technical Services | Remediation works prevents inundation of Tocumwal from recognized flood levels |  | Tocumwal foreshore levee remediation completed. |

| DP Action Code | DP Strategic Objective | Action Code | OP Action | Responsibility | What will be the result? | Status | Comment |
|----------------|---|-------------|--|-----------------------------|--|---|---|
| 1.3.1 | Coordinate flood levee, Council road network and stormwater asset management and planning | 1.3.1.5 | Maintain the safety of Council roads and walkways | Director Technical Services | Asset Management Plan identified service levels and standards are met |  | Roads and walkways inspected and defects repaired as required |
| 1.3.1 | Coordinate flood levee, Council road network and stormwater asset management and planning | 1.3.1.6 | Exercise delegated functions Road Act 1993 | Director Technical Services | Local roads are managed in accordance with the Act |  | Delegated functions carried out as required |
| 1.3.2 | Manage landfill, recycling and waste disposal | 1.3.2.1 | Reduce waste in landfill | Environmental Engineer | Develop a local waste management strategy that identifies waste diversion targets and realistic benchmarks |  | All landfills managed within budget |
| 1.3.2 | Manage landfill, recycling and waste disposal | 1.3.2.2 | Deliver township garbage collection and street cleaning services | Environmental Engineer | Instigate & manage a waste collection contract to ensure garbage collection |  | |

Sustainable natural and built landscapes

Operational Plan 2016/17 Report

| Completed | On target | Not on target | Past Due | Deferred / Not due to start | Total |
|---|---|---|---|---|-------|
|  |  |  |  |  | |
| 14 | 1 | 0 | 0 | 0 | 15 |

BERRIGON
SHIRE



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 2023 objectives and strategies inform Council planning and community led projects

2.2 Ensure effective governance by Council of Council operations and reporting

2.3 Strengthen strategic relationships and partnerships with community, business and government

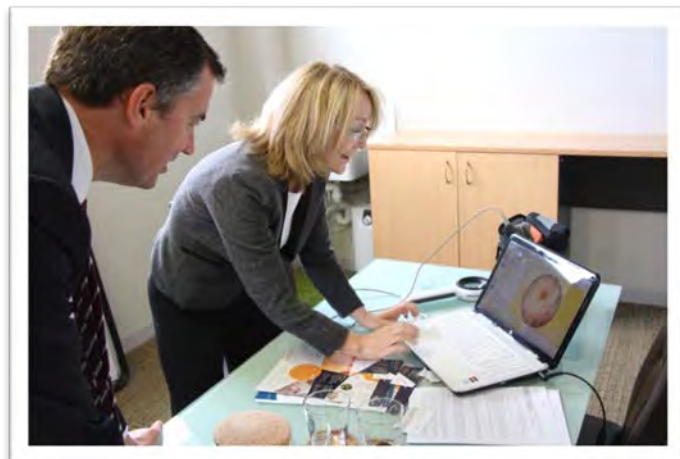
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Additional comment is also provided by Council Officers

Highlights

Skin Cancer Checks

The majority of Council staff are employed outdoors falling into the high-risk category for skin cancer. As part of the Council's and employees' commitment to Health and Wellbeing, and in response to a survey of staff, the Council offered Skin Cancer Checks for all employees. This initiative complements the Council's requirement that outdoor employees wear long clothing and implement heat stress control measures.



A total of 65 employees (14th – 16th March 2017) participated in a comprehensive, state-of-the-art skin cancer assessment conducted by qualified screening practitioners. Also offered was sun safety education to maintain sun smart practices. Employees found with a suspicious lesion or moles were subsequently referred to their doctor for further review, monitoring or treatment

Impact Leadership Program

The Berrigan Shire Council's Leadership group has embarked on an intensive Leadership Program. The Impact Leadership Development Program has been designed and facilitated by Jane Harris of LEADiversity. The program involves in-depth workshops and individual coaching sessions. Designed to be flexible and work in with Council's work schedules Council's indoor and outdoor Leadership Group have participated in workshops that have included

- Communicating with impact;
- Linking strategic thinking with operations;
- Inspiring and influencing others;
- High Performance Team development;
- Accountability and managing performance; and
- Effective feedback and difficult conversations.



Election of New Council

September 2016 saw the Council holding its election almost in regional isolation given the merger process being undertaken at neighbouring Councils. The election saw six former Councillors and two new Councillors

elected. From the previous Council, Councillors O'Neill and Hill did not seek re-election and Councillors Ross Bodey and John Taylor were elected in their place. Councillor Taylor had previously served on the Council. Given the election result, the Council now enjoys some long term stability while also bringing some new views, skills and vitality to the Council. Following the election the Council committed itself to some refresher training for returning Councillors and a significant induction program for new Councillors. The broad aim of the induction process is to ensure that all Councillors understand their roles and responsibilities and also have a shared knowledge base. The Council has quickly developed a strong team approach to the Council's affairs under the leadership of Cr Matthew Hannan who was elected as the Mayor for a two-year period.

Financial Fast Facts

Overall performance

| | |
|---|---------|
| Operating surplus | \$7,430 |
| Operating deficit before capital grants and contributions | \$5,465 |

Revenue and expenses

| | |
|----------------|----------|
| Total revenue | \$25,931 |
| Total expenses | \$18,501 |

Cash and investments

| | |
|---------------------------|----------|
| Cash and cash equivalents | \$5,730 |
| Investments | \$23,000 |

Balance Sheet

| | |
|--------------------|-----------|
| Total assets | \$254,185 |
| Total liabilities | \$5,030 |
| Total equity | \$249,155 |
| New assets 2016/17 | \$2,222 |

Citizenship Ceremonies

In Australia most citizenship ceremonies are organised and hosted by local councils. This year the Council conducted two citizenship ceremonies officially welcoming, in front of family and friends, Mandy Huang, Estalita Cole in the first ceremony. While, Judith Urrurita, Ian and Ann Stronge pictured with the Mayor Cr. Matthew Hannan were in a second ceremony welcomed as new Australian citizens.



Alexander Garden Competition

At the November Council meeting the winners of the 2016 Alexander Garden award were announced.

The winners for each town are:

BAROOGA – Stan and Mary Nixon Barinya St.

BERRIGAN – Mrs C von Brockhusen, Barooga St.

FINLEY – Ron and Alison Luelf, Tocumwal St.




TOCUMWAL – Jeff and Jo Davis, Calaway St.






Pictured after the presentation of their award are the overall winners of the Alexander Garden Competition 2016: Jeff and Jo Davis of TOCUMWAL.





Good government




2.1 Berrigan Shire 2023 objectives and strategies inform Council planning and community led projects

| DP Action Code | DP Strategic Objective | Action Code | OP Action | Responsibility | What will be the result? | Status | Comment |
|----------------|--|-------------|---|---|--|---|--|
| 2.1.1 | Council operations, partnerships and coordination of resources contribute toward implementation of Berrigan Shire 2023 | 2.2.1.1 | Promote and support the engagement of Shire residents, local business and agencies in the development, implementation and review of Berrigan Shire 2023 | Strategic and Social Planning Coordinator | Increase in resident, local business and other agencies participation in opportunistic and targeted engagement |  | Community Engagement Strategy, Survey and street stalls feedback informed the Council's review of Berrigan Shire 2023 and the development of Berrigan Shire 2027 |
| 2.1.1 | Council operations, partnerships and coordination of resources contribute toward implementation of Berrigan Shire 2023 | 2.2.1.2 | Continue to evaluate Fit for the Future options to determine contribution toward implementation of Berrigan Shire 2023 | General Manager | Sustainable Council contributing toward the implementation of Berrigan Shire 2023 |  | Fit for the Future Plan included in new Delivery Program. State is being lobbied in relation to its proposal re: Joint Organisations. |
| 2.1.1 | Council operations, partnerships and coordination of resources contribute toward implementation of Berrigan Shire 2023 | 2.2.1.3 | Implement Community Engagement Strategy and complete the development of Berrigan Shire 2027 - new CSP | Strategic and Social Planning Coordinator | Residents, local business and other agencies engaged in the development of Berrigan Shire 2027 |  | Council adopted Berrigan Shire 2027 21 June 2017 and Office of Local Government advised of its adoption and publication |

2.2 Ensure effective governance by Council of Council operations and reporting






| DP Action Code | DP Strategic Objective | Action Code | OP Action | Responsibility | What will be the result? | Status | Comment |
|----------------|---|-------------|--|-----------------------------|--|---|--|
| 2.2.1 | Meet legislative requirements for Council elections, local government and integrated planning and reporting | 2.2.2.01 | Provide facilities and support including financial to elected Council | General Manager | The leadership skills, experience and knowledge of Councillors is used |  | Councillor inductions completed. All reporting requirements all being met. Integrated Plan updated |
| 2.2.2 | Council operations support ethical, transparent and accountable corporate governance | 2.2.2.02 | Implement and further develop the Berrigan Shire Integrated Management System | Enterprise Risk Manager | Standardised documentation and review of Council operations |  | The Mine Safety Management System has been developed and included under the IMS. The Purchasing Manual has been developed and is sitting in draft for the final review. Following distribution of the above documents, work will commence on the HR Manual to be included under the IMS. |
| 2.2.2 | Council operations support ethical, transparent and accountable corporate governance | 2.2.2.03 | Coordinate Council investments, financial management financial operations and processing | Finance Manager | Effective management of Council investments and finances |  | Council's investment continue in line with the Financial Strategy and investment Policy |
| 2.2.2 | Council operations support ethical, transparent and accountable corporate governance | 2.2.2.04 | Deliver responsive customer service | Director Corporate Services | Customers satisfied by Council response |  | Social media program now mature. Customer requests system operating. Development of Social Media strategy underway |

| DP Action Code | DP Strategic Objective | Action Code | OP Action | Responsibility | What will be the result? | Status | Comment |
|----------------|--|-------------|--|-----------------------------|--|---|---|
| 2.2.2 | Council operations support ethical, transparent and accountable corporate governance | 2.2.2.05 | Manage human resource and workforce development activities through the implementation of the Berrigan Shire's Workforce Development Plan 2013-2017 | Director Corporate Services | A workforce with the competencies needed to implement the Shire's 4-year Delivery Program |  | Corporate training day in November successful. Workforce development plan reviewed and adopted. |
| 2.2.2 | Council operations support ethical, transparent and accountable corporate governance | 2.2.2.5.1 | Implement Equal Employment Opportunity Policy and Plan 2014 - 2018 | Director Corporate Services | Workplace free from discrimination providing opportunities for all existing and future employees |  | Policy and plan in place and operating |
| 2.2.2 | Council operations support ethical, transparent and accountable corporate governance | 2.2.2.06 | Provide information technology and associated support for Council operations in line with Information Technology Action Plan | Finance Manager | Efficient operation of Information Technology Systems supporting other Council Services |  | New website development – nearly complete |
| 2.2.2 | Council operations support ethical, transparent and accountable corporate governance | 2.2.2.07 | Coordinate the delivery and management of Shire records and communications | Director Corporate Services | Effective records management system |  | While the framework for the new website is complete, the completion of the new website has been held up because the required content has not been provided. The Council has responded to five requests for information under the Government Information (Public Access) Act 2009. |

| DP Action Code | DP Strategic Objective | Action Code | OP Action | Responsibility | What will be the result? | Status | Comment |
|----------------|--|-------------|---|-----------------------------|--|--|---|
| 2.2.2 | Council operations support ethical, transparent and accountable corporate governance | 2.2.2.08 | Maintain and sustainably re-develop existing infrastructure and community assets | Director Corporate Services | Council owned community infrastructure and assets are sustainably maintained and developed |  | Finley School of Arts redevelopment underway with architect commissioned. |
| 2.2.2 | Council operations support ethical, transparent and accountable corporate governance | 2.2.2.09 | Coordinate and manage maintenance and renewal of Council plant and equipment | Director Technical Services | Ongoing maintenance and renewal of Council plant and equipment |  | Plant maintained in good order. Plant replaced in accordance with adopted plant replacement program |
| 2.2.2 | Council operations support ethical, transparent and accountable corporate governance | 2.2.2.10 | Coordinate the ongoing review and development of Council and Operational procedures | Director Corporate Services | Regular review and update of Council Policies and associated Operational Procedures |  | As part of 4-yearly program the management team reviewed 22 policies |

Good government

Operational Plan 2016/17 report

| Completed | On target | Not on target | Past Due | Deferred / Not due to start | Total |
|---|---|---|---|---|-------|
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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

3.2 Support community engagement through life-long learning, culture and recreation

Our traffic light review of Operational Plan 2016/17 actions describes whether Council in the past 12 months has *done what it said it would do and if not Officers comments provide guidance on why not?*

Council Officers have also commented on significant achievements or projects commenced in the past 12 months.

Highlights

Volunteers Recognised

The Council has a range of volunteer committees of management established under s355 of the *Local Government Act 1993* responsible for things such as:

1. Taking and managing bookings.
2. Banking receipts for venue hire and arranging payment of expenses.
3. Organising minor repairs and maintenance as required.
4. Working with the Council and other committee members to ensure that the facilities or activity they provide are sustainable and relevant to user groups.



This year the Council recognised the service and commitment of eligible Committee Volunteers. Pictured with their awards and Mayor Councillor Matthew Hannan are Len Koschel, Margaret Kable, Henry Matheson, Ivy Matheson, Barb Cullen, Barry Dawe and Jim Cullen. To be recognised volunteers must be eligible (20+ years of service) and be nominated by a fellow Committee member, Councillors and or Council staff.

Memorial Park – Finley

Council partnered with the Finley (RSL) sub-branch to upgrade and improve Memorial Park in Finley. Funded by the Federal Government's Community War Memorial Fund works included:

- Repairing the existing monuments using a qualified stone mason.
- Updating the memorial plaque to recognise those who served in Timor, Iraq, Afghanistan and in peacekeeping efforts throughout the world.
- Replacement of the boundary fencing and the repainting of the memorial gate.
- Repairs to the irrigation system for the memorial roses, and
- The installation of a power outlet at the site of the monument to avoid the use of long extension cords over wet grass at Dawn Services.



Revitalisation of volunteer committees

Berrigan Shire has thirty four volunteer committees of management, made up of residents from our community, who give their time and labour to maintain and operate community assets such as halls, recreation reserves and swimming pools. The Council supports these committees by providing the legal framework in which to operate as well as providing assistance with insurance, grants and other requirements. This year several of these volunteer committees including the Finley Showgrounds and Sporting Complex, the Tocumwal War Memorial Hall and the Finley War Memorial Hall and School of Arts Committees of Management have been revitalised. At the Finley Showgrounds and Sporting Complex the reintroduction of touch football and the continued growth of junior soccer drove the renewal of this Committee. Committee representatives from these sports have sought additional funding opportunities and worked hard at improving drainage and irrigation systems benefitting all users. The reactivation of the Tocumwal War Memorial Hall was driven by the

tragic loss of a long-standing volunteer: Jim Ball. The Council worked during the year with the Committee on a successful recruitment and induction program. The new committee, led by president Sergio Redegalli, is now working on ambitious restoration plans for the historic venue. And while the debate over the future of the Finley War Memorial Hall was at times divisive. It has been a catalyst for the various groups with an interest in the two venues to come together and develop a framework for future operations. Convened and facilitated by the Council a special general meeting appointed a new committee made up of user groups and general community representatives. The Council's new Committee members have been formally inducted and assistance provided with procurement, meeting procedure, bookkeeping, and work health and safety. The new Finley School of Arts and War Memorial Hall Committee is now up and running and ready for the major refurbishment works to be delivered in 2017/18.



Companion Animals

In the past 12 months the Council has used social media to provide a new home for companion animals that otherwise may not have been rehoused. So successful has this program been that the Council has rehoused working dogs through Herd2Homes Dog Rescue and through the generosity of would be dog owners. Finding new homes has meant vetting prospective owners and ensuring that the animals are de-sexed, micro-chipped and registered. Pictured with is new family is Chase.



Tocumwal Skate Park




The 5th October, 2016 saw the official opening of the Tocumwal Skatepark located at Apex Park in Deniliquin Street, Tocumwal. Consultation with users and the youth of Tocumwal, informed a great design. The Mayor, Matthew Hannan











performed the official opening which was supported by a Skate Demo and Coaching Workshop by the YMCA. More than 50 local skating enthusiasts participated in the day which included a BBQ lunch provided by Tocumwal Lions. The park is now hosts a round of the Loddon Mallee Hume Skate Park League.


Supported and engaged communities

3.1 Create safe, friendly and accessible communities






| DP Action Code | DP Strategic Objective | Action Code | OP Action | Responsibility | What will be the result? | Status | Comment |
|----------------|---|-------------|--|---|---|---|---|
| 3.1.1 | Build communities that are home to more families and young people | 3.1.1.1 | Support and promote the healthy development and wellbeing of children and young people | Director Corporate Services | Local projects and programs are established to support and promote the healthy development and wellbeing of children and young people |  | Working to find new ECIS service provider. Delivered careers expo at Finley High School. Library school holiday program deliverables. |
| 3.1.1 | Build communities that are home to more families and young people | 3.1.1.2 | Deliver on behalf of the funder Shire based Early Childhood Intervention Services | Director Corporate Services | Delivery of Early Childhood Intervention Services in Berrigan Shire and the ex Jerilderie and Urana LGAs |  | Expression of Interest in the future service delivery were sought |
| 3.1.1 | Build communities that are home to more families and young people | 3.1.1.3 | Coordinate in partnership with Early Childhood Service providers the development of an Annual School readiness Expo in each town | Strategic and Social Planning Coordinator | Increased awareness of community resources - early years transition to school |  | Deferred - may be rescheduled for late June 2017 |


| DP Action Code | DP Strategic Objective | Action Code | OP Action | Responsibility | What will be the result? | Status | Comment |
|----------------|---|-------------|---|---|---|---|---|
| 3.1.2 | Facilitate all age healthy lifestyles and ageing in place | 3.1.2.1 | Review the Liveability and Healthy Ageing Strategy | Strategic and Social Planning Coordinator | Council facilities and services support all residents including aging and disabled residents health, mobility and their economic / social participation in community life |  | Partnered with Intereach Ability Links in the marketing and conduct of focus groups held to update the Liveability and Ageing Strategy Healthy Ageing and Disability Inclusion Plan adopted by the Council 21 June 2017 An accessible version was also developed and is available on the Council's website. |
| 3.1.2 | Facilitate all age healthy lifestyles and ageing in place | 3.1.2.3 | Provide recreation facilities which support active lifestyle and ageing place | Director Corporate Services | Council recreation facilities support active lifestyle and ageing place |  | Council continuing to provide high quality recreation facilities in all communities. |
| 3.1.2 | Facilitate all age healthy lifestyles and ageing in place | 3.1.2.4 | Develop Disability Action Plan and Strategy | Strategic and Social Planning Coordinator | Disabled residents / visitors their carers and families experience improved access to a range of Council and community facilities, events and services |  | Disability Action Plan developed see Comments 3.1.2.1 |
| 3.1.3 | Strengthen the inclusiveness and accessibility of our community | 3.1.3.1 | Promote the social and economic wellbeing of Shire residents through social planning and community development activities | Strategic and Social Planning Coordinator | Annual program of social planning and community development activities implemented |  | Street Art project at Finley Swim Centre completed as part of Youth Week. Mens Health Week health promotion campaign with local football clubs raised awareness about Prostate Health for Men - Blue Round held 24 June 2017 involving the Berrigan, Barooga and Finley Football Clubs |

| DP Action Code | DP Strategic Objective | Action Code | OP Action | Responsibility | What will be the result? | Status | Comment |
|----------------|--|-------------|--|-----------------------------|---|---|--|
| 3.1.4 | Coordinate and facilitate the delivery of potable water, public health and safety services | 3.1.4.1 | Ensure potable water and sewer network is safe and functional | Environmental Engineer | Safe potable water for human consumption and health Water and Sewer networks are managed to maximise operational functions |  | <p>Staffs have been diligent to ensure the provision of safe potable water by ensuring Critical Control Points (CCP's) set as part of the water treatment process steps are monitored in real time and exceedances acted upon in a timely manner.</p> <p>These actions ensure that water treated for human consumption meets the Australian Drinking Water Guidelines.</p> |
| 3.1.4 | Coordinate and facilitate the delivery of potable water, public health and safety services | 3.1.4.2 | Monitor, control and report upon environmental contaminants and public health hazards - water, fire, refuse, buildings and air | Development Manager | Safer and healthier communities |  | <p>Contractors have undertaken Closed Circuit Television (CCTV) inspections of existing sewer networks in Berrigan and Finley as part of the ongoing appraisal of asset conditions. The survey of 1,000m of sewer mains in each town has allowed staff to identify sewers that require additional maintenance or rehabilitation. The survey rated the serviceability and structural integrity of sewers according to asset management standards.</p> |
| 3.1.4 | Coordinate and facilitate the delivery of potable water, public health and safety services | 3.1.4.3 | Coordinate and facilitate local emergency management committee | Director Technical Services | Committee coordinated and facilitated |  | <p>Committee meetings facilitated and supported</p> |
| 3.1.4 | Coordinate and facilitate the delivery of potable water, public health and safety services | 3.1.4.4 | Develop and maintain local cemeteries and associated infrastructure | Director Corporate Services | Cemeteries progressively developed to meet demand. Routine maintenance conducted |  | <p>Operation of cemeteries ongoing. Review of Cemetery policy scheduled for 2017/18 Council committed to installing toilets at Finley and Barooga cemeteries in 2017/18 and Berrigan and Tocumwal in 2018/19</p> |

| DP Action Code | DP Strategic Objective | Action Code | OP Action | Responsibility | What will be the result? | Status | Comment |
|----------------|--|-------------|--|---------------------|--|---|--|
| 3.1.4 | Coordinate and facilitate the delivery of potable water, public health and safety services | 3.1.4.5 | Control and promote responsible ownership of companion animals | Development Manager | Negative impacts & disturbance caused by companion animals reduced |  | The past 12 months has seen, due to social media, a significant increase in the number of companion animals successfully rehoused. |






3.2 Support community engagement through life-long learning, culture and recreation

| DP Action Code | DP Strategic Objective | Action Code | OP Action | Responsibility | What will be the result? | Status | Comment |
|----------------|--|-------------|--|---|---|---|---|
| 3.2.1 | Provide opportunities for life-long learning, cultural expression and recreation | 3.2.1.1 | Coordinate and deliver local library services in accordance with Library Services Strategic Plan 2014 - 2018 | Library Manager | A Library Service meeting the needs of its community |  | Additional floor space at Tocumwal has been investigated and a draft completed, including approximate costings. Jun 2017 Community Survey distributed to schools and groups requesting feedback of community support for Toc Library extension. |
| 3.2.1 | Provide opportunities for life-long learning, cultural expression and recreation | 3.2.1.2 | Strengthen community engagement and participation in Council activities | Strategic and Social Planning Coordinator | Increased resident engagement in Council activities |  | Engagement activities included working with the Landscape Consultants, Berrigan District Development Association and Barooga Advancement Group supported by Social media posts. |
| 3.2.1 | Provide opportunities for life-long learning, cultural expression and recreation | 3.2.1.2.2 | Implement Council Volunteer Strategy and Action Plan 2012 - 2016 | Director Corporate Services | Volunteers engaged and retained |  | Reprioritised at the Corporate Workshop – work has continued with Finley Second-hand Shop re: Incorporation of this Council Committee |
| 3.2.1 | Provide opportunities for life-long learning, cultural expression and recreation | 3.2.1.2.3 | Lead strategic management of recreation and open space assets and facilities | Director Corporate Services | Strategic management of recreation and open space assets and facilities |  | Management Committees funded and supported to identify funding opportunities |
| 3.2.1 | Provide opportunities for life-long learning, cultural expression and recreation | 3.2.1.3 | Financially contribute to and support South West Arts programs and activities | Director Corporate Services | South West Arts delivery of Shire based Arts program/s and activities |  | SWA funded. Threads of our Communities major exhibition. OTYP projects also supported during the year |

| DP Action Code | DP Strategic Objective | Action Code | OP Action | Responsibility | What will be the result? | Status | Comment |
|----------------|--|-------------|--|---|---|---|---|
| 3.2.2 | Facilitate and partner with local communities in the development of township plans | 3.2.2.1 | Coordinate and align community projects and activities with township plans | Strategic and Social Planning Coordinator | Increased resident engagement in town plan development and implementation |  | Liaison with Berrigan Tidy Towns re: the support it required led to the development of by the Council of a Community Garden Policy. |

Supported and engaged communities

Operational Plan 2016/17 report

| Completed | On target | Not on target | Past Due | Deferred / Not due to start | Total |
|---|---|---|---|---|-------|
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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 Invest in local job creation, retention and innovation

4.2 Strong and diverse economy

4.3 Diversify and promote local tourism

4.4 Connect local, regional and national road, rail and aviation infrastructure

Our traffic light review of Operational Plan 2016/17 actions describes whether Council in the past 12 months has *done what it said it would do and if not Officer comments provide guidance on why not?*

Highlights

Aerodrome Subdivision



The Council holds a significant investment in the Tocumwal Aerodrome assets. Despite this investment, the aerodrome has, historically, been under used and has returned little economic activity to the wider community. The Council considered the future strategic direction for the aerodrome and concluded that either the aerodrome needed to be reduced in scale or the economic return needed to increase dramatically. The Council adopted the path of increasing economic activity and has pursued this by creating additional landholdings for purchase by new users. The Council previously developed 16 freehold lots in two stages. Given the success

of these past sales the Council elected to provide a further 12 lots for sale. Initial project estimates indicated that the development costs may exceed the market price and the Council sought financial assistance from the Commonwealth government through its “Building Better Regions” grant program. The Council was successful in securing approximately \$375,000 towards the project costs and proceeded with the subdivision of the additional lots. The lots are now available for purchase and the Council hopes, that like previous stages, this stage can be quickly converted to new users and increased economic activity.

Back to Business Week

The NSW State Government sponsored Back to Business Week in all Local Government Areas at the end of February 2017. The initiative sought to bring local business communities together for networking and or training events.

The Berrigan Shire Council held a business breakfast at the Tocumwal Football Club Rooms with Guest Speaker Marcus West. Marcus is a media trainer and communication skills coach who has worked with identities such as Jennifer Hawkins, Tony Abbott and John Aloisis. Marcus spoke of the importance of being able to describe your business in an “elevator pitch”: succinctly but with colour and interest – Tight, Right and Bright.

Attended by 45 local business operators from throughout the Shire, those who attended enjoyed some good networking over a delicious cooked breakfast prepared by local business: Prestige catering.



Berrigan Shire Bush Bursary

Student visit

The Bush Bursary program is funded by individual NSW rural Councils, including Berrigan Shire, and the County Women's Association (CWA)



Scholarships provide selected medical students in NSW/ACT with \$3,000 each to assist with study costs. Both programs are jointly administered by NSW Rural Doctors Network and are very competitive. Applicants must demonstrate:




- An interest in rural practice and lifestyle;
- An understanding of the realities of rural medical practice; and
- The motivation to undertake a placement in a rural area as part of the scheme.

Successful students must spend two weeks on a rural placement in country NSW during university holidays as part of their commitment. The placement combines the enjoyable aspects of country life and a career in rural medicine, with the Berrigan Shire hosting last January both a Bush Bursary student and a student sponsored by the CWA.




Emily Murray was the Berrigan Shire's Bush Bursary Student for 2016, having completed first year of a post-graduate medical degree at the University of Notre Dame. Johnny Fang, a first year post-graduate medical student at the Australian National University, was sponsored by the CWA. Emily and Johnny are photographed with Berrigan Pharmacist Kim Collins with whom they spent a morning. Other practitioners they visited included Finley Medical Centre, Berrigan Medical Centre, Finley and Berrigan Hospitals, Finley Regional Care, Amaroo Aged Care, Finley Veterinary Clinic, Ambulance NSW and a dinner hosted by the Berrigan CWA.



Diverse and resilient business

4.1 Invest in local job creation, retention and innovation






| DP Action Code | DP Strategic Objective | Action Code | OP Action | Responsibility | What will be the result? | Status | Comment |
|----------------|--|-------------|--|------------------------------|--|---|--|
| 4.1.1 | Identify opportunities for strategic investment and job creation | 4.1.1.1 | Support the development of Agriculture Industry | Economic Development Officer | Diverse and sustainable Agriculture Industry |  | Funding application prepared and submitted in September 2016 under the Fixing Country Truck Washes program has been successful. Notification received on the 12th June 2017 |
| 4.1.1 | Identify opportunities for strategic investment and job creation | 4.1.1.2 | Support collaborative planning, shared resourcing in local industry and promotion of business and development projects | Economic Development Officer | Council facilitation of industry networks / collaborative projects and shared resourcing |  | Collaborative planning with Edward River and Murrumbidgee Councils for a funding submission to the State program for Regional promotion |
| 4.1.1 | Identify opportunities for strategic investment and job creation | 4.1.1.3 | In conjunction with local business and employers develop an innovative industry and local skills retention and employment prospectus | Economic Development Officer | Industry groups, potential employers and local business have relevant information on industries and local skills |  | The 2017 Youth Futures Expo was held at the Finley Rec. Reserve on the 7th of June. 92 students attended - the largest number to do so in the past 4 years. Student feedback is yet to be analysed however initial feedback was of a well-received program with a focus on Tourism and Hospitality, Professional Sport and Agriculture. The new image library is complete with over 700 images that addressed the specific shot list |

4.2 Strengthen and diversify the local economy

| DP Action Code | DP Strategic Objective | Action Code | OP Action | Responsibility | What will be the result? | Status | Comment |
|----------------|--|-------------|--|------------------------------|---|---|---|
| 4.2.1 | Partner with government and industry to renew and promote the development of the Shire's economic assets | 4.2.1.1 | Review and develop new Berrigan Shire Economic Development Plan | Economic Development Officer | Economic Development Plan actions included in Annual Operational Plan |  | The 2017 - 2021 Economic Development Strategy is close to being complete and will be presented to Council at the August meeting. |
| 4.2.1 | Partner with government and industry to renew and promote the development of the Shire's economic assets | 4.2.1.2 | Develop and implement action plan to promote business opportunities, location advantages and competitiveness of Tocumwal Aerodrome and its industrial precinct | Economic Development Officer | Action Plan completed and prospectus developed |  | Phase 3 of the Airpark was released in late April. The response that was anticipated has not yet materialised and new photography is being sourced to give a better impression of the new infrastructure. Social Media posts reach at least 800 people each post and has reached over 2000. |
| 4.2.1 | Partner with government and industry to renew and promote the development of the Shire's economic assets | 4.2.1.3 | Lobby NSW Parks for investment in the enhancement of facilities and signage in and around National and Regional Parks | Economic Development Officer | Upgraded signage and facilities National Parks |  | |




| DP Action Code | DP Strategic Objective | Action Code | OP Action | Responsibility | What will be the result? | Status | Comment |
|----------------|--|-------------|---|------------------------------|--|---|--|
| 4.2.3 | Engage local business through regular meetings, electronic newsletter, and Council bulletin and media publications | 4.2.3.2 | Facilitate the effective operation of Chambers of Commerce, Tourism Associations and other business groups through the development and implementation of business plans | Economic Development Officer | Strategic approach to local jobs and business growth |  | Chamber President meeting held in April and Combined Chamber dinner planned for June cancelled due the hospitalisation of the guest speaker. |
| 4.2.3 | Engage local business through regular meetings, electronic newsletter, and Council bulletin and media publications | 4.2.3.3 | Host Business and Environment Awards during business week | Economic Development Officer | Local business is recognised by nominations and Award attendance |  | 2017 Business Awards cancelled on the 27th of March due to lack of interest from businesses and the community. 45 nominations were made but only 12 completed submissions over 11 categories were received. Council to review the awards at the April Committee meeting |


4.3 Diversify and promote local tourism

| DP Action Code | DP Strategic Objective | Action Code | OP Action | Responsibility | What will be the result? | Status | Comment |
|----------------|--|-------------|---|------------------------------|---|---|--|
| 4.3.1 | Implement the Berrigan Shire Visitor Events Plan | 4.3.1.1 | Develop and implement Council Event Funding Policy | Economic Development Officer | A strengthened plan for supporting events based on evidence from the review |  | No further funding applications have been approved in the 4th quarter however 2 sponsored events have been held |
| 4.3.1 | Implement the Berrigan Shire Visitor Events Plan | 4.3.1.2 | Provide support to event proponents and organisers. | Economic Development Officer | Increase in the number of successful events, proponents and organisers. Increased attendance local events |  | Marketing assistance given to the Mild to Wild Rod Run |
| 4.3.1 | Implement the Berrigan Shire Visitor Events Plan | 4.3.1.3 | Facilitate use of Tocumwal Aerodrome for aviation and other events | Director Technical Services | Maintain the Tocumwal Aerodrome Management Plan and approve events in compliance with same |  | Aerodrome available and used. All applications for events approved. The National and Victorian Aerobatic Championships were held at the aerodrome during the year. |
| 4.3.2 | Partner regional Tourism Boards | 4.3.2.1 | Maintain membership and benefit of regional tourism boards to increase local visitation and economic activity | Economic Development Officer | Regional and interstate marketing and promotion of Shire's tourism products and services |  | Support for the Murray Regional Tourism Board continues. Attended April Tourism Managers Forum |
| 4.3.2 | Partner regional Tourism Boards | 4.3.2.2 | Implement the Berrigan Shire Tourism Strategy and Action Plan 2014 - 2018 | Economic Development Officer | Stronger local tourism industry |  | The new Berrigan Shire Visitor Guide was published just in time for Easter 2017. Council provided a good deal of in-kind support for the guide including photography and the text. |

| DP Action Code | DP Strategic Objective | Action Code | OP Action | Responsibility | What will be the result? | Status | Comment |
|----------------|---------------------------------|-------------|--|------------------------------|---------------------------------|---|--|
| 4.3.2 | Partner regional Tourism Boards | 4.3.2.3 | Encourage and support local tourism body / operator activities which, foster and promote increased local tourism industry growth and development | Economic Development Officer | Stronger local tourism industry |  | The development of the new Visitor Guide was an effective collaboration between the towns of Berrigan Shire and the various businesses that identify as benefitting from tourism |






4.4 Connect local, regional and national road, rail and aviation infrastructure

| DP Action Code | DP Strategic Objective | Action Code | OP Action | Responsibility | What will be the result? | Status | Comment |
|----------------|--|-------------|---|------------------------------|--|---|---|
| 4.4.1 | Develop and promote Berrigan Shire regional transport and freight infrastructure | 4.4.1.1 | Continue development of the Tocumwal Intermodal precinct | Economic Development Officer | Improved access to Port of Melbourne and national freight hubs |  | Continue to support businesses within the precinct. Silo Rd upgrade completed |
| 4.4.1 | Develop and promote Berrigan Shire regional transport and freight infrastructure | 4.4.1.2 | Lobby for upgrade of rail facilities, associated with Tocumwal rail line incl. line to Shepparton and Melbourne Ports | Economic Development Officer | Increased use of Tocumwal inter-modal facility |  | In discussion with Kellys Grain on this issue on a regular basis over the past 3 months |
| 4.4.1 | Develop and promote Berrigan Shire regional transport and freight infrastructure | 4.4.1.3 | Participate actively in efforts to upgrade Newell Highway and Midland Murray Valley highways particularly the Shepparton bypass | Economic Development Officer | Increased use of Tocumwal inter-modal facility |  | |

| DP Action Code | DP Strategic Objective | Action Code | OP Action | Responsibility | What will be the result? | Status | Comment |
|----------------|--|-------------|--------------------------------|-----------------------------|---|---|---|
| 4.4.1 | Develop and promote Berrigan Shire regional transport and freight infrastructure | 4.4.1.4 | Operate the Tocumwal Aerodrome | Director Technical Services | Operated in accordance with CASA regulations and Tocumwal Aerodrome Management Plan. Maintained in accordance with Corporate and Community Facilities Asset Management Plan |  | Aerodrome maintained and operational Improvements carried out to runway lighting, pavements and 12 additional airside lots developed. |

Diverse and resilient business

Operational Plan 2016/17 progress report

| Completed | On target | Not on target | Past Due | Deferred / Not due to start | Total |
|---|---|---|---|---|-------|
|  |  |  |  |  | |
| 18 | 0 | 0 | 0 | 0 | 18 |

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STATUTORY REQUIREMENTS

Council's Annual Report is one of the key points of its accountability between Council and its community.

It is not a report to Government but a report to the community.

And, while this Report focuses on the implementation by Council of its Delivery Program and Operational Plan 2016/17 the information in the following section includes information that is prescribed by the Local Government (General) Regulation 2005.

This information is included in the regulations that govern Local Government in New South Wales because the Government believes that it is important for communities to build their understanding of how Council is performing.



Summary Annual Report 2016/17

| | |
|---|---|
| Reviews carried out by Council | 0 |
| Information made publicly available | 0 |
| Total Number of applications received | 7 |
| Number of Applications Refused Wholly | 0 |
| Other Public Interest considerations against disclosure – Individual rights, judicial processes and natural justice | 0 |
| Number of Applications Refused Partly | 0 |
| Timeliness – Decided within the statutory timeframe (20 days plus extensions) | 0 |
| Invalid Applications | 0 |

Table A: Number of applications by type of applicant and outcome*

| | Access granted in full | Access granted in part | Access refused in full | Information not held | Information already available | Refuse to deal with application | Refuse to confirm/deny whether information is held | Application withdrawn |
|---|------------------------|------------------------|------------------------|----------------------|-------------------------------|---------------------------------|--|-----------------------|
| Media | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Members of Parliament | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Private sector business | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Not for profit organizations or community | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Members of the public (application by legal representative) | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Members of the public (other) | 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

*More than one decision can be made in respect of a particular access application. If so, a recording must be made in relation to each such decision. This also applies to Table B.

| Table B: Number of applications by type of application and outcome | | | | | | | | |
|--|------------------------|------------------------|------------------------|----------------------|-------------------------------|---------------------------------|--|-----------------------|
| | Access granted in full | Access granted in part | Access refused in full | Information not held | Information already available | Refuse to deal with application | Refuse to confirm/deny whether information is held | Application withdrawn |
| Personal information applications* | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Access applications (other than personal information applications) | 6 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Access applications that are partly personal information applications and partly other | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

*A **personal information application** is an access application for personal information (as defined in clause 4 of Schedule 4 to the Act) about the applicant (the applicant being an individual).

| Table C: Invalid Applications | | |
|---|---------------------|------------|
| Reason for Invalidity | No. of Applications | % of Total |
| Application does not comply with formal requirements (Section 41 of the Act) | 0 | 0 |
| Application is for excluded information of the agency (Section 43 of the Act) | 0 | 0 |
| Applications contravenes restraint order (Section 110 of the Act) | 0 | 0 |
| Total number of invalid applications received | 0 | 0 |
| Invalid applications that subsequently became valid applications | 0 | 0 |

| Table I: Applications transferred to other agencies | | |
|---|---------------------|------------|
| Reason for transfer | No. of Applications | % of Total |
| Agency initiated transfers | 1 | 100 |
| Applicant initiated transfers | 0 | 0 |

Reporting Requirement Reference: *Government Information (Public Access) Act 2009* s 125 (1)
Government Information (Public Access) Regulation 2009 cl 7 Schedule 2

Privacy and Personal Information Protection Act 1998

Carers Recognition Act 2010

Privacy and Personal Information Protection Act 1988

The collection, use, storage and disclosure of personal information is governed by the Privacy and Personal Information Protection Act 1998 (PPIPA). The collection of personal information from Councillors, employees, volunteers, contractors, ratepayers and member of the public is needed for the effective delivery or a range of Council services.

Further information regarding PPIPA can be found on the Information and Privacy Commission Website.

Carers Recognition Act 2010

The Carers Recognition Act 2010 requires that Council as a funded Human Services Agency develop and implement a Carers Recognition Policy. In the past 12 months 24 staff have accessed carers leave: the average period of leave taken 3.5 days.

Reporting Requirement: *Carers Recognition Act s8 (2)*

| July 2016 – June 2017 | |
|--|---|
| Number of public officials who made PIDs | 1 |
| Number of PIDs received | 1 |
| Of PIDs received, number primarily about: | |
| Corrupt conduct | 1 |
| Maladministration | 0 |
| Serious and substantial waste | 0 |
| Government information contravention | 0 |
| Local government pecuniary interest contravention | 0 |
| Number of PIDs finalised | 0 |

Note: The number of PIDs finalised only refers to PIDs that have been received since 1 July 2016.

Additional Information

Councillor and Mayor Expenses

| Mayor and Councillor Fees | | | |
|---------------------------|-----------------|-----------------|----------------------|
| Councillor | \$ Amount | Mayor | Car Hire (Deduction) |
| M. Hannan | \$11,243 | \$20,525* | (\$12,151)* |
| D. Morris | \$11,243 | | |
| B. Curtin | \$11,243 | \$4,005* | (\$1,774)* |
| J. Bruce | \$12,184 | | |
| C. Jones | \$11,243 | | |
| D. Glanville | \$11,243 | | |
| J. Taylor | \$9,408* | | |
| R. Bodey | \$9,408* | | |
| A. O'Neill | \$1,835* | | |
| B. Hill | \$1,835* | | |
| Total | \$90,888 | \$24,530 | (\$13,925) |

*Council elections September 2016 - Councillors O'Neill and Hill did not stand

Councillors Bodey and Taylor were elected and Councillor Hannan replaced Councillor Curtin as the Mayor.



Councillor Facilities and Expenses

2016 – 2017

| | |
|--|---------------|
| FACILITIES | \$ |
| Office Equipment * | 5,899 |
| Telephone** | 3,299 |
| Meals & Refreshments at meetings convened by Council | 6,327 |
| Council Vehicles | 13,925 |
| FACILITIES TOTAL | 29,450 |
| EXPENSES | |
| Telephone - Calls | - |
| Conferences & Seminars | 4,957 |
| Training | 12,605 |
| Interstate Travel *** | 8,112 |
| Overseas Travel **** | - |
| Spouse/partner/accompanying person expenses | - |
| Carer or other related expenses | - |
| Legal expenses | - |
| Subscriptions | 1,312 |
| Insurance | 1,950 |
| Local Travel | 9,394 |
| Travel outside the LGA | 8,112 |
| Miscellaneous | 7,542 |
| EXPENSES TOTAL | 53,984 |
| TOTAL FACILITIES AND EXPENSES | 83,434 |

Reporting Requirement *Local Government (General) Regulation 2005* cl 217(1) (a) (a1)

* On the beginning of the new council term all councillors receive iPads

** The contracts for Councillors mobile phones include a call allowance. No Councillor exceeds this allowance

*** Given the Council's location on the Victorian border, the Council's Policy on the provision of facilities and payment of expenses for Councillors excludes trips to Victoria and the ACT from the definition of interstate.

**** Cr. Glanville travelled overseas to Taipei, Taiwan (July 2016) the City Delegate as part of the Berrigan Shire International Childrens Games Team. A Council Youth Development Committee Activity the airfares and costs of accompanying adults (City Delegate and Coaches) were covered by community Fund Raising and monies paid by Athletes. Accommodation, transport and meals for the City Delegate in Taiwan were the responsibility of the City of Taipei.

Senior Staff Remuneration

| Senior Staff Remuneration | |
|---|------------------|
| Number of senior staff | 1 |
| Package Component | \$ |
| Salary | 195,782 |
| Bonus or other payments (non-salary) | - |
| Superannuation (salary sacrifice and employer contribution) | 25,000 |
| Value non-cash benefits | 4,218 |
| Fringe benefits tax payable for no-cash benefits | \$5,753 |
| Total Value of Contract | \$230,753 |

Reporting Requirement *Local Government (General) Regulation 2005 cl 217(1)(b) – (c)*



Equal Employment Opportunity

In April, 2014, Council reviewed its Equal Employment Opportunity requirements under the *Local Government Act 1993, Ch. 11, Part 4*, and implemented changes that included:

- Separation and development of the Discrimination, Workplace Bullying and Harassment Policy, and the Equal Employment Opportunity Policy;
- Development of the Equal Employment Opportunity Management Plan.

The Equal Employment Opportunity Policy outlines Council's commitment to EEO practices, and responsibilities for ensuring our workplace is fair and free from discrimination.

The Equal Employment Management Plan (EEO Plan) has been designed to work in with the Berrigan Shire Council Workforce Development Plan, incorporating the provisions as outlined in the *Local Government Act 1993*, and states Council's objectives for achieving compliance and eliminating discrimination in the workplace.

The EEO Plan is a dynamic document outlining actions for Council which include:

- Ongoing policy review
- Distribution of information and awareness sessions relating to equal employment opportunity
- Ongoing position description review
- Succession planning, training opportunities and career progression for EEO target groups
- Collection of relevant EEO information

Reporting Requirement *Local Government (General) Regulation 2005 cl 217 (1)*

Committees of Management exercising functions delegated by Council

Australia Day Committee

Barooga Advancement Group

Barooga Community Botanical Gardens Committee

Barooga Recreation Reserve

Berrigan Conservation & Tidy Town

Berrigan Shire Heritage Committee

Berrigan Shire Youth Development Committee

Berrigan Sportsground Committee

Berrigan War Memorial Hall

Berrigan War Memorial Swimming Pool

Boomanoomana Landcare Committee

Finley Community Help Group

Finley Recreation Reserve Committee of Management

Finley Showground Sporting Complex Committee

Finley War Memorial Hall & School of Arts

Finley War Memorial Swimming Pool

Fullers Road Landcare

Mary Lawson Memorial Wayside Rest Committee

Native Dog Landcare Group

Retreat Public Hall

Tocumwal Foreshore

Tocumwal Friends of the Library Group

Tocumwal Historic Aerodrome Museum

Tocumwal Rail Preservation Committee

Tocumwal Recreation Reserve Committee

Tocumwal Swimming Pool Committee

Tocumwal War Memorial Hall

Reporting Requirement *Local Government (General) Regulation 2005 cl 217 (1) (a6)*

| Partnerships, Co-operatives or Other Joint Ventures | Role | Purpose |
|--|------------------------|---|
| StateCover Mutual | Member | General mutual-insurance pool |
| Statewide Mutual | Member | Workers compensation mutual-insurance pool |
| Riverina and Murray Regional Organisation of Councils (RAMROC) | Organisation Member | Local Government Service Coordination and regional advocacy |
| Local Government NSW | Organisation Member | Local Government Sector Peak Body: high level intergovernmental advocacy, procurement and strategic support |
| Central Murray County Council | Constituted Member | Control of noxious weeds Berrigan, Conargo, Deniliquin and Murray Shires |
| Murray Regional Tourism Board | Member | Regional tourism promotion and development |
| South West Arts | Member | Promotion and development of the Arts |
| Local Government Superannuation Scheme (LG Super) | Participating Employer | Complying superannuation scheme |

Reporting Requirement *Local Government (General) Regulation 2005 cl 217 (1) (a8)*

| | |
|--|-----|
| Summary Resolutions Section 67 – Works carried out on Private Land | Nil |
| Reporting Requirement <i>Local Government (General) Regulation 2005 cl 217 (1) (a4)</i> | |
| Statement of all corporations, partnerships, trusts, joint ventures, syndicates or other bodies in which council held a controlling interest | Nil |
| Reporting Requirement <i>Local Government (General) Regulation 2005 cl 217 (1) (a7)</i> | |

Section 356 Grants / Contributions

| Organisation | Purpose | \$ |
|----------------------------------|---|-----------|
| Junior Sport grants | Support for Local Athletes per Council Policy | 300.00 |
| Outstanding student awards | Annual Support for Local Schools | 150.00 |
| Berrigan Tennis Club | Donation - rates and charges | 2,110.11 |
| Barooga Sports Club | Donation - rates and charges - Fitness Centre | 6,256.05 |
| Cemetery honorariums | Maintenance and Operation of the cemeteries | 13,469.00 |
| Lions Club of Tocumwal | Skate Park Maintenance | 1,000.00 |
| Community Volunteers | Kids Fest Program | 400.00 |
| NSW Rural Doctors Network | Bush Bursary Program | 3,000.00 |
| Charles Sturt University | Accommodation Scholarship | 5,000.00 |
| Event funding program | As per Events Policy | 33,984.85 |
| Local Heritage Incentive Program | As per Council Policy | 4,815.55 |

Reporting Requirement *Local Government (General) Regulation 2005 cl 217(1) (a5)*

This summary includes the amount, costs and expenses paid or received by way of out of Court settlements, other than those the terms of which are not to be disclosed in addition to a summary of the status of each legal proceeding and the result (if finalized) for the 12-monthly period 1 July 2016 to 30 June 2017. The Council was not party to any legal proceedings during 2016/17.

Legal Proceedings

| Details of Legal Proceedings | Amount Incurred | Amount Recovered | State of Progress | Result |
|------------------------------|-----------------|------------------|-------------------|--------|
| NIL | - | - | - | NA |

Reporting Requirement Local Government (General) Regulation 2005 cl 217 (1) (a3)

The follow table is a summary of routine legal action taken for the collections of outstanding debt.

Debt Recovery (Outstanding Rates and Charges)

| | Number | \$ Cost |
|--------------------|------------|--------------------|
| Summons | 26 | \$8602.00 |
| Other Legal Action | 116 | \$29,182.92 |
| Total | 142 | \$37,784.92 |

Reporting Requirement Local Government (General) Regulation 2005 cl 217 (1) (a3)

| Rates and Charges Written Off | \$ |
|---|-------------------|
| Ordinary/General Rates / Interest | \$268.54 |
| Annual Water Charges / Interest | \$114.50 |
| Water Consumption Charges / Interest | \$197.76 |
| Annual Sewer / Pedestal Charges / Interest | \$107.41 |
| Garbage / Domestic Waste Charges / Interest | \$139.27 |
| Stormwater / Drainage Charges / Interest | \$287.55 |
| Interest / Legal & Other Charges | \$0 |
| Total | \$1,115.03 |

Reporting Requirement Local Government (General) Regulation 2005 cl 132

| NUMBER | |
|---|------------------------------------|
| Total Dogs Seized | 86 |
| Dogs returned to owner | 22 |
| Dogs impounded | 86 |
| Dogs released | 34 |
| Dogs Sold | 8 |
| Dogs Released to organisations to rehome | 6 |
| Dogs Euthanized – Unable to rehome | 38 |
| Cats impounded | 26 |
| Cats returned to owner | 1 |
| Cats sold | 2 |
| Cats euthanized – Unable to rehome | 23 |
| Penalty Infringement Notices Issued – COMP. ANIMALS | 22 |
| Penalty Infringement Notices Issued – LIVESTOCK | 8 |
| Reportable Dog Attacks | 4 |
| Dangerous Dog Declarations | 0 |
| Off-Leash Areas in the Shire: | 2 |
| OTHER ANIMAL MANAGEMENT ACTIVITIES | |
| Community Education Programs as required Council Bulletin | Info on Council Social Media & Web |
| De-sexed animals attract a reduced registration fee | Yes |
| EXPENSES 2016/17 | |
| | \$ |
| Companion Animal and Livestock Impounding – Staff Salaries | \$62,033 |
| Companion Animal and Livestock Impounding – Vehicle operating costs | \$15,600 |
| Companion Animal and Livestock Impounding – Telephone expenses | \$118 |
| Dog Food Expenses | \$368 |
| Government Registrations and levies | \$5,509 |
| Other Operating Expenses | \$1,583 |
| Capital Works Improvements to Pound Facility | - |
| REVENUE 2016/17 | |
| Companion Animal Registration Fee Reimbursement | \$17,413 |
| Penalty Notices – Fines Received | \$4,024 |

Reporting Requirement Clause 217(1) (f) of the NSW Local Government (General) Regulation 2005

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Council's *Asset Management Strategy 2017 – 2027* assists Council monitor the delivery of services from Council infrastructure including:

roads, bridges, footpaths, stormwater drainage, and flood protection levees; corporate and council community service facilities - parks , reserves, pools, libraries, halls and other council buildings; commercial facilities – caravan parks, sale yards, quarries and aerodrome; waste management, sewerage, water distribution and supply.

Council assets also include plant and Council business operations technology and systems.

As at 30 June 2017 Council's infrastructure assets have a replacement value \$328,908.

We use the *Asset Management Strategy* to show:

- How its asset portfolio will meet the service delivery needs of its community into the future,
- What Council's asset management policies are to be achieved, and to
- Ensure the integration of Council's asset management with Berrigan Shire 2027 our communities' and Council's long term strategic plan

Each year Council in its Annual Report provides a snapshot of its capital works program, the assessed value and condition of Council assets and contracts awarded by Council to build, maintain or plan new assets

STATE OF OUR ASSETS



Contracts – includes Contracts over \$150,000

| Name and address of Contractor | Contract description | Tendered amount (including GST) |
|---|---|---------------------------------|
| Stabilco Pty Ltd 26 Irwin Road, Benalla VIC 3672 | T03/14/15 Insitu Pavement Stabilisation for 3 years ending 30 th June 2017 | Schedule of Rates |
| Accurate Asphalt & Road Repair 66 Kalaroo Road, Redhead NSW 2290 | V01/16/17- 1 Annual Plant Hire Rates for 2016/2017 Year | Schedule of Rates |
| Andrew Goldman Excavations 1843 Murray Valley Highway, Burramine VIC 36730 | V01/16/17- 2 Annual Plant Hire Rates for 2016/2017 Year | Schedule of Rates |
| Aqua Assets Pty Ltd 27-31 Teralba Road, Broadmeadow NSW 2292 | V01/16/17- 3 Annual Plant Hire Rates for 2016/2017 Year | Schedule of Rates |
| Berrigan Water Cartage 66 Barooga Street, Berrigan NSW 2712 | V01/16/17- 4 Annual Plant Hire Rates for 2016/2017 Year | Schedule of Rates |
| Coates Hire PO Box 347, Mascott NSW 2020 | V01/16/17- 5 Annual Plant Hire Rates for 2016/2017 Year | Schedule of Rates |
| Earth Plant Hire Pty Limited 4090 Golden Highway, Elong Elong NSW 2831 | V01/16/17- 6 Annual Plant Hire Rates for 2016/2017 Year | Schedule of Rates |
| Fenhill Pty Ltd 36 Dean Street, Tocumwal NSW 2714 | V01/16/17- 7 Annual Plant Hire Rates for 2016/2017 Year | Schedule of Rates |
| Foxy's Backhoe Service 26-40 Bruncker Street, Berrigan NSW 2712 | V01/16/17- 8 Annual Plant Hire Rates for 2016/2017 Year | Schedule of Rates |
| JB Nolen & DM Moylan 117 Jerilderie Street, Berrigan NSW 2712 | V01/16/17- 9 Annual Plant Hire Rates for 2016/2017 Year | Schedule of Rates |
| Judd & Sons Pty Ltd 84 Benalla Road, Yarrawonga VIC 3730 | V01/16/17- 10 Annual Plant Hire Rates for 2016/2017 Year | Schedule of Rates |
| Kennards Hire Pty Ltd Building 1 Unit 1, 22 Powers Road Seven Hills NSW 2147 | V01/16/17- 11 Annual Plant Hire Rates for 2016/2017 Year | Schedule of Rates |
| Luxton Plant Pty Ltd 5 Advantage Drive Dandenong South VIC 3175 | V01/16/17- 12 Annual Plant Hire Rates for 2016/2017 Year | Schedule of Rates |
| Miller Pipe & Civil Pty Ltd 4 Park Court, Cobram VIC 3644 | V01/16/17- 13 Annual Plant Hire Rates for 2016/2017 Year | Schedule of Rates |
| Necam Pty Ltd 199 Jerilderie Street, Berrigan NSW 2712 | V01/16/17- 14 Annual Plant Hire Rates for 2016/2017 Year | Schedule of Rates |
| O'Loughlin Excavations 774 Campbell Road Muckatah VIC 3644 | V01/16/17- 15 Annual Plant Hire Rates for 2016/2017 Year | Schedule of Rates |
| Pascoe Grading & Earthmoving Contractors Pty Ltd 11 Harley Court, | V01/16/17- 16 Annual Plant Hire Rates for 2016/2017 Year | Schedule of Rates |

Contracts – includes Contracts over \$150,000

| Name and address of Contractor | Contract description | Tendered amount (including GST) |
|---|---|---------------------------------|
| Finley NSW 2713 | | |
| Pearse Earthmoving 907 Goulburn Valley Highway, Congupna VIC 3633 | V01/16/17- 17 Annual Plant Hire Rates for 2016/2017 Year | Schedule of Rates |
| Porter Excavation Pty Ltd 5110 Colac Road, Cambrian Hill VIC 3352 | V01/16/17- 18 Annual Plant Hire Rates for 2016/2017 Year | Schedule of Rates |
| Riverina Earthworks Pty Ltd 7 Wakool Road, Deniliquin NSW 2710 | V01/16/17- 20 Annual Plant Hire Rates for 2016/2017 Year | Schedule of Rates |
| RM Wood Contract Cartage 40 William Street, Berrigan NSW 2712 | V01/16/17- 21 Annual Plant Hire Rates for 2016/2017 Year | Schedule of Rates |
| RobEx Civil 25 Sunrise Court, Cobram VIC 3644 | V01/16/17- 22 Annual Plant Hire Rates for 2016/2017 Year | Schedule of Rates |
| Rollers Australia PO Box 323 Double Bay NSW 1360 | V01/16/17- 23 Annual Plant Hire Rates for 2016/2017 Year | Schedule of Rates |
| RSP Environmental Services PO Box 5074 Sandhurst East VIC 3550 | V01/16/17- 24 Annual Plant Hire Rates for 2016/2017 Year | Schedule of Rates |
| SE & ST Little Pty Ltd 29 Plane Street, Shepparton VIC 3630 | V01/16/17- 25 Annual Plant Hire Rates for 2016/2017 Year | Schedule of Rates |
| Sharpe Bros 7 Gibbens Road, West Gosford NSW 2550 | V01/16/17- 26 Annual Plant Hire Rates for 2016/2017 Year | Schedule of Rates |
| Sherrin Rentals Pty Ltd 3 Lace Street, Doveton VIC 3177 | V01/16/17- 27 Annual Plant Hire Rates for 2016/2017 Year | Schedule of Rates |
| Stabilco Pty Ltd 26 Irwin Road, Benalla VIC 3672 | V01/16/17- 28 Annual Plant Hire Rates for 2016/2017 Year | Schedule of Rates |
| Stabilised Pavements of Australia Pty Ltd 234 Wisemans Ferry Road, Somersby NSW 2250 | V01/16/17- 29 Annual Plant Hire Rates for 2016/2017 Year | Schedule of Rates |
| Stephen Haynes Pty Ltd 7 Finley Street Tocumwal NSW 2714 | V01/16/17- 30 Annual Plant Hire Rates for 2016/2017 Year | Schedule of Rates |
| Toxfree 50 Lemnos Road Shepparton VIC 3632 | V01/16/17- 31 Annual Plant Hire Rates for 2016/2017 Year | Schedule of Rates |
| Tribuzi Transport and Plant Hire Pty Ltd 26 Waverley Road Berrigan NSW 2712 | V01/16/17- 32 Annual Plant Hire Rates for 2016/2017 Year | Schedule of Rates |
| Andrew Goldman Excavations PO Box 428, Cobram Vic 3644 | V02/16/17 - 2 Supply of Quarry Products for 2016/2017 Year | Schedule of Rates |

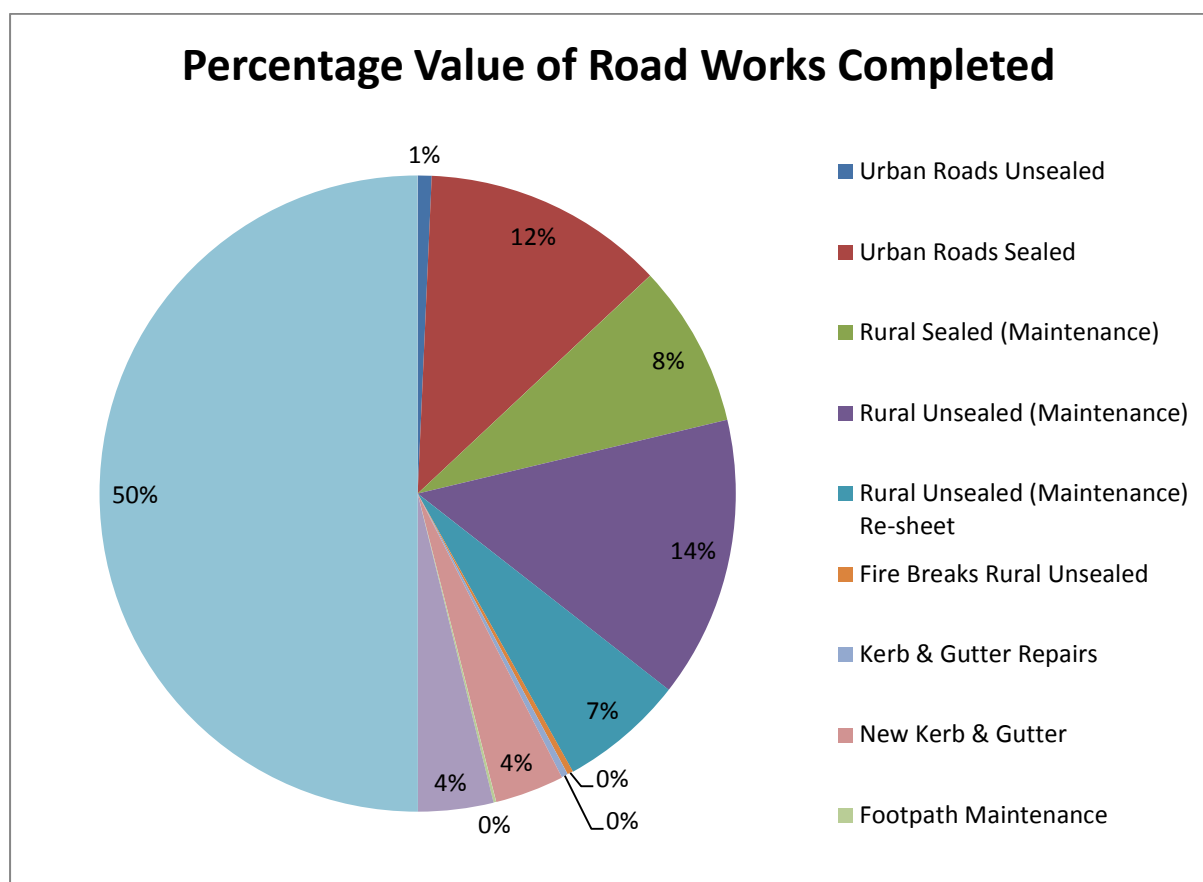
Contracts – includes Contracts over \$150,000

| Name and address of Contractor | Contract description | Tendered amount (including GST) |
|---|---|---------------------------------|
| Judd & Sons Pty Ltd 84 Benalla Road, Yarrawonga VIC 3730 | V02/16/17 - 3 Supply of Quarry Products for 2016/2017 Year | Schedule of Rates |
| Lawrence Brothers Lawrence Road, Tungamah VIC 3728 | V02/16/17 - 4 Supply of Quarry Products for 2016/2017 Year | Schedule of Rates |
| E.B Mawson & Sons Pty Ltd 141 King George Street, Cohuna VIC 3568 | V02/16/17 - 5 Supply of Quarry Products for 2016/2017 Year | Schedule of Rates |
| Stephen Haynes Pty Ltd 7 Finley Street, Tocumwal NSW 2714 | V02/16/17 - 6 Supply of Quarry Products for 2016/2017 Year | Schedule of Rates |
| Country Cleaning Company Berrigan Caravan Park 104-120 Jerilderie Street, Berrigan NSW 2712 | V03/16/18 Office Cleaning Contract | \$3,994.50 per month |
| Downer Infrastructure Services Lot 1 Driscoll Road Narrandera NSW 2700 | V04/16/17 Supply, Delivery and Spraying of Bulk Cut-Back Bitumen | Schedule of Rates |
| Fenhill Pty Ltd 36 Dean Street, Tocumwal NSW 2714 | T01/16/17 Tocumwal Aerodrome Subdivision Construction | \$499,381.47 |
| Andrew Goldman Excavations 1843 Murray Valley Highway, Burramine VIC 3644 | T02/16/17 Yarrawonga Road Realignment | \$240,411.80 |
| Fenhill Pty Ltd 36 Dean Street, Tocumwal NSW 2714 | T03/16/17 Lewis Crescent Subdivision Extension | |
| Andrew Goldman Excavations 1843 Murray Valley Highway, Burramine VIC 3644 | T10/16/17 Lower River Road Causeway Construction | \$333,492.50 |

Reporting Requirement *Local Government (General) Regulation 2005 cl 217 (1) (a2)*

Council in the past year has continued its commitment to maintain our road and footpath network to a high standard

| Value of Road Works Completed | \$ |
|---------------------------------------|--------------------|
| Urban Roads Unsealed | 40,639 |
| Urban Roads Sealed | 708,100 |
| Rural Sealed (Maintenance) | 474,831 |
| Rural Unsealed (Maintenance) | 821,550 |
| Rural Unsealed (Maintenance) Re-sheet | 364,020 |
| Fire Breaks Rural Unsealed | 17,144 |
| Kerb & Gutter Repairs | 18,950 |
| New Kerb & Gutter | 202,095 |
| Footpath Maintenance | 7,826 |
| New Footpath | 220,364 |
| Total | \$2,875,519 |



Water and Sewer

There were, no major capital items completed in the 16/17 financial year although there were a number of significant smaller asset renewal projects as follows:

| Water Services Asset Renewals | | \$ |
|---|--|-----------------|
| Tocumwal Mains | | 86,250 |
| Value of Water Asset Renewal Works | | \$86,250 |

| Sewer Services Asset Renewal Projects | | \$ |
|--|--|------------------|
| Berrigan Sewer Treatment Plant | | 14,550 |
| Tocumwal Pump Station Upgrade | | 288,000 |
| Barooga Sewer Mains | | 19,000 |
| Berrigan Sewer Mains | | 17,500 |
| Tocumwal Sewer Mains | | 186,850 |
| Value of Sewer Asset Renewal Works | | \$525,900 |

Council operates two business units – its water supply service and its sewer service. Each service is required to raise sufficient funds from its own activities to fund its operations. The water supply service has increased its operating surplus with the \$646,000 2016/17 result due to continued increase in water consumption revenue and temporary transfer of high security water. Council's sewer service is returning an operating surplus of \$ 36,000 its fifth surplus after five years of operating at a deficit.

Stormwater Management Plan – Statement of Works 2016 – 2017

Council took out a \$1.63 million (LIRS) *Local Infrastructure Scheme Loan in 2014/15 to accelerate its Storm Water Capital Works Program.*

| Major Stormwater Works Completed | \$ |
|----------------------------------|--------------------|
| Stormwater Works - Finley | 205,100 |
| Stormwater Works - Tocumwal | 515,400 |
| Stormwater Works – Berrigan | 644,000 |
| Value of Works undertaken | \$1,364,500 |

Reporting Requirement *Local Government (General) Regulation 2005 cl 217 (1) (e)*

This acceleration of works is in response to the need for increased protection is needed post the 2012 Floods and that capital investment (using borrowings) in our storm water infrastructure is warranted.

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FINANCIAL MANAGEMENT

After Capital Grants and Contributions the Berrigan Shire Council generated a small surplus for the 2016/17 financial year.

This report provides a brief overview of Council's revenue and expenditure. More detailed information is included in council's audited financial statements which are the final part of this report

Financial Performance

| | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/2017 |
|--|----------------|-------------------------|----------------|-----------------|------------------------|
| Revenue | \$19.0 m | \$18.9 m | \$20.5 m | \$23.9 m | \$25.9 |
| Expenditure | \$18.8 m | \$18.7 m | \$18.0 m | \$18.0 m | \$18.5 |
| Surplus | \$0.2 m | 0.2m | \$2.5 m | \$ 5.9 m | \$ 7.4 m |
| Surplus before Capital grants & Contributions | \$(0.4)m | \$(1.5)m ⁽¹⁾ | \$1.5 m | \$3.3 m | \$5.5 m ⁽²⁾ |

Notes: Financial Assistance Grants (FAG) Timing of payments

Note 1: 2013/14 Payments in advance ceased

Note 2: 2016/17 Payments in advance recommenced (\$ 2.2m)

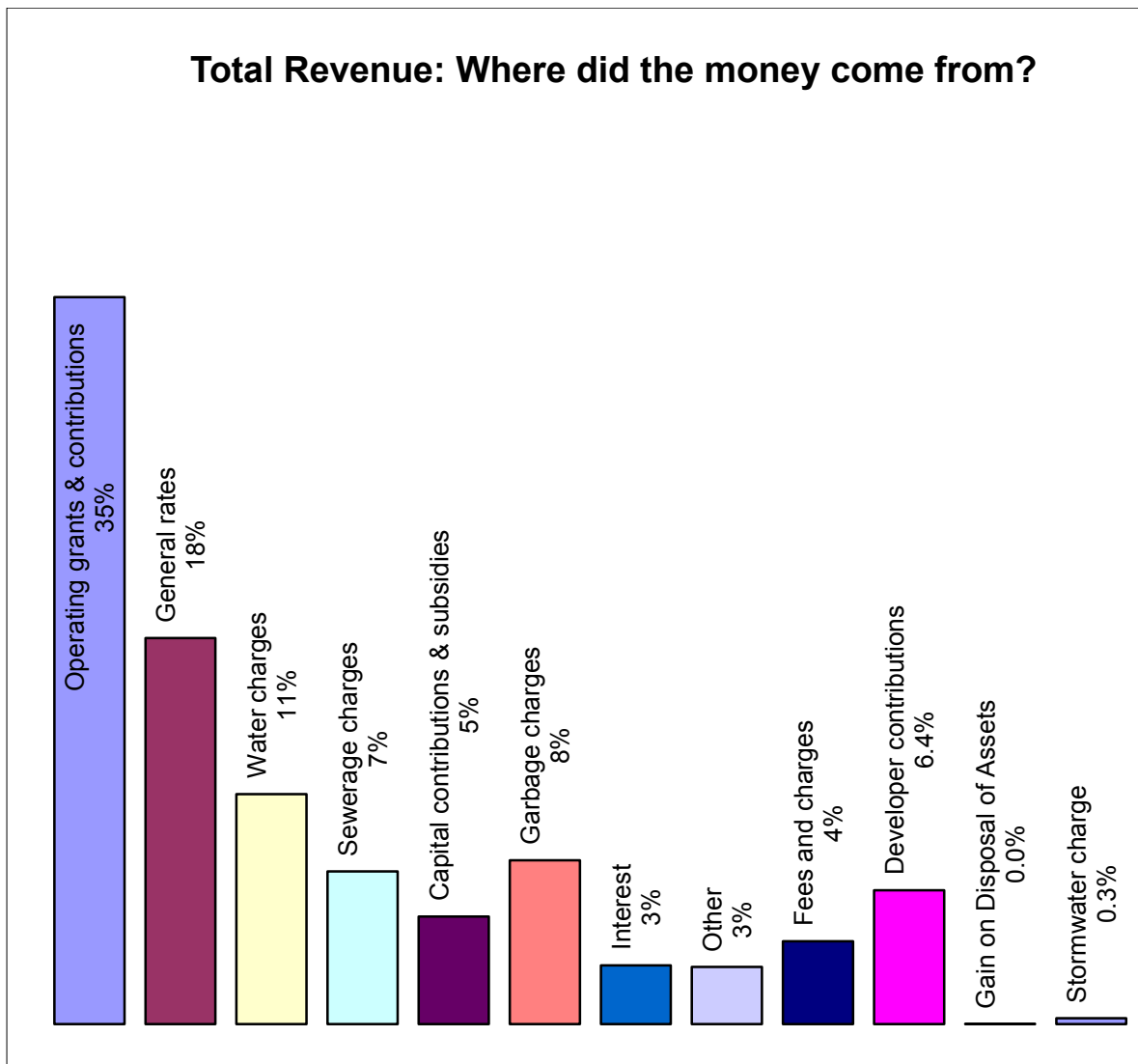


Revenue

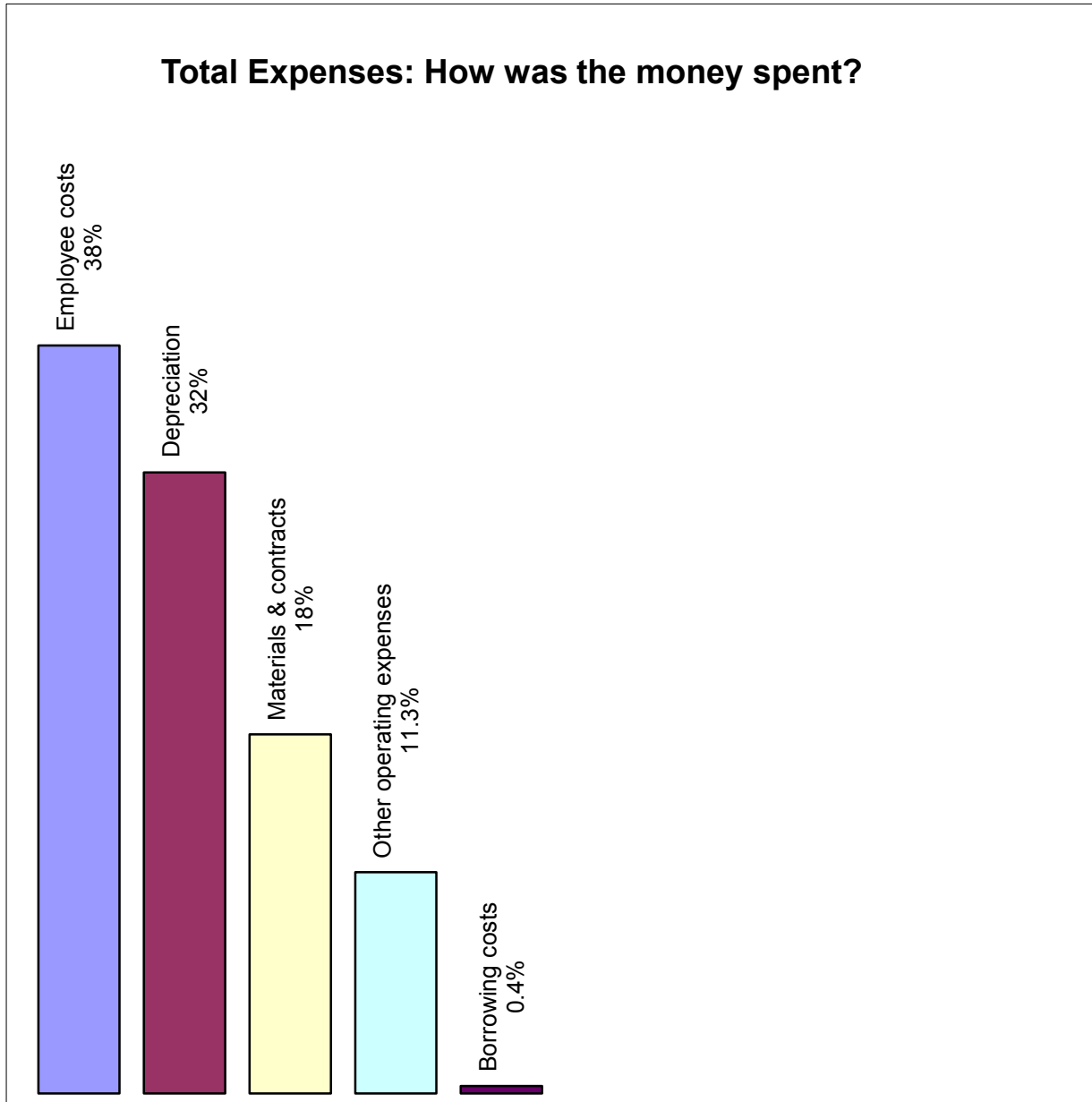
Where did the money come from?

Ordinary rates provide 18% of the Council's revenue, with the total of all rates and charges contributing to 47% of total consolidated revenues.

The balance is made up of user charges, government grants, interest and developer contributions. After council rates, charges and interest (47%) operating grants (including an advance payment of the FAG) and contributions (35%) are the next most important source of revenue.



Expenses – How was the money spent?



Balance Sheet

Council's balance sheet describes what it owns and owes to relevant stakeholders which, when taken together determines the net wealth of the community.

The increase in the Council's net asset (equity) position is due to Council's operating surplus of \$7.4m plus the revaluation of pre-existing assets \$6.0m. Most of the Council's assets are roads and associated infrastructure.

| | 2011/13 | 2013/14 | 2014/15* | 2015/16 | 2016/17 |
|----------------|-----------|-----------|-----------|-----------|-----------|
| Assets | \$204.0 m | \$205.0m | \$237.2 m | \$241.2 | \$254.2 |
| Less Liability | \$4.1 m | \$4.1 m | \$6.1 m | \$5.5 m | \$5.1 m |
| Equity | \$199.9 m | \$200.9 m | \$231.1 m | \$235.7 m | \$249.1 m |

* To account for revaluation of assets 2014/15 restated from previous report

Assets & Liabilities

| ASSET | % |
|---|-----|
| Infrastructure, Property, Plant and Equipment | 88 |
| Investments | 9 |
| Cash and Cash equivalents | 2 |
| Receivables | 0.7 |
| Inventories | .02 |
| Other | 0 |

Cash assets include the Council's bank deposits, term deposits, managed funds and other cash holdings held for future use.

Receivables are the funds owed to the Council by other parties, including ratepayers, government departments and other organisations.

Inventories include the goods held by the Council for use in its operations such as gravel, pipes and the like as well as developed land held for sale.

| LIABILITIES | % |
|--------------------------|----|
| Provisions | 60 |
| Payables | 11 |
| Borrowings | 26 |
| Income in Advance | 3 |

Provisions cover the amounts put aside by the Council for future commitments such as employee entitlements (annual leave, etc.) and remediation of the Council's tips and quarries. **Payables** are amounts that the Council owes other parties and including government departments and suppliers. It also accounts for rates and charges paid in advance. **Borrowings** include those amounts borrowed by the Council to fund investments in community assets. **Income in Advance** is prepayments on rates yet to be levied.

Council's Liquidity, Cash and Investments

Liquidity ratios are used to assess the adequacy of working capital and the Council's ability to satisfy its obligations in the short term. The liquidity ratios indicate that the Council has the ability to pay its debts as and when they fall due. The stability of the ratios indicates the strength of Council's position and are consistent with the strong liquidity position of prior years. A 1-1 or better ratio tells us that Council has sufficient funds to meet its commitments and maintain cash flow.

| | 2013 | 2014 | 2015 | 2016 | 2017 |
|---------------------------------------|----------|----------|----------|----------|------------------------|
| Liquidity Ratio | 3.45 | 4.04 | 4.19 | 7.05 | 8.08 |
| Cash & Investment Balances | \$17.8 m | \$16.3 m | \$21.3 m | \$23.7 m | \$28.7m ⁽¹⁾ |

Note 1: Includes \$2.2 m advance payment of Financial Assistance Grant

Council's Debt Strategy

Council actively manages its level of debt and limits the use of loan funds. Council borrows funds when it sees a financial return on the asset e.g.: water supply, sewerage and property development. The following table describes Council's ongoing commitment to its debt strategy and the continuation of its capital works program and associated expenditure.

Council took out a loan in 2014/15 - \$1.63m to fund essential stormwater drainage works in Berrigan, Finley and Tocumwal. The interest on this loan is part subsidised by the NSW Government under the Local Infrastructure Renewal Scheme (LIRS).

| | 2013 | 2014 | 2015 | 2016 | 2017 |
|-------------------------------------|-------|-------|--------|----------|-----------------|
| Debt (\$ mil) | 0.4 | 0.4 | \$1.8 | \$1.8 | \$1.3 |
| Capital Expenditure (\$ mil) | 5.452 | 6.8 | \$7.3 | \$7.4 | \$7.6 |
| Debt per Capita \$ | 55.78 | 42.32 | 215.53 | \$184.17 | \$151.31 |
| % of Assets funded by Debt | 0.2% | 0.2% | 0.8% | 0.7% | 0.6% |

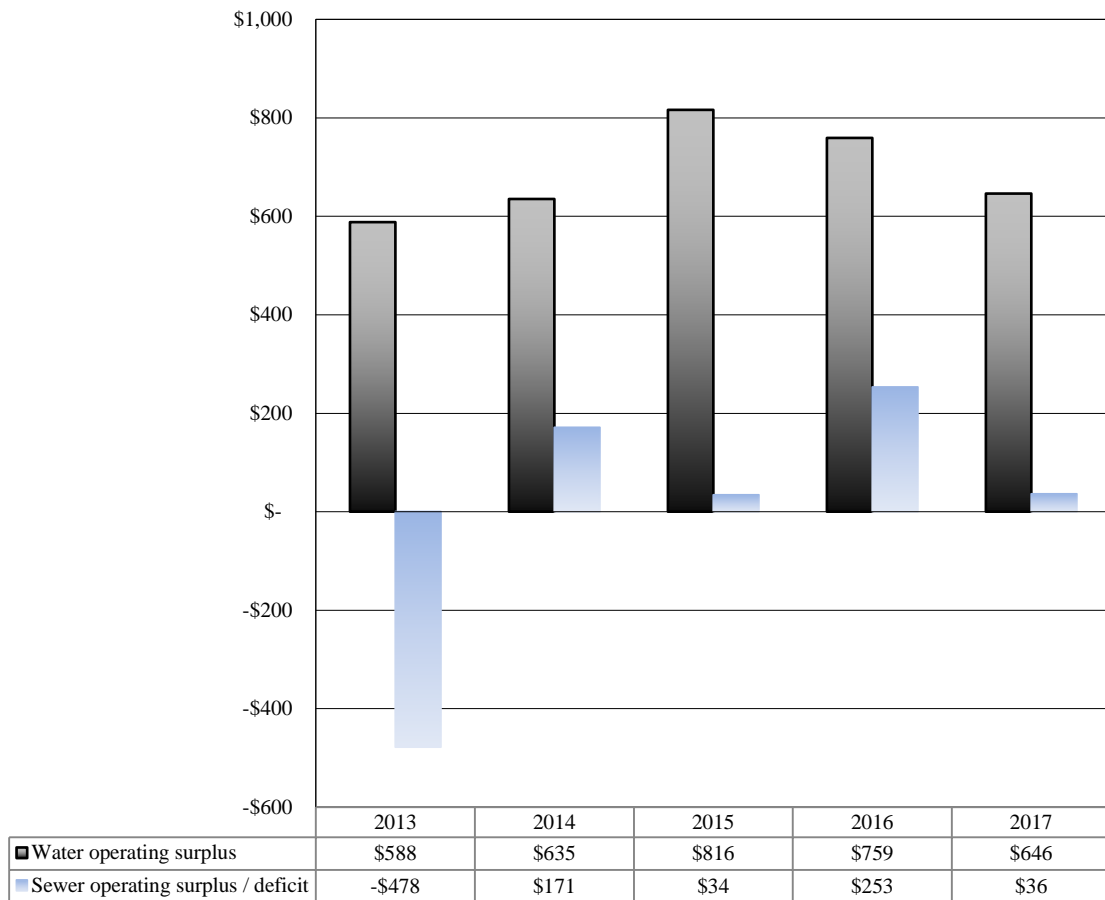
In 2016/17 the Council paid the outstanding balance of its \$1m loan for the construction of a reservoir at the Finley Water Treatment Plant.

Water and Sewer Funds

Council operates two business units – its water supply service and its sewer service. Each service is required to raise sufficient funds from its own activities to fund its operations.

The water supply service has increased its operating surplus to \$646,000 with the 2016/17 result due to continued increase in water consumption revenue. While Council’s sewer service returned an operating surplus of \$36,000.

Water and Sewer Services Operating Surplus / Deficit



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AUDITED FINANCIAL STATEMENTS

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Special Schedules 2016 - 2017

Berrigan Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2017

“Heart of the Southern Riverina”



Berrigan Shire Council

General Purpose Financial Statements

for the year ended 30 June 2017

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Overview

- (i) These financial statements are General Purpose Financial Statements and cover the operations for Berrigan Shire Council.
- (ii) Berrigan Shire Council is a body politic of NSW, Australia – being constituted as a local government area by proclamation and is duly empowered by the *Local Government Act 1993* (LGA).

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 2(b).

- (iii) All figures presented in these financial statements are presented in Australian currency.
- (iv) These financial statements were authorised for issue by the Council on 18 October 2017. Council has the power to amend and reissue these financial statements.
-

Berrigan Shire Council

General Purpose Financial Statements for the year ended 30 June 2017

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

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

- the *Local Government Act 1993 (NSW)* (as amended) and the regulations made thereunder,
- the Australian Accounting Standards and professional pronouncements, and
- the Local Government Code of Accounting Practice and Financial Reporting.

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

- present fairly the Council's operating result and financial position for the year, and
- 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.

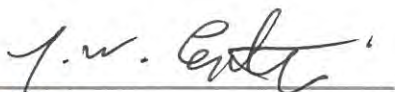
Signed in accordance with a resolution of Council made on 18 October 2017.



Cr Matthew Hannan
Mayor



Cr Darryl Morris
Councillor



Fred Exton
Acting General Manager



Carla von Brockhusen
Responsible Accounting Officer

Berrigan Shire Council

Income Statement

for the year ended 30 June 2017

| Budget ¹ 2017 | \$ '000 | Notes | Actual 2017 | Actual 2016 |
|--|--|-------|----------------|----------------|
| Income from continuing operations | | | | |
| <i>Revenue:</i> | | | | |
| 9,367 | Rates and annual charges | 3a | 9,462 | 9,201 |
| 1,645 | User charges and fees | 3b | 3,127 | 2,367 |
| 617 | Interest and investment revenue | 3c | 725 | 722 |
| 500 | Other revenues | 3d | 705 | 820 |
| 7,919 | Grants and contributions provided for operating purposes | 3e,f | 9,944 | 7,993 |
| 640 | Grants and contributions provided for capital purposes | 3e,f | 1,965 | 2,586 |
| <i>Other income:</i> | | | | |
| – | Net gains from the disposal of assets | 5 | 3 | 198 |
| – | Net share of interests in joint ventures and associates using the equity method | 19 | – | – |
| 20,688 | Total income from continuing operations | | 25,931 | 23,887 |
| Expenses from continuing operations | | | | |
| 7,549 | Employee benefits and on-costs | 4a | 7,071 | 7,188 |
| 61 | Borrowing costs | 4b | 72 | 87 |
| 2,177 | Materials and contracts | 4c | 3,394 | 3,031 |
| 5,898 | Depreciation and amortisation | 4d | 5,873 | 5,758 |
| – | Impairment | 4d | – | – |
| 2,008 | Other expenses | 4e | 2,091 | 1,941 |
| 17,693 | Total expenses from continuing operations | | 18,501 | 18,005 |
| 2,995 | Operating result from continuing operations | | 7,430 | 5,882 |
| Discontinued operations | | | | |
| – | Net profit/(loss) from discontinued operations | 24 | – | – |
| 2,995 | Net operating result for the year | | 7,430 | 5,882 |
| 2,995 | Net operating result attributable to Council | | 7,430 | 5,882 |
| – | Net operating result attributable to non-controlling interests | | – | – |
| 2,355 | Net operating result for the year before grants and contributions provided for capital purposes | | 5,465 | 3,296 |

¹ Original budget as approved by Council – refer Note 16

Berrigan Shire Council

Statement of Comprehensive Income

for the year ended 30 June 2017

| \$ '000 | Notes | Actual 2017 | Actual 2016 |
|--|----------|----------------|----------------|
| Net operating result for the year (as per Income Statement) | | 7,430 | 5,882 |
| Other comprehensive income: | | | |
| Amounts which will not be reclassified subsequently to the operating result | | | |
| Gain (loss) on revaluation of I,PP&E | 20b (ii) | 5,977 | (1,625) |
| Impairment (loss) reversal relating to I,PP&E | 20b (ii) | – | 410 |
| Total items which will not be reclassified subsequently to the operating result | | 5,977 | (1,215) |
| Amounts which will be reclassified subsequently to the operating result when specific conditions are met | | | |
| Nil | | | |
| Total other comprehensive income for the year | | 5,977 | (1,215) |
| Total comprehensive income for the year | | 13,407 | 4,667 |
| Total comprehensive income attributable to Council | | 13,407 | 4,667 |
| Total comprehensive income attributable to non-controlling interests | | – | – |

Berrigan Shire Council

Statement of Financial Position

as at 30 June 2017

| \$ '000 | Notes | Actual 2017 | Actual 2016 |
|---|-------|----------------|----------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 6a | 5,730 | 4,125 |
| Investments | 6b | 23,000 | 19,630 |
| Receivables | 7 | 1,862 | 1,230 |
| Inventories | 8 | 218 | 223 |
| Other | 8 | 60 | 27 |
| Non-current assets classified as 'held for sale' | 22 | – | – |
| Total current assets | | 30,870 | 25,235 |
| Non-current assets | | | |
| Investments | 6b | – | – |
| Receivables | 7 | – | – |
| Inventories | 8 | 185 | 185 |
| Infrastructure, property, plant and equipment | 9 | 223,130 | 215,802 |
| Investments accounted for using the equity method | 19 | – | – |
| Investment property | 14 | – | – |
| Intangible assets | 25 | – | – |
| Total non-current assets | | 223,315 | 215,987 |
| TOTAL ASSETS | | 254,185 | 241,222 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Payables | 10 | 533 | 771 |
| Income received in advance | 10 | 191 | 158 |
| Borrowings | 10 | 148 | 253 |
| Provisions | 10 | 2,604 | 2,641 |
| Total current liabilities | | 3,476 | 3,823 |
| Non-current liabilities | | | |
| Payables | 10 | – | – |
| Borrowings | 10 | 1,149 | 1,297 |
| Provisions | 10 | 405 | 354 |
| Total non-current liabilities | | 1,554 | 1,651 |
| TOTAL LIABILITIES | | 5,030 | 5,474 |
| Net assets | | 249,155 | 235,748 |
| EQUITY | | | |
| Retained earnings | 20 | 107,957 | 100,527 |
| Revaluation reserves | 20 | 141,198 | 135,221 |
| Other reserves | 20 | – | – |
| Council equity interest | | 249,155 | 235,748 |
| Non-controlling equity interests | | – | – |
| Total equity | | 249,155 | 235,748 |

Berrigan Shire Council

Statement of Changes in Equity for the year ended 30 June 2017

| \$ '000 | Notes | 2017 | | | | | 2016 | | | | | | |
|--|----------|-------------------|---------------------------------------|----------------------------|------------------|--------------------------|----------------|-------------------|---------------------------------------|----------------------------|------------------|--------------------------|----------------|
| | | Retained earnings | Asset revaluation reserve (Refer 20b) | Other reserves (Refer 20b) | Council interest | Non-controlling interest | Total equity | Retained earnings | Asset revaluation reserve (Refer 20b) | Other reserves (Refer 20b) | Council interest | Non-controlling interest | Total equity |
| Opening balance (as per last year's audited accounts) | | 100,527 | 135,221 | – | 235,748 | – | 235,748 | 94,642 | 137,583 | – | 232,225 | – | 232,225 |
| a. Correction of prior period errors | 20 (c) | – | – | – | – | – | – | – | (1,144) | – | (1,144) | – | (1,144) |
| b. Changes in accounting policies (prior year effects) | 20 (d) | – | – | – | – | – | – | – | – | – | – | – | – |
| Revised opening balance | | 100,527 | 135,221 | – | 235,748 | – | 235,748 | 94,642 | 136,439 | – | 231,081 | – | 231,081 |
| c. Net operating result for the year | | 7,430 | – | – | 7,430 | – | 7,430 | 5,882 | – | – | 5,882 | – | 5,882 |
| d. Other comprehensive income | | | | | | | | | | | | | |
| – Revaluations: IPP&E asset revaluation rsve | 20b (ii) | – | 5,977 | – | 5,977 | – | 5,977 | – | (1,625) | – | (1,625) | – | (1,625) |
| – Revaluations: other reserves | 20b (ii) | – | – | – | – | – | – | – | – | – | – | – | – |
| – Transfers to Income Statement | 20b (ii) | – | – | – | – | – | – | – | – | – | – | – | – |
| – Impairment (loss) reversal relating to I,PP&E | 20b (ii) | – | – | – | – | – | – | – | 410 | – | 410 | – | 410 |
| – Joint ventures and associates | 19 | – | – | – | – | – | – | – | – | – | – | – | – |
| – Other reserves movements | 20b (ii) | – | – | – | – | – | – | – | – | – | – | – | – |
| Other comprehensive income | | – | 5,977 | – | 5,977 | – | 5,977 | – | (1,215) | – | (1,215) | – | (1,215) |
| Total comprehensive income (c&d) | | 7,430 | 5,977 | – | 13,407 | – | 13,407 | 5,882 | (1,215) | – | 4,667 | – | 4,667 |
| e. Distributions to/(contributions from) non-controlling interests | | – | – | – | – | – | – | – | – | – | – | – | – |
| f. Transfers between equity | | – | – | – | – | – | – | 3 | (3) | – | – | – | – |
| Equity – balance at end of the reporting period | | 107,957 | 141,198 | – | 249,155 | – | 249,155 | 100,527 | 135,221 | – | 235,748 | – | 235,748 |

Berrigan Shire Council

Statement of Cash Flows

for the year ended 30 June 2017

| Budget 2017 | \$ '000 | Notes | Actual 2017 | Actual 2016 |
|---|--|-------|-----------------|-----------------|
| Cash flows from operating activities | | | | |
| Receipts: | | | | |
| 9,356 | Rates and annual charges | | 9,437 | 9,275 |
| 1,655 | User charges and fees | | 2,828 | 2,937 |
| 631 | Investment and interest revenue received | | 685 | 743 |
| 8,568 | Grants and contributions | | 11,909 | 10,579 |
| – | Bonds, deposits and retention amounts received | | – | 10 |
| 510 | Other | | 1,556 | 1,666 |
| Payments: | | | | |
| (3,811) | Employee benefits and on-costs | | (7,833) | (7,279) |
| (5,951) | Materials and contracts | | (4,012) | (4,705) |
| (61) | Borrowing costs | | (72) | (29) |
| – | Bonds, deposits and retention amounts refunded | | (6) | (53) |
| (2,012) | Other | | (2,200) | (1,943) |
| 8,885 | Net cash provided (or used in) operating activities | 11b | 12,292 | 11,201 |
| Cash flows from investing activities | | | | |
| Receipts: | | | | |
| – | Sale of real estate assets | | 48 | 330 |
| 459 | Sale of infrastructure, property, plant and equipment | | 369 | 164 |
| – | Deferred debtors receipts | | 79 | 148 |
| Payments: | | | | |
| (200) | Purchase of investment securities | | (3,370) | (3,000) |
| (9,482) | Purchase of infrastructure, property, plant and equipment | | (7,560) | (9,068) |
| – | Deferred debtors and advances made | | – | (79) |
| (9,223) | Net cash provided (or used in) investing activities | | (10,434) | (11,505) |
| Cash flows from financing activities | | | | |
| Receipts: | | | | |
| Nil | | | | |
| Payments: | | | | |
| (254) | Repayment of borrowings and advances | | (253) | (262) |
| (254) | Net cash flow provided (used in) financing activities | | (253) | (262) |
| (592) | Net increase/(decrease) in cash and cash equivalents | | 1,605 | (566) |
| 2,841 | Plus: cash and cash equivalents – beginning of year | 11a | 4,125 | 4,691 |
| 2,249 | Cash and cash equivalents – end of the year | 11a | 5,730 | 4,125 |
| Additional Information: | | | | |
| | plus: Investments on hand – end of year | 6b | 23,000 | 19,630 |
| Total cash, cash equivalents and investments | | | 28,730 | 23,755 |

Please refer to Note 11 for additional cash flow information

Notes to the Financial Statements

for the year ended 30 June 2017

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n/a – not applicable

The principal 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.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with

- Australian Accounting Standards and Australian Accounting Interpretations;
- the *Local Government Act* 1993 (NSW) and Regulations, and
- the Local Government Code of Accounting Practice and Financial Reporting.

Council is a not for-profit entity for the purpose of preparing these financial statements.

(i) New and amended standards adopted by Council

AASB 124 Related Party Disclosures was adopted during the year, the impact of this standard had no impact on reporting financial position or performance; however note 28 has been added.

AASB 2014-3 Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations [AASB 1 and AASB 11] the impact of this standard had no impact on reporting financial position or performance.

(ii) Early adoption of standards

Council has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2016.

(iii) 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 property, plant and equipment and investment property.

(iv) 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) Estimated fair values of investment properties
- (ii) Estimated fair values of infrastructure, property, plant and equipment,
- (iii) Estimated tip remediation provisions.

(b) Revenue recognition

Council recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Council and specific criteria have been met for each of the Council's activities as described below.

Council bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is measured at the fair value of the consideration received or receivable. Revenue is measured on major income categories as follows:

(i) Rates, annual charges, grants and contributions

Rates, annual charges, grants and contributions (including developer contributions) are recognised as

revenue when the Council obtains control over the assets comprising these receipts. Developer contributions may only be expended for the purposes for which the contributions were required, but the Council may apply contributions according to the priorities established in work schedules.

Control over assets acquired from rates and annual charges is obtained at the commencement of the rating year as it is an enforceable debt linked to the rateable property or, where earlier, upon receipt of the rates.

Control over granted assets/contributed assets is normally obtained upon their receipt (or acquittal) or upon earlier notification that a grant has been secured, and is valued at their fair value at the date of transfer.

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were un-discharged at reporting date, the unused grant or contribution is disclosed in Note 3(g). The note also discloses the amount of unused grant or contribution from prior years that was expended on Council's operations during the current year.

A liability is recognised in respect of revenue that is reciprocal in nature to the extent that the requisite service has not been provided at reporting date.

(ii) User charges and fees

User charges and fees (including parking fees and fines) are recognised as revenue when the service has been provided or when the penalty has been applied, whichever first occurs.

(iii) Sale of infrastructure, property, plant and equipment

The profit or loss on sale of an asset is determined when control of the asset has irrevocably passed to the buyer.

(iv) Interest

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

(v) Rent

Rental income is accounted for on a straight-line basis over the lease term.

(vi) Other income

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

(c) Principles of consolidation

(i) 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.

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

- General Purpose Operations
- Water Supply
- Sewerage Service

(ii) The Trust Fund

In accordance with the provisions of Section 411 of the *Local Government Act 1993* (NSW) (as amended), a separate and distinct Trust Fund is maintained to account for all money and property received by the Council in trust which must be applied only for the purposes of, or in accordance with the trusts relating to those monies. Trust monies and property subject to Council's control have been included in these reports.

Trust monies and property held by Council but not subject to the control of Council have been excluded from these reports. A separate statement of monies held in the Trust Fund is available for inspection at the Council office by any person free of charge.

(iii) County Councils

Council is a member of the following county council (which is a body incorporated under the *Local Government Act*):

- **Central Murray County Council**
Responsible for noxious weed management

The governing body of the County Council is responsible for managing its own affairs.

Council is of the opinion that it neither controls nor significantly influences the above county council/s and accordingly these entities have not been consolidated or otherwise included within these financial statements.

(iv) Interests in other entities

Subsidiaries

Council has no interest in any subsidiaries.

Joint arrangements

Council has no interest in any joint arrangements.

(d) Leases

Leases of property, plant and equipment where Council, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases.

Council did not have any finance leases in the years ending 30 June 2017 or 30 June 2017.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to Council as lessee are classified as operating leases.

Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Lease income from operating leases where Council is a lessor is recognised as income on a straight-line basis over the lease term.

(e) Impairment of assets

Intangible assets that have an indefinite useful life or are not yet available for use are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

Other assets 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). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(f) Cash and cash equivalents

For Statement of Cash Flow presentation purposes, cash and cash equivalents include:

- cash on hand;
- deposits held at call with financial institutions; and
- 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

Council holds no Bank overdrafts.

(g) Inventories

(i) Raw materials and stores, work in progress and finished goods

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value.

Cost comprises direct materials, direct labour, and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on 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.

(ii) Inventory held for distribution

Inventory held for distribution is held at cost, adjusted where applicable for any loss of service potential.

(iii) Land held for resale/capitalisation of borrowing costs

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.

(h) Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets; assets arising from employee benefits; financial assets; and investment properties that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal

group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of de-recognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

(i) Investments and other financial assets

Classification

Council classifies its financial assets in the following categories:

- financial assets at fair value through profit or loss;
- loans and receivables;
- held-to-maturity investments; and
- available-for-sale financial assets.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Assets in this category are classified as current assets.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which that are classified as non-current assets.

Loans and receivables are included in other receivables (note 8) and receivables (note 7) in the Statement of Financial Position.

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.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that Council's management has the positive intention and ability to hold to maturity. If Council were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale.

Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, that are classified as current assets.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date.

Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

Recognition and de-recognition

Regular purchases and sales of financial assets are recognised on trade-date: the date on which Council commits to purchase or sell the asset.

Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially

recognised at fair value and transaction costs are expensed in the income statement.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and Council has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses from investment securities.

Subsequent measurement

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in equity.

Impairment

Council assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired.

A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

(i) Assets carried at amortised cost

For loans and receivables the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Council may measure impairment on the basis of an instrument's fair value using an observable market price.

Collectability of receivables is reviewed on an on-going basis. Debts that are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of receivables) is used when there is objective evidence that Council will not be able to collect all amounts due according to the original terms of the receivables.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The amount of the impairment loss is recognised in the income statement within other expenses. When a receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the income statement.

Investment Policy

Council has an approved investment policy complying with Section 625 of the *Local Government Act 1993* (NSW) and Clause 212 of the *Local Government (General) Regulation 2005* (NSW).

Investments are placed and managed in accordance with that policy and having particular regard to authorised investments prescribed under the Ministerial Local Government Investment Order.

Council maintains an investment policy that complies with the Act and ensures that it or its representatives exercise the care, diligence and skill that a prudent person would exercise in investing Council funds.

(j) Fair value estimation – financial instruments

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. Council uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Council for similar financial instruments.

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

Council's assets have been progressively revalued to fair value in accordance with a staged implementation advised by the Office of Local Government. At reporting date, the following classes of IPPE were stated at their fair value:

Externally valued:

- Operational land
- Community land
- Buildings – specialised/non-specialised
- Land under Roads (post 30/06/2008)

Internally valued:

- Roads assets including roads, bridges and footpaths
- Bulk earthworks
- Stormwater drainage

- Water and sewerage networks
- Tips & Quarries

As approximated by depreciated historical cost:

- Plant and equipment
- Land improvements
- Other structures
- Other open space/recreational assets
- Other infrastructure
- Other assets

Non-specialised assets with short useful lives are measured at depreciated historical cost as an approximation of fair value. Council has assessed that any difference between fair value and depreciated historical cost is unlikely to be material.

Water and sewerage network assets are indexed annually between full revaluations in accordance with the latest indices provided in the NSW Office of Water Rates Reference Manual.

For all other asset classes, Council assesses at each reporting date whether there is any indication that a revalued asset's carrying amount may differ materially from that which would be determined if the asset were revalued at the reporting date. If any such indication exists, Council determines the asset's fair value and revalue the asset to that amount. Full revaluations are undertaken for all assets on a five-year cycle.

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.

Depreciation

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:

Plant and Equipment

| | |
|----------------------------------|----------------|
| - Office Equipment | 5 to 10 years |
| - Office furniture | 10 to 20 years |
| - Computer Equipment | 3 years |
| - Vehicles | 5 to 8 years |
| - Heavy Plant/Road Making equip. | 5 to 8 years |
| - Other plant and equipment | 5 to 15 years |

Other Equipment

| | |
|------------------------|----------------|
| - Playground equipment | 5 to 15 years |
| - Benches, seats etc. | 10 to 20 years |

Buildings

| | |
|----------------------|-----------------|
| - Buildings: Masonry | 50 to 100 years |
| - Buildings: Other | 20 to 40 years |

Stormwater Drainage

| | |
|------------|-----------------|
| - Drains | 80 to 100 years |
| - Culverts | 50 to 80 years |

Transportation Assets

| | |
|---------------------------|-----------------|
| - Sealed Roads: Surface | 15 to 20 years |
| - Sealed Roads: Structure | 50 years |
| - Unsealed roads | 20 to 50 years |
| - Bridge: Concrete | 80 to 100 years |
| - Bridge: Other | 50 to 80 years |
| - Road Pavements | 50 years |
| - Kerb, Gutter and Paths | 40 years |

Water and Sewer Assets

| | |
|-----------------------------|-----------------|
| - Dams and reservoirs | 80 to 100 years |
| - Bores | 20 to 40 years |
| - Reticulation pipes: PVC | 80 years |
| - Reticulation pipes: Other | 25 to 75 years |
| - Pumps and telemetry | 15 to 20 years |

Swimming Pools

| | |
|------------------|----------------|
| - Swimming Pools | 25 to 90 years |
|------------------|----------------|

Other Open Space Assets

- Opens space and recreational assets 10 to 100 years

Other Assets

- Heritage Collections 100 years
 - Library Books 10 years
 - Other 5 to 100 years

Other Infrastructure Assets

- Bulk earthworks Infinite

Reinstatement, rehabilitation and restoration assets

- Tip Assets 42 years
 - Quarry Assets 21 years

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.

(l) Investment property

Investment property, principally comprising freehold office buildings, is held for long-term rental yields and is not occupied by the Council.

Council did not hold any investment property in the years ending 30 June 2016 and 30 June 2017.

(m) Payables

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

(n) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

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 finance cost.

Borrowings are classified as current liabilities unless Council has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(o) Borrowing costs

Borrowing costs are expensed.

(p) Provisions

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 interest expense.

(q) Employee benefits**(i) 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.

(ii) 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.

The obligations are presented as current liabilities in the Statement of Financial Position if the 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.

(iii) 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.

Defined Benefit Plans

A liability or asset in respect of defined benefit superannuation plans would ordinarily be recognised in the Statement of Financial Position, and measured as the present value of the defined benefit obligation at the reporting date plus unrecognised actuarial gains (less unrecognised actuarial losses) less the fair value of the superannuation fund's

assets at that date and any unrecognised past service cost.

The present value of the defined benefit obligation is based on expected future payments that arise from membership of the fund to the reporting date, calculated annually by independent actuaries using the projected unit credit method.

Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. However, when this information is not reliably available, 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.

Defined Contribution 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.

(r) 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 in accordance with AASB 1051 Land Under Roads.

Land under roads acquired after 1 July 2008 is recognised in accordance with AASB 116 Property, Plant and Equipment.

(s) Self-insurance

Council has decided to self-insure for various risks, including public liability and professional indemnity.

A provision for self-insurance has been made to recognise outstanding claims, the amount of which is detailed in Note 10. Council also maintains cash and investments to meet expected future claims; these are detailed in Note 6(c).

(t) Intangible assets

Council has not classified any assets as intangible.

(u) Crown reserves

Crown Reserves under Council's care and control are not recognised as assets of the Council. While Council has 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, ownership of the reserves remains with the Crown.

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

(v) Rural fire service assets

Under section 119 of the *Rural Fires Act 1997* (NSW), "all fire fighting equipment purchased or constructed wholly or from money to the credit of the Fund is to be vested in the council of the area for or on behalf of which the fire fighting equipment has been purchased or constructed".

Council does not consider it has effective control of the purchase, disposal, disposition, maintenance, operation or other use of this fire fighting equipment. It also does not have sufficient information about this equipment to allow it to reliably measure its value.

Until such time as discussions on this matter have concluded and the legislation changed, Council will not recognise rural fire service assets including land, buildings, plant and vehicles.

(w) 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 which that are

recoverable from, or payable to the taxation authority are presented as operating cash flows.

(x) New accounting standards and interpretations issued not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the current reporting period and which have not been applied.

Council does not consider that these standards are likely to have a material impact on the Council's future financial statements, financial position, financial performance or cash flows.

(y) Rounding of amounts

Unless otherwise indicated, amounts in the financial statements have been rounded off to the nearest thousand dollars.

(z) Comparative figures

To ensure comparability with the current reporting period's figures, some comparative period line items and amounts may have been reclassified or individually reported for the first time within these financial statements and/or the notes.

(aa) Disclaimer

Nothing contained within these statements may be taken to be an admission of any liability to any person under any circumstance.

Berrigan Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 2(a). Council functions/activities – financial information

| Functions/activities | Income, expenses and assets have been directly attributed to the following functions/activities. Details of these functions/activities are provided in Note 2(b). | | | | | | | | | | | | |
|--|--|---------------|---------------|-------------------------------------|---------------|---------------|---|----------------|----------------|--|--------------|---|----------------|
| | Income from continuing operations | | | Expenses from continuing operations | | | Operating result from continuing operations | | | Grants included in income from continuing operations | | Total assets held (current and non-current) | |
| | Original budget | Actual | Actual | Original budget | Actual | Actual | Original budget | Actual | Actual | Actual | Actual | Actual | Actual |
| | 2017 | 2017 | 2016 | 2017 | 2017 | 2016 | 2017 | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Governance | 2 | 2 | 2 | 682 | 647 | 419 | (680) | (645) | (417) | 2 | 3 | 761 | 734 |
| Administration | 85 | 470 | 334 | (350) | (321) | (359) | 435 | 791 | 693 | 70 | 75 | 15,467 | 15,467 |
| Public order and safety | 98 | 115 | 116 | 426 | 450 | 372 | (328) | (335) | (256) | 85 | 94 | 425 | 425 |
| Health | – | 3 | 3 | – | 71 | 105 | – | (68) | (102) | – | – | 174 | 174 |
| Environment | 2,684 | 2,526 | 1,953 | 2,056 | 2,067 | 2,215 | 628 | 459 | (262) | 62 | – | 2,011 | 459 |
| Community services and education | 143 | 306 | 282 | 143 | 461 | 518 | – | (155) | (236) | 307 | 268 | 72 | 72 |
| Housing and community amenities | 16 | 412 | 450 | 57 | 729 | 1,027 | (41) | (317) | (577) | 40 | 624 | 21,773 | 22,895 |
| Water supplies | 3,288 | 3,382 | 3,586 | 3,288 | 2,735 | 2,790 | – | 647 | 796 | 46 | 46 | 36,379 | 33,067 |
| Sewerage services | 2,528 | 2,085 | 2,058 | 2,528 | 2,048 | 1,788 | – | 37 | 270 | 44 | 45 | 24,302 | 21,573 |
| Recreation and culture | 206 | 335 | 198 | 2,403 | 2,138 | 2,187 | (2,197) | (1,803) | (1,989) | 231 | 86 | 21,546 | 20,803 |
| Mining, manufacturing and construction | 90 | 216 | 160 | 90 | 310 | 302 | – | (94) | (142) | – | – | 380 | 364 |
| Transport and communication | 3,326 | 3,939 | 4,996 | 5,545 | 6,351 | 5,828 | (2,219) | (2,412) | (832) | 2,592 | 3,145 | 124,558 | 121,103 |
| Economic affairs | 138 | 424 | 326 | 825 | 815 | 813 | (687) | (391) | (487) | 251 | – | 6,337 | 4,086 |
| Total functions and activities | 12,604 | 14,215 | 14,464 | 17,693 | 18,501 | 18,005 | (5,089) | (4,286) | (3,541) | 3,730 | 4,386 | 254,185 | 241,222 |
| Share of gains/(losses) in associates and joint ventures (using the equity method) | – | – | – | – | – | – | – | – | – | – | – | – | – |
| General purpose income ¹ | 8,084 | 11,716 | 9,423 | – | – | – | 8,084 | 11,716 | 9,423 | 6,556 | 4,399 | – | – |
| Operating result from continuing operations | 20,688 | 25,931 | 23,887 | 17,693 | 18,501 | 18,005 | 2,995 | 7,430 | 5,882 | 10,286 | 8,785 | 254,185 | 241,222 |

1. Includes: rates and annual charges (incl. ex-gratia), untied general purpose grants and unrestricted interest and investment income.

Berrigan Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 2(b). Council functions/activities – component descriptions

Details relating to the Council's functions/activities as reported in Note 2(a) are as follows:

GOVERNANCE

Includes costs relating to Council's role as a component of democratic government, including elections, members' fees and expenses, subscriptions to local authority associations, meetings of Council and policy-making committees, public disclosure (e.g. GIPA), and legislative compliance.

ADMINISTRATION

Includes corporate support and other support services, engineering works, and any Council policy compliance.

PUBLIC ORDER AND SAFETY

Includes Council's fire and emergency services levy, fire protection, emergency services, beach control, enforcement of regulations and animal control.

HEALTH

Includes immunisation, food control, health centres etc.

ENVIRONMENT

Includes noxious plants and insect/vermin control; other environmental protection; solid waste management, including domestic waste; other waste management; other sanitation; and garbage, street cleaning, drainage and stormwater management.

COMMUNITY SERVICES AND EDUCATION

Includes administration and education; social protection (welfare); migrant, Aboriginal and other community services and administration (excluding accommodation – as it is covered under 'housing and community amenities'); youth services; aged and disabled persons services; children's services, including family day care; child care; and other family and children services.

HOUSING AND COMMUNITY AMENITIES

Includes public cemeteries; public conveniences; street lighting; town planning; other community amenities, including housing development and accommodation for families and children, aged persons, disabled persons, migrants and Indigenous persons.

WATER SUPPLIES

SEWERAGE SERVICES

RECREATION AND CULTURE

Includes public libraries; museums; art galleries; community centres and halls, including public halls and performing arts venues; sporting grounds and venues; swimming pools; parks; gardens; lakes; and other sporting, recreational and cultural services.

MINING, MANUFACTURING AND CONSTRUCTION

Includes building control, quarries and pits, mineral resources, and abattoirs.

TRANSPORT AND COMMUNICATION

Urban local, urban regional, includes sealed and unsealed roads, bridges, footpaths, parking areas, and aerodromes.

ECONOMIC AFFAIRS

Includes camping areas and caravan parks; tourism and area promotion; industrial development promotion; sale yards and markets; real estate development; commercial nurseries; and other business undertakings.

Berrigan Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 3. Income from continuing operations

| \$ '000 | Notes | Actual 2017 | Actual 2016 |
|--|-------|----------------|----------------|
| (a) Rates and annual charges | | | |
| Ordinary rates | | | |
| Residential | | 2,427 | 2,368 |
| Farmland | | 1,807 | 1,782 |
| Business | | 524 | 514 |
| Total ordinary rates | | 4,758 | 4,664 |
| Special rates | | | |
| Nil | | | |
| Annual charges (pursuant to s.496, s.496A, s.496B, s.501 & s.611) | | | |
| Domestic waste management services | | 824 | 791 |
| Stormwater management services | | 73 | 72 |
| Water supply services | | 1,880 | 1,813 |
| Sewerage services | | 1,853 | 1,788 |
| Waste management services (non-domestic) | | 74 | 73 |
| Total annual charges | | 4,704 | 4,537 |
| TOTAL RATES AND ANNUAL CHARGES | | 9,462 | 9,201 |

Council has used 2013 year valuations provided by the NSW Valuer General in calculating its rates.

Berrigan Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 3. Income from continuing operations (continued)

| \$ '000 | Notes | Actual 2017 | Actual 2016 |
|---|-------|----------------|----------------|
| (b) User charges and fees | | | |
| Specific user charges (per s.502 – specific 'actual use' charges) | | | |
| Domestic waste management services | | 158 | 150 |
| Water supply services | | 955 | 1,060 |
| Sewerage services | | 30 | 34 |
| Waste management services (non-domestic) | | 964 | 254 |
| Total user charges | | 2,107 | 1,498 |
| Other user charges and fees | | | |
| (i) Fees and charges – statutory and regulatory functions (per s.608) | | | |
| Building regulation | | 214 | 201 |
| Private works – section 67 | | 357 | 201 |
| Section 149 certificates (EPA Act) | | 23 | 24 |
| Section 603 certificates | | 25 | 25 |
| Total fees and charges – statutory/regulatory | | 619 | 451 |
| (ii) Fees and charges – other (incl. general user charges (per s.608)) | | | |
| Aerodrome | | 25 | 22 |
| Aged care | | – | 13 |
| Cemeteries | | 109 | 103 |
| Food control fees | | 3 | 3 |
| Leaseback fees – Council vehicles | | 56 | 58 |
| Library | | 4 | 7 |
| Sewerage | | 23 | 25 |
| Swimming centres | | 90 | 96 |
| Water supply | | 56 | 58 |
| Other | | 35 | 33 |
| Total fees and charges – other | | 401 | 418 |
| TOTAL USER CHARGES AND FEES | | 3,127 | 2,367 |

Berrigan Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 3. Income from continuing operations (continued)

| \$ '000 | Notes | Actual 2017 | Actual 2016 |
|--|-------|-------------------|-------------------|
| (c) Interest and investment revenue (including losses) | | | |
| Interest | | | |
| – Interest on overdue rates and annual charges (incl. special purpose rates) | | 26 | 29 |
| – Interest earned on investments (interest and coupon payment income) | | 698 | 690 |
| – Interest on deferred debtors | | 1 | 3 |
| <u>TOTAL INTEREST AND INVESTMENT REVENUE</u> | | <u>725</u> | <u>722</u> |
| Interest revenue is attributable to: | | | |
| Unrestricted investments/financial assets: | | | |
| Overdue rates and annual charges (general fund) | | 26 | 29 |
| General Council cash and investments | | 376 | 331 |
| Restricted investments/funds – external: | | | |
| Water fund operations | | 174 | 179 |
| Sewerage fund operations | | 149 | 183 |
| <u>Total interest and investment revenue recognised</u> | | <u>725</u> | <u>722</u> |
| (d) Other revenues | | | |
| Rental income – other council properties | | 80 | 55 |
| Reversal of prior period revaluation decrements (applicable to I,PP&E) | 9(a) | 78 | – |
| Fines | | 2 | 2 |
| Legal fees recovery – rates and charges (extra charges) | | 43 | 56 |
| Diesel rebate | | 69 | 78 |
| Insurance rebate | | 35 | 20 |
| Recycling income (non-domestic) | | 5 | – |
| Renewable energy certificates | | – | 40 |
| Sale of high security water | | 175 | 378 |
| Sales – general | | 2 | 10 |
| Sale of gravel | | 132 | 118 |
| Workers compensation recovery | | 48 | 30 |
| Other | | 36 | 33 |
| <u>TOTAL OTHER REVENUE</u> | | <u>705</u> | <u>820</u> |

Berrigan Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 3. Income from continuing operations (continued)

| \$ '000 | 2017 Operating | 2016 Operating | 2017 Capital | 2016 Capital |
|--|-------------------|-------------------|-----------------|-----------------|
| (e) Grants | | | | |
| General purpose (untied) | | | | |
| Financial assistance – general component | 1 2,979 | 3,023 | – | – |
| Financial assistance – local roads component | 1 1,281 | 1,277 | – | – |
| FAG Grant amount received in advance: | | | | |
| Financial assistance – general component | 1,542 | – | – | – |
| Financial assistance – local roads component | 656 | – | – | – |
| Pensioners' rates subsidies – general component | 98 | 99 | – | – |
| Total general purpose | 6,556 | 4,399 | – | – |
| 1. Council received 50% of its Financial Assistance Grant for YE 1718 in advance totalling \$2,197,554 | | | | |
| Specific purpose | | | | |
| Pensioners' rates subsidies: | | | | |
| – Water | 46 | 46 | – | – |
| – Sewerage | 44 | 45 | – | – |
| – Domestic waste management | 40 | 40 | – | – |
| Aged care | 6 | – | – | – |
| Bushfire and emergency services | 85 | 94 | – | – |
| Community care | 298 | 268 | – | – |
| Community centres | 5 | – | – | – |
| Economic development | – | – | 251 | – |
| Environmental protection | – | – | 62 | – |
| ESPL implementation funds | 31 | – | – | – |
| Heritage and cultural | 1 | 1 | – | – |
| Library | 2 | 2 | – | – |
| Library – per capita | 32 | 31 | – | – |
| Library – special projects | 7 | 8 | – | – |
| LIRS subsidy | 42 | 46 | – | – |
| Recreation and culture | – | – | 186 | 15 |
| Street lighting | 48 | 55 | – | – |
| Transport (roads to recovery) | 1,217 | 1,918 | – | – |
| Transport (other roads and bridges funding) | 500 | – | 827 | 1,747 |
| Other | – | 70 | – | – |
| Total specific purpose | 2,404 | 2,624 | 1,326 | 1,762 |
| Total grants | 8,960 | 7,023 | 1,326 | 1,762 |
| Grant revenue is attributable to: | | | | |
| – Commonwealth funding | 4,399 | 6,264 | 251 | 15 |
| – State funding | 4,561 | 759 | 1,075 | 1,747 |
| | 8,960 | 7,023 | 1,326 | 1,762 |

Berrigan Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 3. Income from continuing operations (continued)

| \$ '000 | 2017 Operating | 2016 Operating | 2017 Capital | 2016 Capital |
|--|-------------------|-------------------|-----------------|-----------------|
| (f) Contributions | | | | |
| Developer contributions: | | | | |
| (s93 & s94 – EP&A Act, s64 of the LGA): | | | | |
| S 94 – contributions towards amenities/services | – | – | 4 | 11 |
| S 64 – water supply contributions | – | – | 93 | – |
| S 64 – sewerage service contributions | – | – | 6 | 5 |
| Other developer contributions (assets) | – | – | – | 27 |
| Total developer contributions | – | – | 103 | 43 |
| | 17 | | | |
| Other contributions: | | | | |
| Drainage | – | – | 284 | – |
| Kerb and gutter | – | – | 1 | 10 |
| Paving | – | – | 107 | 28 |
| Recreation and culture | – | – | – | 29 |
| RMS contributions (regional roads, block grant) | 980 | 967 | 127 | 714 |
| Other | 4 | 3 | 17 | – |
| Total other contributions | 984 | 970 | 536 | 781 |
| Total contributions | 984 | 970 | 639 | 824 |
| TOTAL GRANTS AND CONTRIBUTIONS | 9,944 | 7,993 | 1,965 | 2,586 |

| \$ '000 | Actual 2017 | Actual 2016 |
|---------|----------------|----------------|
|---------|----------------|----------------|

(g) Unspent grants and contributions

Certain grants and contributions are obtained by Council on condition that they be spent in a specified manner:

| | | |
|--|--------------|--------------|
| Unexpended at the close of the previous reporting period | 121 | 590 |
| Add: grants and contributions recognised in the current period but not yet spent: | 1,011 | 36 |
| Less: grants and contributions recognised in a previous reporting period now spent: | (50) | (505) |
| Net increase (decrease) in restricted assets during the period | 961 | (469) |
| Unexpended and held as restricted assets | 1,082 | 121 |
| Comprising: | | |
| – Specific purpose unexpended grants | 909 | 36 |
| – Developer contributions | 173 | 85 |
| | 1,082 | 121 |

Berrigan Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 4. Expenses from continuing operations

| \$ '000 | Notes | Actual 2017 | Actual 2016 |
|---|-------|----------------|----------------|
| (a) Employee benefits and on-costs | | | |
| Salaries and wages | | 6,177 | 6,321 |
| Travel expenses | | 208 | 214 |
| Employee leave entitlements (ELE) | | 649 | 1,010 |
| ELE on-costs | | 159 | 173 |
| Superannuation – defined contribution plans | | 459 | 447 |
| Superannuation – defined benefit plans | | 178 | 191 |
| Workers' compensation insurance | | 118 | 133 |
| Fringe benefit tax (FBT) | | 37 | 37 |
| Training costs (other than salaries and wages) | | 145 | 82 |
| Protective clothing | | 29 | 25 |
| Other | | 49 | 11 |
| Total employee costs | | 8,208 | 8,644 |
| Less: capitalised costs | | (1,137) | (1,456) |
| TOTAL EMPLOYEE COSTS EXPENSED | | 7,071 | 7,188 |
| Number of 'full-time equivalent' employees (FTE) at year end | | 88 | 85 |
| (b) Borrowing costs | | | |
| (i) Interest bearing liability costs | | | |
| Interest on loans | | 62 | 77 |
| Total interest bearing liability costs expensed | | 62 | 77 |
| (ii) Other borrowing costs | | | |
| Discount adjustments relating to movements in provisions (other than ELE) | | | |
| – Remediation liabilities | 26 | 10 | 10 |
| Total other borrowing costs | | 10 | 10 |
| TOTAL BORROWING COSTS EXPENSED | | 72 | 87 |

Berrigan Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 4. Expenses from continuing operations (continued)

| \$ '000 | Notes | Actual 2017 | Actual 2016 |
|---|-------|---------------------|---------------------|
| (c) Materials and contracts | | | |
| Raw materials and consumables | | 2,950 | 2,506 |
| Contractor and consultancy costs | | 2 | 24 |
| – Domestic waste and recycling collection contract | | 372 | 400 |
| Auditors remuneration ⁽¹⁾ | | 31 | 21 |
| Legal expenses: | | | |
| – Legal expenses: planning and development | | 1 | 7 |
| – Legal expenses: debt recovery | | 38 | 73 |
| <u>TOTAL MATERIALS AND CONTRACTS</u> | | <u>3,394</u> | <u>3,031</u> |
| 1. Auditor remuneration | | | |
| a. During the year, the following fees were incurred for services provided by the Auditor-General: | | | |
| (i) Audit and other assurance services | | | |
| – Audit and review of financial statements: Auditor-General | | 31 | – |
| Remuneration for audit and other assurance services | | <u>31</u> | <u>–</u> |
| Total Auditor-General remuneration | | <u>31</u> | <u>–</u> |
| b. During the year, the following fees were incurred for services provided by the other Council's Auditors: | | | |
| Audit and other assurance services | | | |
| – Audit and review of financial statements: RSD Chartered Accountants | | – | 21 |
| Remuneration for audit and other assurance services | | <u>–</u> | <u>21</u> |
| Total Auditor remuneration | | <u>31</u> | <u>21</u> |

Berrigan Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 4. Expenses from continuing operations (continued)

| \$ '000 | Notes | Actual 2017 | Actual 2016 |
|---|--------|----------------|----------------|
| (d) Depreciation, amortisation and impairment | | | |
| Plant and equipment | | 705 | 702 |
| Office equipment | | 46 | 67 |
| Land improvements (depreciable) | | 25 | 23 |
| Infrastructure: | | | |
| – Buildings – non-specialised | | 15 | 15 |
| – Buildings – specialised | | 667 | 677 |
| – Roads | | 2,451 | 2,382 |
| – Bridges | | 107 | 107 |
| – Footpaths | | 67 | 64 |
| – Stormwater drainage | | 232 | 215 |
| – Water supply network | | 645 | 602 |
| – Sewerage network | | 656 | 555 |
| – Swimming pools | | 61 | 66 |
| – Other open space/recreational assets | | 111 | 170 |
| Other assets | | | |
| – Heritage collections | | 1 | 1 |
| – Library books | | 20 | 17 |
| – Other | | 55 | 88 |
| Asset reinstatement costs | 9 & 26 | 9 | 7 |
| Total depreciation and amortisation costs | | 5,873 | 5,758 |
| Impairment | | | |
| Infrastructure: | | | |
| – Buildings – specialised | | – | (410) |
| Total gross impairment costs | | – | (410) |
| Less: IPP&E impairments (to)/from equity | 9c | – | 410 |
| Total impairment costs | | – | – |
| TOTAL DEPRECIATION AND IMPAIRMENT COSTS EXPENSED | | 5,873 | 5,758 |

Berrigan Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 4. Expenses from continuing operations (continued)

| \$ '000 | Notes | Actual 2017 | Actual 2016 |
|--|-------|---------------------|---------------------|
| (e) Other expenses | | | |
| Advertising | | 43 | 44 |
| Bad and doubtful debts | | 1 | – |
| Bank charges | | 40 | 21 |
| Cleaning | | 4 | 4 |
| Contributions/levies to other levels of government | | | |
| – Emergency services levy (includes FRNSW, SES, and RFS levies) | | 16 | 15 |
| – NSW fire brigade levy | | 48 | 48 |
| – NSW rural fire service levy | | 154 | 80 |
| Councillor expenses – mayoral fee | | 25 | 24 |
| Councillor expenses – councillors' fees | | 91 | 88 |
| Councillors' expenses (incl. mayor) – other (excluding fees above) | | 63 | 65 |
| Donations, contributions and assistance to other organisations (Section 356) | | | |
| – Central Murray County Council | | 122 | 120 |
| – Heritage and cultural programs | | 21 | 25 |
| – Public halls and community facilities | | 23 | 25 |
| – Riverina and Murray Regional Organisation of Councils | | 14 | 14 |
| – Sporting grounds | | 62 | 61 |
| – Swimming pools | | 98 | 98 |
| – Tourism and area promotion | | 64 | 20 |
| – Other | | – | 5 |
| Election expenses | | 58 | – |
| Electricity and heating | | 304 | 361 |
| Insurance | | 369 | 367 |
| Street lighting | | 194 | 133 |
| Subscriptions and publications | | 26 | 41 |
| Telephone and communications | | 58 | 51 |
| Valuation fees | | 40 | 39 |
| Other | | 153 | 192 |
| <u>TOTAL OTHER EXPENSES</u> | | <u>2,091</u> | <u>1,941</u> |

Berrigan Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 5. Gains or losses from the disposal of assets

| \$ '000 | Notes | Actual 2017 | Actual 2016 |
|--|-------|----------------|----------------|
| Property (excl. investment property) | | | |
| Proceeds from disposal – property | | – | 52 |
| Less: carrying amount of property assets sold/written off | | – | (43) |
| Net gain/(loss) on disposal | | – | 9 |
| Plant and equipment | | | |
| Proceeds from disposal – plant and equipment | | 369 | 49 |
| Less: carrying amount of plant and equipment assets sold/written off | | (226) | – |
| Net gain/(loss) on disposal | | 143 | 49 |
| Infrastructure | | | |
| Proceeds from disposal – infrastructure | | – | 36 |
| Less: carrying amount of infrastructure assets written off | | (188) | (36) |
| Net gain/(loss) on disposal | | (188) | – |
| Real estate assets held for sale | | | |
| Proceeds from disposal – real estate assets | | 48 | 330 |
| Less: carrying amount of real estate assets sold/written off | | – | (190) |
| Net gain/(loss) on disposal | | 48 | 140 |
| NET GAIN/(LOSS) ON DISPOSAL OF ASSETS | | 3 | 198 |

Berrigan Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 6a. – Cash assets and Note 6b. – investments

| \$ '000 | Notes | 2017 Actual Current | 2017 Actual Non-current | 2016 Actual Current | 2016 Actual Non-current |
|--|-------|---------------------------|-------------------------------|---------------------------|-------------------------------|
| Cash and cash equivalents (Note 6a) | | | | | |
| Cash on hand and at bank | | 5,730 | – | 2,125 | – |
| Cash-equivalent assets ¹ | | | | | |
| – Deposits at call | | – | – | 2,000 | – |
| Total cash and cash equivalents | | 5,730 | – | 4,125 | – |
| Investments (Note 6b) | | | | | |
| – Long term deposits | | 23,000 | – | 19,630 | – |
| Total investments | | 23,000 | – | 19,630 | – |
| TOTAL CASH ASSETS, CASH EQUIVALENTS AND INVESTMENTS | | 28,730 | – | 23,755 | – |

¹ Those investments where time to maturity (from date of purchase) is < 3 mths.

Cash, cash equivalents and investments were classified at year end in accordance with AASB 139 as follows:

Cash and cash equivalents

a. 'At fair value through the profit and loss'

| | | | |
|-------|---|-------|---|
| 5,730 | – | 4,125 | – |
|-------|---|-------|---|

Investments

a. 'Held to maturity'

Investments

| | | | |
|--------|---|--------|---|
| 23,000 | – | 19,630 | – |
| 23,000 | – | 19,630 | – |

Refer to Note 27. Fair value measurement for information regarding the fair value of investments held.

Berrigan Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 6c. Restricted cash, cash equivalents and investments – details

| \$ '000 | 2017 | 2017 | 2016 | 2016 |
|--|-------------------|-----------------------|-------------------|-----------------------|
| | Actual Current | Actual Non-current | Actual Current | Actual Non-current |
| Total cash, cash equivalents and investments | 28,730 | – | 23,755 | – |
| attributable to: | | | | |
| External restrictions (refer below) | 17,263 | – | 14,018 | – |
| Internal restrictions (refer below) | 4,367 | – | 4,526 | – |
| Unrestricted | 7,100 | – | 5,211 | – |
| | 28,730 | – | 23,755 | – |

| 2017 \$ '000 | Opening balance | Transfers to restrictions | Transfers from restrictions | Closing balance |
|-----------------|--------------------|------------------------------|--------------------------------|--------------------|
|-----------------|--------------------|------------------------------|--------------------------------|--------------------|

Details of restrictions

External restrictions – included in liabilities

Nil

External restrictions – other

| | | | | |
|--|---------------|--------------|-------------|---------------|
| Developer contributions – general (A) | 85 | 103 | (15) | 173 |
| Specific purpose unexpended grants (B) | 36 | 873 | – | 909 |
| Water supplies (C) | 6,415 | 1,117 | – | 7,532 |
| Sewerage services (C) | 5,816 | 193 | – | 6,009 |
| Domestic waste management (C) | 1,543 | 958 | – | 2,501 |
| Other | 123 | 16 | – | 139 |
| External restrictions – other | 14,018 | 3,260 | (15) | 17,263 |
| Total external restrictions | 14,018 | 3,260 | (15) | 17,263 |

Internal restrictions

| | | | | |
|------------------------------------|---------------|--------------|--------------|---------------|
| Plant and vehicle replacement | 1,267 | 292 | – | 1,559 |
| Employees leave entitlement | 389 | – | – | 389 |
| Aerodrome | 191 | – | (26) | 165 |
| Capital works reserve | 1,761 | – | (531) | 1,230 |
| Finley saleyard | 99 | – | – | 99 |
| Information technology | 300 | 50 | – | 350 |
| Levee bank construction | 272 | 26 | – | 298 |
| Risk management | 187 | 30 | – | 217 |
| Tourism events | 60 | – | – | 60 |
| Total internal restrictions | 4,526 | 398 | (557) | 4,367 |
| TOTAL RESTRICTIONS | 18,544 | 3,658 | (572) | 21,630 |

A Development contributions which are not yet expended for the provision of services and amenities in accordance with contributions plans (refer Note 17).

B Grants which are not yet expended for the purposes for which the grants were obtained. (refer Note 1 (b))

C Water, sewerage, domestic waste management (DWM) and other special rates/levies/charges are externally restricted assets and must be applied for the purposes for which they were raised.

Berrigan Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 7. Receivables

| \$ '000 | Notes | 2017 | | 2016 | |
|---|-------|---------------------|-----------------|---------------------|-----------------|
| | | Current | Non-current | Current | Non-current |
| Purpose | | | | | |
| Rates and annual charges | | 367 | – | 342 | – |
| User charges and fees | | 900 | – | 332 | – |
| Accrued revenues | | | | | |
| – Interest on investments | | 193 | – | 153 | – |
| – Other income accruals | | 340 | – | 315 | – |
| Deferred debtors | | – | – | 79 | – |
| Net GST receivable | | 62 | – | 27 | – |
| Total | | 1,862 | – | 1,248 | – |
| Less: provision for impairment | | | | | |
| User charges and fees | | – | – | (18) | – |
| Total provision for impairment – receivables | | – | – | (18) | – |
| <u>TOTAL NET RECEIVABLES</u> | | <u>1,862</u> | <u>–</u> | <u>1,230</u> | <u>–</u> |
| Externally restricted receivables | | | | | |
| Water supply | | | | | |
| – Rates and availability charges | | 38 | – | 35 | – |
| – Other | | 254 | – | 217 | – |
| Sewerage services | | | | | |
| – Rates and availability charges | | 76 | – | – | – |
| – Other | | 2 | – | 129 | – |
| Total external restrictions | | 370 | – | 381 | – |
| Internally restricted receivables | | | | | |
| Nil | | | | | |
| Unrestricted receivables | | 1,492 | – | 849 | – |
| <u>TOTAL NET RECEIVABLES</u> | | <u>1,862</u> | <u>–</u> | <u>1,230</u> | <u>–</u> |

Notes on debtors above:

- (i) Rates and annual charges outstanding are secured against the property.
- (ii) Doubtful rates debtors are provided for where the value of the property is less than the debt outstanding.
An allowance for other doubtful debts is made when there is objective evidence that a receivable is impaired.
- (iii) Interest was charged on overdue rates and charges at 8.50% (2016 8.50%).
Generally all other receivables are non-interest bearing.
- (iv) Please refer to Note 15 for issues concerning credit risk and fair value disclosures.

Berrigan Shire Council

Notes to the Financial Statements for the year ended 30 June 2017

Note 8. Inventories and other assets

| \$ '000 | Notes | 2017 | | 2016 | |
|---|-------|-------------------|-------------------|-------------------|-------------------|
| | | Current | Non-current | Current | Non-current |
| (a) Inventories | | | | | |
| (i) Inventories at cost | | | | | |
| Real estate for resale (refer below) | | – | 185 | – | 185 |
| Stores and materials | | 218 | – | 223 | – |
| Total inventories at cost | | 218 | 185 | 223 | 185 |
| (ii) Inventories at net realisable value (NRV) | | | | | |
| Nil | | | | | |
| <u>TOTAL INVENTORIES</u> | | <u>218</u> | <u>185</u> | <u>223</u> | <u>185</u> |
| (b) Other assets | | | | | |
| Prepayments | | 60 | – | 27 | – |
| <u>TOTAL OTHER ASSETS</u> | | <u>60</u> | <u>–</u> | <u>27</u> | <u>–</u> |
| Externally restricted assets | | | | | |
| Water | | | | | |
| Stores and materials | | 59 | – | 91 | – |
| Total water | | 59 | – | 91 | – |
| Sewerage | | | | | |
| Stores and materials | | 3 | – | 4 | – |
| Total sewerage | | 3 | – | 4 | – |
| Domestic waste management | | | | | |
| Nil | | | | | |
| Other | | | | | |
| Nil | | | | | |
| Total externally restricted assets | | 62 | – | 95 | – |
| Total internally restricted assets | | – | – | – | – |
| Total unrestricted assets | | 216 | 185 | 155 | 185 |
| <u>TOTAL INVENTORIES AND OTHER ASSETS</u> | | <u>278</u> | <u>185</u> | <u>250</u> | <u>185</u> |

Berrigan Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 8. Inventories and other assets (continued)

| \$ '000 | 2017 | | 2016 | |
|--|----------|-------------|----------|-------------|
| | Current | Non-current | Current | Non-current |
| Other disclosures | | | | |
| (a) Details for real estate development | | | | |
| Residential | – | 185 | – | 185 |
| Total real estate for resale | – | 185 | – | 185 |
| (Valued at the lower of cost and net realisable value) | | | | |
| Represented by: | | | | |
| Acquisition costs | – | 185 | – | 185 |
| Total costs | – | 185 | – | 185 |
| Total real estate for resale | – | 185 | – | 185 |
| Movements: | | | | |
| Real estate assets at beginning of the year | – | 185 | 145 | 257 |
| – Purchases and other costs | – | – | 45 | (72) |
| – WDV of sales (expense) | – | – | (190) | – |
| Total real estate for resale | – | 185 | – | 185 |

Refer to Note 27. Fair value measurement for information regarding the fair value of other assets held.

Notes to the Financial Statements
for the year ended 30 June 2017

Note 9a. Infrastructure, property, plant and equipment

| Asset class | as at 30/6/2016 | | | | Asset movements during the reporting period | | | | | | | | as at 30/6/2017 | | | | |
|--|-----------------|-----------------------|---|---------------------|---|----------------------|-----------------------------|----------------------|---------------|--|--|--|-----------------|-----------------------|---|---------------------|-------|
| | At cost | Gross carrying amount | Accumulated depreciation and impairment | Net carrying amount | Additions renewals | Additions new assets | Carrying value of disposals | Depreciation expense | WIP transfers | Revaluation decrements to equity (ARR) | Reversal of prior period revaluation decrements to the P&L | Revaluation increments to equity (ARR) | At cost | Gross carrying amount | Accumulated depreciation and impairment | Net carrying amount | |
| \$ '000 | | | | | | | | | | | | | | | | | |
| Capital work in progress | 3,260 | – | – | 3,260 | – | – | – | – | (943) | – | – | – | 2,317 | – | – | – | 2,317 |
| Plant and equipment | – | 7,157 | 4,734 | 2,423 | 954 | 16 | (225) | (705) | – | – | – | – | – | 7,214 | 4,751 | 2,463 | |
| Office equipment | – | 984 | 813 | 171 | 5 | – | – | (46) | – | – | – | – | – | 989 | 859 | 130 | |
| Land: | | | | | | | | | | | | | | | | | |
| – Operational land | – | 6,869 | – | 6,869 | – | – | – | – | – | – | – | – | – | 6,869 | – | 6,869 | |
| – Community land | – | 320 | – | 320 | – | – | – | – | – | – | – | – | – | 320 | – | 320 | |
| – Land under roads (post 30/6/08) | – | 21 | – | 21 | – | 9 | – | – | – | – | – | – | – | 30 | – | 30 | |
| Land improvements – depreciable | – | 635 | 137 | 498 | 271 | – | – | (25) | (244) | – | – | – | – | 663 | 163 | 500 | |
| Infrastructure: | | | | | | | | | | | | | | | | | |
| – Buildings – non-specialised | – | 774 | 246 | 528 | – | – | – | (15) | – | – | – | – | – | 774 | 261 | 513 | |
| – Buildings – specialised | – | 37,170 | 19,099 | 18,071 | 23 | 4 | – | (667) | 9 | – | – | – | – | 37,205 | 19,765 | 17,440 | |
| – Roads | – | 149,769 | 40,992 | 108,777 | 3,273 | – | (180) | (2,451) | 1,954 | (18) | – | – | – | 153,426 | 42,071 | 111,355 | |
| – Bridges | – | 7,975 | 4,247 | 3,728 | – | – | – | (107) | – | – | – | – | – | 7,975 | 4,354 | 3,621 | |
| – Footpaths | – | 4,141 | 1,046 | 3,095 | – | 252 | – | (67) | (66) | (2) | – | – | – | 4,323 | 1,111 | 3,212 | |
| – Bulk earthworks (non-depreciable) | – | 2,976 | – | 2,976 | – | – | – | – | – | – | – | – | – | 2,976 | – | 2,976 | |
| – Stormwater drainage | – | 20,477 | 4,212 | 16,265 | – | 1,936 | (7) | (232) | (571) | – | – | 610 | – | 22,431 | 4,430 | 18,001 | |
| – Water supply network | – | 43,324 | 17,722 | 25,602 | 86 | – | – | (645) | – | – | – | 2,734 | – | 46,750 | 18,973 | 27,777 | |
| – Sewerage network | – | 37,737 | 22,908 | 14,829 | 630 | – | (2) | (656) | (119) | – | – | 2,653 | – | 42,522 | 25,187 | 17,335 | |
| – Swimming pools | – | 2,901 | 1,226 | 1,675 | – | – | – | (61) | – | – | – | – | – | 2,901 | 1,287 | 1,614 | |
| – Other open space/recreational assets | – | 7,629 | 4,003 | 3,626 | 15 | 5 | – | (111) | (18) | – | – | – | – | 7,625 | 4,108 | 3,517 | |
| Other assets: | | | | | | | | | | | | | | | | | |
| – Heritage collections | – | 70 | – | 70 | – | – | – | (1) | – | – | – | – | – | 70 | 1 | 69 | |
| – Library books | – | 871 | 675 | 196 | 34 | – | – | (20) | – | – | – | – | – | 905 | 695 | 210 | |
| – Other | – | 8,387 | 5,727 | 2,660 | 47 | – | – | (55) | (2) | – | – | – | – | 8,437 | 5,787 | 2,650 | |
| Reinstatement, rehabilitation and restoration assets (refer Note 26): | | | | | | | | | | | | | | | | | |
| – Tip assets | – | 176 | 56 | 120 | – | – | – | (6) | – | – | 70 | – | – | 246 | 62 | 184 | |
| – Quarry assets | – | 42 | 20 | 22 | – | – | – | (3) | – | – | 8 | – | – | 50 | 23 | 27 | |
| TOTAL INFRASTRUCTURE, PROPERTY, PLANT AND EQUIP. | 3,260 | 340,405 | 127,863 | 215,802 | 5,338 | 2,222 | (414) | (5,873) | – | (20) | 78 | 5,997 | 2,317 | 354,701 | 133,888 | 223,130 | |

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

Refer to Note 27. Fair value measurement for information regarding the fair value of other infrastructure, property, plant and equipment.

Berrigan Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 9b. Externally restricted infrastructure, property, plant and equipment

| \$ '000 | Actual 2017 | | | Actual 2016 | | |
|------------------------------------|-----------------------|----------------------------------|---------------------|-----------------------|----------------------------------|---------------------|
| | Gross carrying amount | Accumulated depn. and impairment | Net carrying amount | Gross carrying amount | Accumulated depn. and impairment | Net carrying amount |
| Water supply | | | | | | |
| WIP | – | – | – | 5 | – | 5 |
| Plant and equipment | 7 | 7 | – | 7 | 7 | – |
| Land | | | | | | |
| – Operational land | 545 | – | 545 | 545 | – | 545 |
| Buildings | 180 | 162 | 18 | 180 | 159 | 21 |
| Infrastructure | 46,750 | 18,972 | 27,778 | 43,324 | 17,722 | 25,602 |
| Other assets | 173 | 18 | 155 | 169 | 6 | 163 |
| Total water supply | 47,655 | 19,159 | 28,496 | 44,230 | 17,894 | 26,336 |
| Sewerage services | | | | | | |
| WIP | 119 | – | 119 | – | – | – |
| Plant and equipment | 207 | 165 | 42 | 207 | 155 | 52 |
| Office equipment | 57 | 51 | 6 | 57 | 45 | 12 |
| Land | | | | | | |
| – Operational land | 1,174 | – | 1,174 | 1,174 | – | 1,174 |
| Buildings | 2 | 1 | 1 | 2 | 1 | 1 |
| Infrastructure | 41,928 | 25,122 | 16,806 | 37,192 | 22,827 | 14,365 |
| Other assets | 81 | 17 | 64 | 72 | 12 | 60 |
| Total sewerage services | 43,568 | 25,356 | 18,212 | 38,704 | 23,040 | 15,664 |
| Domestic waste management | | | | | | |
| Plant and equipment | 17 | 17 | – | 17 | 17 | – |
| Land | | | | | | |
| – Operational land | 24 | – | 24 | 24 | – | 24 |
| – Improvements – depreciable | 220 | 62 | 158 | 276 | 113 | 163 |
| Buildings | 142 | 98 | 44 | 143 | 94 | 49 |
| Other assets | 221 | 111 | 110 | 341 | 167 | 174 |
| Total DWM | 624 | 288 | 336 | 801 | 391 | 410 |
| TOTAL RESTRICTED I,PP&E | 91,847 | 44,803 | 47,044 | 83,735 | 41,325 | 42,410 |

Note 9c. Infrastructure, property, plant and equipment – current year impairments

| \$ '000 | Notes | Actual 2017 | Actual 2016 |
|--|---------|----------------|----------------|
| Reversals of impairment losses previously recognised direct to equity (ARR): | | | |
| Finley War Memorial Hall re-instated | | – | 410 |
| Total impairment reversals | | – | 410 |
| IMPAIRMENT OF ASSETS – DIRECT to EQUITY (ARR) | 20 (ii) | – | 410 |

Berrigan Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 10a. Payables, borrowings and provisions

| \$ '000 | Notes | 2017 | | 2016 | |
|--|-------|--------------|--------------|--------------|--------------|
| | | Current | Non-current | Current | Non-current |
| Payables | | | | | |
| Goods and services – operating expenditure | | 320 | – | 635 | – |
| Accrued expenses: | | | | | |
| – Salaries and wages | | 154 | – | 99 | – |
| – Other expenditure accruals | | 25 | – | (3) | – |
| Security bonds, deposits and retentions | | 34 | – | 40 | – |
| Total payables | | 533 | – | 771 | – |
| Income received in advance | | | | | |
| Payments received in advance | | 191 | – | 158 | – |
| Total income received in advance | | 191 | – | 158 | – |
| Borrowings | | | | | |
| Loans – secured ¹ | | 148 | 1,149 | 253 | 1,297 |
| Total borrowings | | 148 | 1,149 | 253 | 1,297 |
| Provisions | | | | | |
| Employee benefits: | | | | | |
| Annual leave | | 981 | – | 973 | – |
| Long service leave | | 1,565 | 71 | 1,593 | 72 |
| Other leave | | 24 | – | 75 | – |
| Sub-total – aggregate employee benefits | | 2,570 | 71 | 2,641 | 72 |
| Asset remediation/restoration (future works) | 26 | 34 | 334 | – | 282 |
| Total provisions | | 2,604 | 405 | 2,641 | 354 |
| TOTAL PAYABLES, BORROWINGS AND PROVISIONS | | 3,476 | 1,554 | 3,823 | 1,651 |
| (i) Liabilities relating to restricted assets | | | | | |
| | | 2017 | | 2016 | |
| | | Current | Non-current | Current | Non-current |
| Externally restricted assets | | | | | |
| Water | | – | – | 116 | – |
| Liabilities relating to externally restricted assets | | – | – | 116 | – |
| Internally restricted assets | | | | | |
| Nil | | – | – | – | – |
| Total liabilities relating to restricted assets | | – | – | 116 | – |
| Total liabilities relating to unrestricted assets | | 3,476 | 1,554 | 3,707 | 1,651 |
| TOTAL PAYABLES, BORROWINGS AND PROVISIONS | | 3,476 | 1,554 | 3,823 | 1,651 |

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 15.

Berrigan Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 10a. Payables, borrowings and provisions (continued)

| \$ '000 | Actual 2017 | Actual 2016 |
|---------|----------------|----------------|
|---------|----------------|----------------|

(ii) Current liabilities not anticipated to be settled within the next twelve months

The following liabilities, even though classified as current, are not expected to be settled in the next 12 months.

| | | |
|---------------------------------|--------------|--------------|
| Provisions – employees benefits | 1,845 | 2,183 |
| | <u>1,845</u> | <u>2,183</u> |

Note 10b. Description of and movements in provisions

| Class of provision | 2016 | | 2017 | | | Closing balance as at 30/6/17 |
|--------------------|---------------------------------|-----------------------|--------------------------|--|-------------------------|----------------------------------|
| | Opening balance as at 1/7/16 | Additional provisions | Decrease due to payments | Remeasurement effects due to discounting | Unused amounts reversed | |
| Annual leave | 973 | 475 | (467) | – | – | 981 |
| Long service leave | 1,665 | 123 | (152) | – | – | 1,636 |
| Other leave | 75 | (30) | (21) | – | – | 24 |
| Asset remediation | 282 | 10 | – | 76 | – | 368 |
| TOTAL | 2,995 | 578 | (640) | 76 | – | 3,009 |

- a. Employees leave entitlements and on-costs represents those benefits accrued and payable and an estimate of those that will become payable in the future as a result of past service.
- b. Asset remediation, reinstatement and restoration provisions represent the present value estimate of future costs Council will incur in order to remove, restore and remediate assets and/or activities as a result of past operations.

Berrigan Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 11. Statement of cash flows – additional information

| \$ '000 | Notes | Actual 2017 | Actual 2016 |
|---|-------|----------------|----------------|
| (a) Reconciliation of cash assets | | | |
| Total cash and cash equivalent assets | 6a | 5,730 | 4,125 |
| Less bank overdraft | 10 | – | – |
| Balance as per the Statement of Cash Flows | | 5,730 | 4,125 |

(b) Reconciliation of net operating result to cash provided from operating activities

| | | | |
|---|--|---------------|---------------|
| Net operating result from Income Statement | | 7,430 | 5,882 |
| Adjust for non-cash items: | | | |
| Depreciation and amortisation | | 5,873 | 5,758 |
| Net losses/(gains) on disposal of assets | | (3) | (198) |
| Reversal of prior period I,PP&E revaluation decrements costed direct to the P&L | | (78) | – |
| Unwinding of discount rates on reinstatement provisions | | 86 | 58 |
| +/- Movement in operating assets and liabilities and other cash items: | | | |
| Decrease/(increase) in receivables | | (693) | 180 |
| Increase/(decrease) in provision for doubtful debts | | (18) | – |
| Decrease/(increase) in inventories | | 5 | (37) |
| Decrease/(increase) in other assets | | (33) | 1 |
| Increase/(decrease) in payables | | (315) | (329) |
| Increase/(decrease) in other accrued expenses payable | | 83 | (219) |
| Increase/(decrease) in other liabilities | | 27 | (25) |
| Increase/(decrease) in employee leave entitlements | | (72) | 129 |
| Net cash provided from/(used in) operating activities from the Statement of Cash Flows | | 12,292 | 11,201 |

(c) Non-cash investing and financing activities

Nil

(d) Financing arrangements

Nil

(e) Bank guarantees

Nil

Berrigan Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 12. Commitments for expenditure

| \$ '000 | Notes | Actual 2017 | Actual 2016 |
|--|-------|----------------|----------------|
| (a) Capital commitments (exclusive of GST) | | | |
| Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities: | | | |
| Property, plant and equipment | | | |
| Plant and equipment | | 837 | 67 |
| Water infrastructure | | 20 | 20 |
| Roadworks | | 1,260 | 946 |
| Sewer Infrastructure | | 67 | 9 |
| Levee | | – | 11 |
| Drainage | | 10 | 308 |
| Total commitments | | 2,194 | 1,361 |
| These expenditures are payable as follows: | | | |
| Within the next year | | 2,194 | 1,361 |
| Total payable | | 2,194 | 1,361 |
| Sources for funding of capital commitments: | | | |
| Unrestricted general funds | | 108 | 104 |
| Future grants and contributions | | 1,452 | 863 |
| Externally restricted reserves | | 584 | 28 |
| Internally restricted reserves | | 50 | 78 |
| Unexpended loans | | – | 288 |
| Total sources of funding | | 2,194 | 1,361 |

(b) Finance lease commitments

Nil

(c) Operating lease commitments (non-cancellable)

Nil

(d) Investment property commitments

Nil

Berrigan Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 13a(i). Statement of performance measurement – indicators (consolidated)

| \$ '000 | Amounts 2017 | Indicator 2017 | Prior periods | | Benchmark |
|--|-----------------|-------------------|---------------|-----------|------------------------|
| | | | 2016 | 2015 | |
| Local government industry indicators – consolidated | | | | | |
| 1. Operating performance ratio | | | | | |
| Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions less operating expenses | <u>5,384</u> | 22.54% | 14.68% | 7.10% | >0.00% |
| Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions | <u>23,885</u> | | | | |
| 2. Own source operating revenue ratio | | | | | |
| Total continuing operating revenue ⁽¹⁾ excluding all grants and contributions | <u>13,941</u> | 53.93% | 55.34% | 61.23% | >60.00% |
| Total continuing operating revenue ⁽¹⁾ | <u>25,850</u> | | | | |
| 3. Unrestricted current ratio | | | | | |
| Current assets less all external restrictions ⁽²⁾ | <u>13,175</u> | 8.08x | 7.05x | 4.19x | >1.5x |
| Current liabilities less specific purpose liabilities ^(3, 4) | <u>1,631</u> | | | | |
| 4. Debt service cover ratio | | | | | |
| Operating result ⁽¹⁾ before capital excluding interest and depreciation/impairment/amortisation | <u>11,329</u> | 34.86x | 25.63x | 31.31x | >2x |
| Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement) | <u>325</u> | | | | |
| 5. Rates, annual charges, interest and extra charges outstanding percentage | | | | | |
| Rates, annual and extra charges outstanding | <u>367</u> | 3.72% | 3.53% | 4.44% | < 5% |
| Rates, annual and extra charges collectible | <u>9,873</u> | | | | Metro <10% Rural |
| 6. Cash expense cover ratio | | | | | |
| Current year's cash and cash equivalents plus all term deposits | <u>28,730</u> | 23.98 | 20.0 mths | 19.9 mths | > 3 mths |
| Payments from cash flow of operating and financing activities | <u>1,198</u> | mths | | | |

Notes

(1) Excludes fair value adjustments and reversal of revaluation decrements, net gain/(loss) on sale of assets and the net share of interests in joint ventures and associates.

(2) Refer Notes 6-8 inclusive.

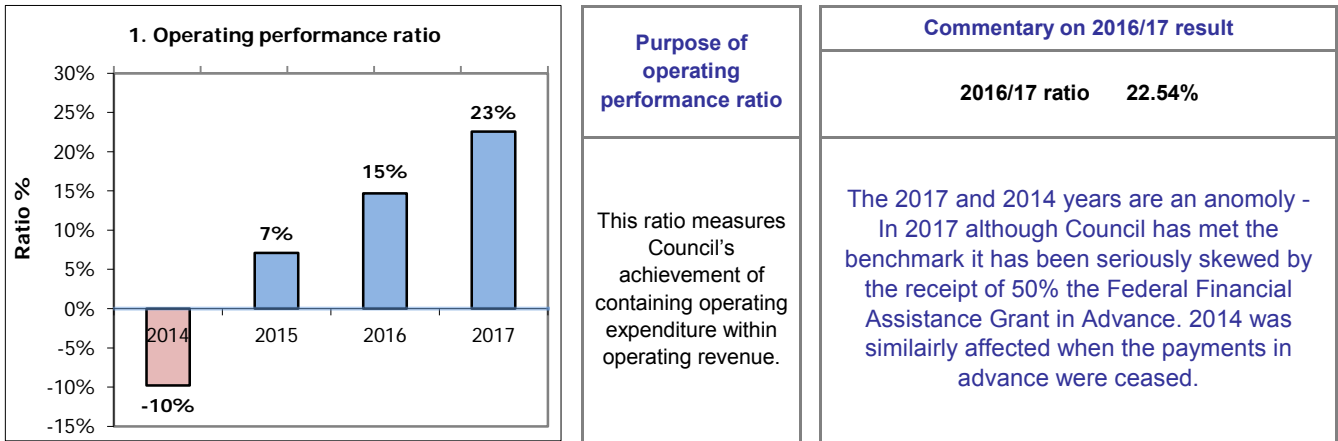
Also excludes any real estate and land for resale not expected to be sold in the next 12 months.

(3) Refer to Note 10(a).

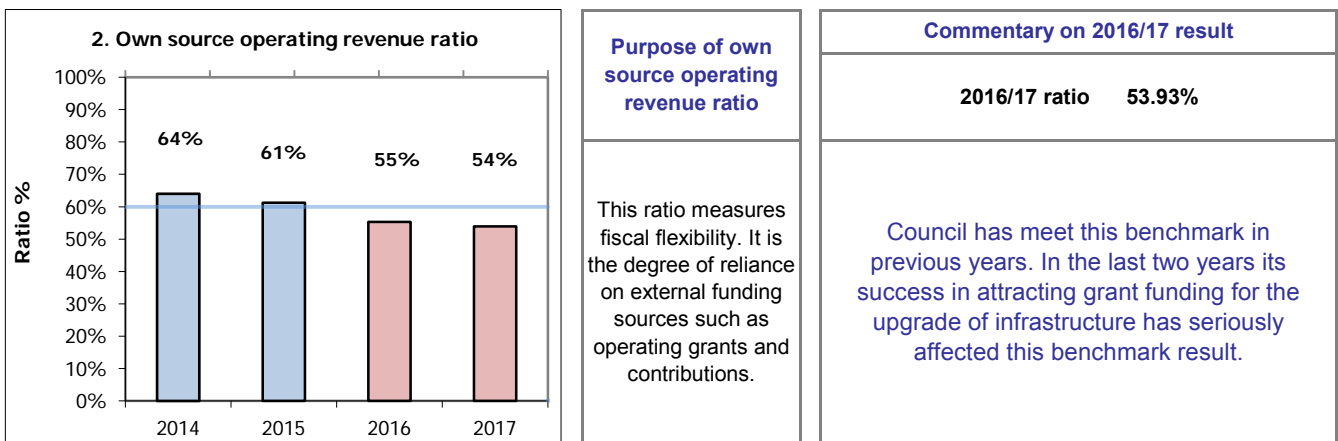
(4) Refer to Note 10(a)(ii) – excludes all payables and provisions not expected to be paid in the next 12 months (incl. ELE).

Notes to the Financial Statements
for the year ended 30 June 2017

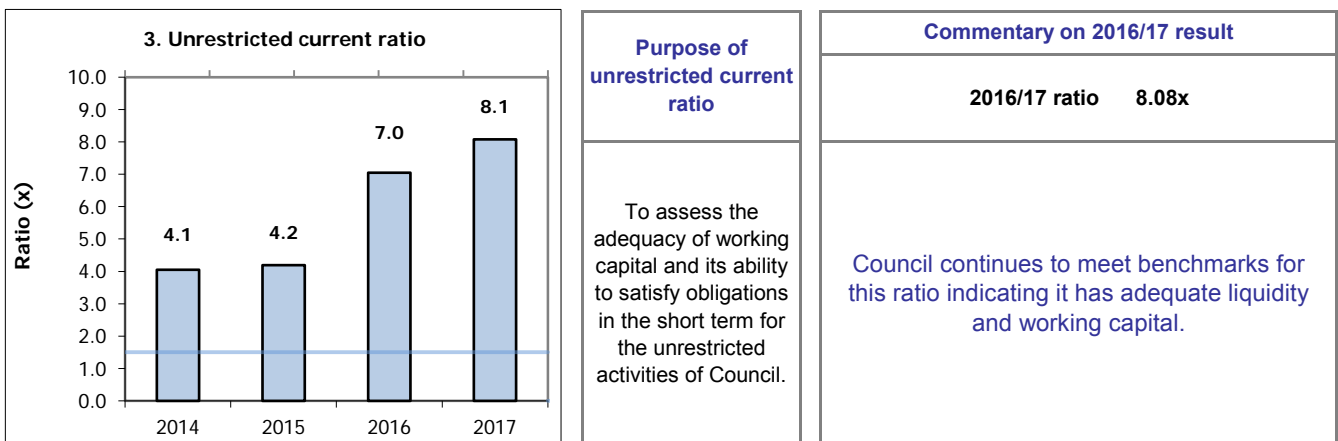
Note 13a(ii). Local government industry indicators – graphs (consolidated)



Benchmark: — Minimum $\geq 0.00\%$ Ratio achieves benchmark
Source for benchmark: Code of Accounting Practice and Financial Reporting #25 Ratio is outside benchmark



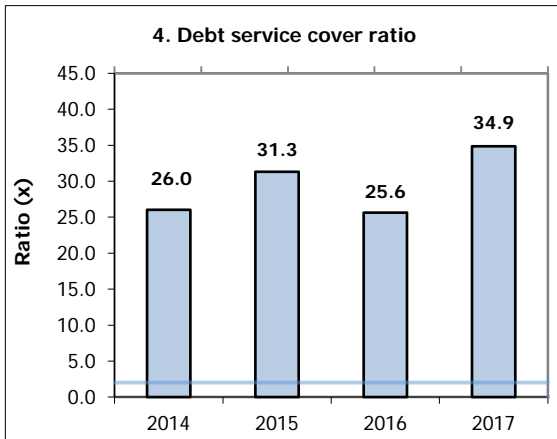
Benchmark: — Minimum $\geq 60.00\%$ Ratio achieves benchmark
Source for benchmark: Code of Accounting Practice and Financial Reporting #25 Ratio is outside benchmark



Benchmark: — Minimum ≥ 1.50 Ratio achieves benchmark
Source for benchmark: Code of Accounting Practice and Financial Reporting #25 Ratio is outside benchmark

Notes to the Financial Statements
for the year ended 30 June 2017

Note 13a(ii). Local government industry indicators – graphs (consolidated)



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 2016/17 result

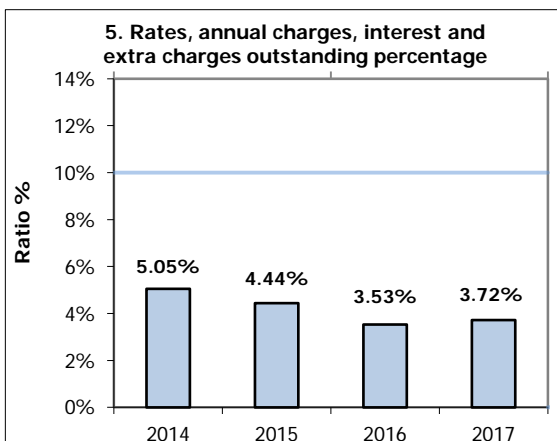
2016/17 ratio 34.86x

Council continues to comfortably meet this benchmark. The only current loan is held under the Local Infrastructure Renewal Scheme for stormwater drainage works.

Benchmark: Minimum ≥ 2.00

Source for benchmark: Code of Accounting Practice and Financial Reporting #25

Ratio achieves benchmark
Ratio is outside benchmark



Purpose of rates and annual charges outstanding ratio

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

Commentary on 2016/17 result

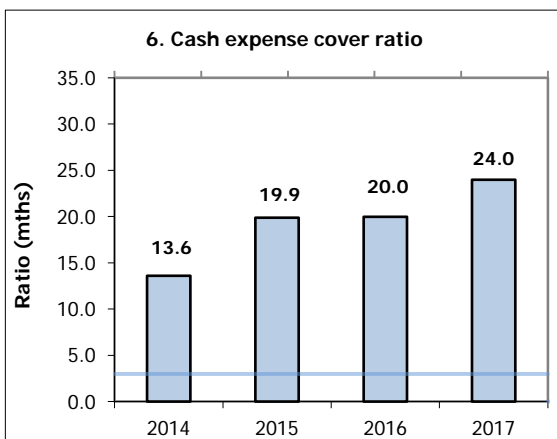
2016/17 ratio 3.72%

Council continues to deliver excellent results in this area well below benchmark. Efficient collection of rates and charges owing assists with Council's liquidity and maintains equity across ratepayers.

Benchmark: Maximum $< 10.00\%$

Source for Benchmark: Code of Accounting Practice and Financial Reporting #25

Ratio is within Benchmark
Ratio is outside Benchmark



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 2016/17 result

2016/17 ratio 23.98 mths

Council continues to maintain more than adequate cash reserves.

Benchmark: Minimum ≥ 3.00

Source for benchmark: Code of Accounting Practice and Financial Reporting #25

Ratio achieves benchmark
Ratio is outside benchmark

Berrigan Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 13b. Statement of performance measurement – indicators (by fund)

| \$ '000 | General indicators ⁵ | | Water indicators | | Sewer indicators | | Benchmark |
|---|---------------------------------|--------|-----------------------|--------|-----------------------|----------------|-----------|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | |
| Local government industry indicators – by fund | | | | | | | |
| 1. Operating performance ratio | | | | | | | |
| Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions less operating expenses | 25.95% | 13.53% | 16.82% | 21.22% | 1.43% | 11.95% | >0.00% |
| Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions | | | | | | | |
| 2. Own source operating revenue ratio | | | | | | | |
| Total continuing operating revenue ⁽¹⁾ excluding capital grants and contributions | 42.45% | 41.84% | 95.89% | 98.72% | 97.62% | 97.60% | >60.00% |
| Total continuing operating revenue ⁽¹⁾ | | | | | | | |
| 3. Unrestricted current ratio | | | | | | | |
| Current assets less all external restrictions ⁽²⁾ | 8.08x | 7.05x | No liabilities | 58.26x | No liabilities | No liabilities | >1.5x |
| Current liabilities less specific purpose liabilities ^(3, 4) | | | | | | | |

Notes

^{(1) - (4)} Refer to Notes at Note 13a(i) above.

⁽⁵⁾ General fund refers to all of Council's activities except for its water and sewer activities which are listed separately.

Berrigan Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 13b. Statement of performance measurement – indicators (by fund) (continued)

| \$ '000 | General indicators ⁵ | | Water indicators | | Sewer indicators | | Benchmark |
|--|---------------------------------|-----------------|------------------------------|-----------------|-------------------------------|-----------------|--------------------------|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | |
| Local government industry indicators – by fund (continued) | | | | | | | |
| 4. Debt service cover ratio | | | | | | | |
| Operating result ⁽¹⁾ before capital excluding interest and depreciation/impairment/amortisation | | | | | | | |
| Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement) | 29.24x | 20.02x | 401.40x | 114.83x | 0.00x | 0.00x | >2x |
| 5. Rates, annual charges, interest and extra charges outstanding percentage | | | | | | | |
| Rates, annual and extra charges outstanding | 4.12% | 5.03% | 2.02% | 1.93% | 4.10% | 0.00% | < 5% Metro <10% Rural |
| Rates, annual and extra charges collectible | | | | | | | |
| 6. Cash expense cover ratio | | | | | | | |
| Current year's cash and cash equivalents plus all term deposits | | | | | | | |
| Payments from cash flow of operating and financing activities | 27.67 months | 21.56 months | 8.86 months | 13.33 months | 17.48 months | 17.72 months | > 3 months |

Notes

(1) Refer to Notes at Note 13a(i) above.

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

Notes to the Financial Statements

for the year ended 30 June 2017

Note 14. Investment properties

\$ '000

Council has not classified any land or buildings as 'investment properties'.

Note 15. Financial risk management

Risk management

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.

| | Carrying value | | Fair value | |
|------------------------------------|----------------|---------------|---------------|---------------|
| | 2017 | 2016 | 2017 | 2016 |
| Financial assets | | | | |
| Cash and cash equivalents | 5,730 | 4,125 | 5,730 | 4,125 |
| Investments | | | | |
| – 'Held to maturity' | 23,000 | 19,630 | 23,000 | 19,630 |
| Receivables | 1,862 | 1,230 | 1,862 | 1,230 |
| Total financial assets | 30,592 | 24,985 | 30,592 | 24,985 |
| Financial liabilities | | | | |
| Payables | 533 | 771 | 533 | 771 |
| Loans/advances | 1,297 | 1,550 | 1,297 | 1,550 |
| Total financial liabilities | 1,830 | 2,321 | 1,830 | 2,321 |

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 current mkt interest rates applicable to assets and liabilities with similar risk profiles, unless quoted market prices are available.
- Financial assets classified (i) '**at fair value through profit and loss**' or (ii) '**available-for-sale**' – are based upon quoted market prices (in active markets for identical investments) at the reporting date or independent valuation.

Refer to Note 27. Fair value measurement for information regarding the fair value of financial assets and liabilities.

Notes to the Financial Statements

for the year ended 30 June 2017

Note 15. Financial risk management (continued)

\$ '000

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

Council has an investment policy which complies with the *Local Government Act 1993* and the Minister's investment order. 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.

The risks associated with the investments 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 diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees.

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

The following represents a summary of the sensitivity of Council's Income Statement and accumulated surplus (for the reporting period) due to a change in either the price of a financial asset or the interest rates applicable.

It is assumed that the change in interest rates would have been constant throughout the reporting period.

| | Increase of values/rates | | Decrease of values/rates | |
|--|--------------------------|--------|--------------------------|--------|
| | Profit | Equity | Profit | Equity |
| 2017 | | | | |
| Possible impact of a 1% movement in interest rates | 287 | (287) | (287) | 287 |
| 2016 | | | | |
| Possible impact of a 1% movement in interest rates | 237 | (237) | (237) | 237 |

Notes to the Financial Statements

for the year ended 30 June 2017

Note 15. Financial risk management (continued)

\$ '000

(b) Credit risk

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

The major risk associated with these receivables is credit risk – the risk that debts due and payable to Council may not be repaid in full.

Council manages this risk by monitoring outstanding debt and employing stringent debt recovery procedures. It also encourages ratepayers to pay their rates by the due date through incentives.

Credit risk on rates and annual charges is minimised by the ability of Council to secure a charge over the land relating to the debts – 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 the payment of debt.

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.

A profile of Council's receivables credit risk at balance date follows:

| | 2017 Rates and annual charges | 2017 Other receivables | 2016 Rates and annual charges | 2016 Other receivables |
|--|--|------------------------------|--|------------------------------|
| (i) Ageing of receivables – % | | | | |
| Current (not yet overdue) | 64% | 31% | 69% | 63% |
| Overdue | 36% | 69% | 31% | 37% |
| | 100% | 100% | 100% | 100% |
| (ii) Ageing of receivables – value | | | | |
| Rates and annual charges | Rates and annual charges | Other receivables | Rates and annual charges | Other receivables |
| Current | 263 | 465 | 261 | 362 |
| < 1 year overdue | 25 | 670 | 38 | 349 |
| 1 – 2 years overdue | 34 | 111 | 19 | 51 |
| 2 – 5 years overdue | 41 | 23 | 20 | 26 |
| > 5 years overdue | 4 | 226 | 4 | 118 |
| | 367 | 1,495 | 342 | 906 |
| (iii) Movement in provision for impairment of receivables | | | | |
| | | | 2017 | 2016 |
| Balance at the beginning of the year | | | 18 | 18 |
| – amounts already provided for and written off this year | | | (18) | – |
| Balance at the end of the year | | | – | 18 |

Berrigan Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 15. Financial risk management (continued)

\$ '000

(c) Liquidity risk

Payables and borrowings are both subject to liquidity risk – 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 maintaining an adequate cash buffer.

Payment terms can (in extenuating circumstances) also be extended and overdraft facilities utilised as required.

The contractual undiscounted cash outflows (ie. principal and interest) of Council's payables and borrowings are set out in the maturity table below:

| \$ '000 | Subject to no maturity | payable in: | | | | | | Total cash outflows | Actual carrying values |
|------------------------------------|------------------------|-------------|------------|------------|------------|------------|------------|---------------------|------------------------|
| | | ≤ 1 Year | 1-2 Yrs | 2-3 Yrs | 3-4 Yrs | 4-5 Yrs | > 5 Yrs | | |
| 2017 | | | | | | | | | |
| Trade/other payables | 34 | 499 | – | – | – | – | – | 533 | 533 |
| Loans and advances | 200 | 200 | 200 | 200 | 200 | 200 | 97 | 1,297 | 1,297 |
| Total financial liabilities | 234 | 699 | 200 | 200 | 200 | 200 | 97 | 1,830 | 1,830 |
| 2016 | | | | | | | | | |
| Trade/other payables | 40 | 731 | – | – | – | – | – | 771 | 771 |
| Loans and advances | 200 | 200 | 200 | 200 | 200 | 200 | 550 | 1,750 | 1,550 |
| Total financial liabilities | 240 | 931 | 200 | 200 | 200 | 200 | 550 | 2,521 | 2,321 |

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

The following interest rates were applicable to Council's borrowings at balance date:

| | 2017 | | 2016 | |
|--|----------------|-----------------------|----------------|-----------------------|
| | Carrying value | Average interest rate | Carrying value | Average interest rate |
| Trade/other payables | 533 | 0.00% | 771 | 0.00% |
| Loans and advances – fixed interest rate | 1,297 | 4.26% | 1,550 | 4.26% |
| | <u>1,830</u> | | <u>2,321</u> | |

Berrigan Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 16. Material budget variations

\$ '000

Council's original financial budget for 16/17 was adopted by the Council on 15 June 2016.

While the Income Statement included in this General Purpose Financial Report must disclose the original budget adopted by Council, the *Local Government Act 1993* requires Council to review its financial budget on a quarterly basis, so that it is able to manage the various variations between actuals versus budget that invariably occur throughout the year.

This note sets out the details of **material variations** between Council's original budget and its actual results for the year as per the Income Statement – even though such variations may have been adjusted for during each quarterly budget review.

Note that for variations* of budget to actual :

Material variations represent those variances that amount to **10%** or more of the original budgeted figure.

F = Favourable budget variation, **U** = Unfavourable budget variation

| \$ '000 | 2017 Budget | 2017 Actual | 2017 ----- Variance* ----- | | |
|--|----------------|----------------|-------------------------------|------|----------|
| REVENUES | | | | | |
| Rates and annual charges | 9,367 | 9,462 | 95 | 1% | F |
| User charges and fees | 1,645 | 3,127 | 1,482 | 90% | F |
| Water consumption was greater than expected, as was non-domestic waste collection (specifically the disposal of asbestos relating to the demolition of affected housing by the State Government). Building, planning and rates certificates all exceeded budgeted expectations, as did water connection revenue - a result of increased development in Berrigan Shire. | | | | | |
| Interest and investment revenue | 617 | 725 | 108 | 18% | F |
| The Council is traditionally conservative when budgeting for interest investment revenue. The Council cash holdings have increased over the financial year. | | | | | |
| Other revenues | 500 | 705 | 205 | 41% | F |
| Sales of high security water are conservatively included in the council original budget | | | | | |
| Operating grants and contributions | 7,919 | 9,944 | 2,025 | 26% | F |
| An additional \$500K in Flood repair funding was allocated to Berrigan Shire Council in 2016/17, which the Council was required to spend within the financial year. Also, the Federal Financial Assistance Grant was once again paid in advance - with \$2,197M of 2017/18 funding paid in 2016/17 in addition to normal annual funding. | | | | | |
| Capital grants and contributions | 640 | 1,965 | 1,325 | 207% | F |
| Council was once again successful with grant applications and ZRMSZ contributions during the year, including: | | | | | |
| * \$251K paid of \$335K grant for Aerodrome development | | | | | |
| *\$62K of \$123K for Levee works | | | | | |
| *\$284K from RMS for works on Murray St Finley | | | | | |
| *R2R funding \$800K paid but unexpended | | | | | |
| Net gains from disposal of assets | - | 3 | 3 | 0% | F |
| Council does not budget for gains on sale of assets unless material. | | | | | |

Berrigan Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 16. Material budget variations (continued)

| \$ '000 | 2017 Budget | 2017 Actual | 2017 Variance* | | |
|---|----------------|----------------|-------------------|-------|----------|
| EXPENSES | | | | | |
| Employee benefits and on-costs | 7,549 | 7,071 | 478 | 6% | F |
| Borrowing costs | 61 | 72 | (11) | (18%) | U |
| Costs on remediation are included in borrowing cost but not budgeted. | | | | | |
| Materials and contracts | 2,177 | 3,394 | (1,217) | (56%) | U |
| Council again received extra Roads to Recovery and Flood Repair funding for the year which needed to be spent in the financial year, hence the extra expenditure. | | | | | |
| Depreciation and amortisation | 5,898 | 5,873 | 25 | 0% | F |
| Other expenses | 2,008 | 2,091 | (83) | (4%) | U |

Budget variations relating to Council's Cash Flow Statement include:

| | | | | | |
|--|----------------|-----------------|----------------|--------|----------|
| Cash flows from operating activities | 8,885 | 12,292 | 3,407 | 38.3% | F |
| Council always estimates income conservatively. Income from all sources was greater than anticipated | | | | | |
| Cash flows from investing activities | (9,223) | (10,434) | (1,211) | 13.1% | U |
| Stronger than anticipated performance resulted in a stronger cash position | | | | | |
| Cash flows from financing activities | (254) | (253) | 1 | (0.4%) | F |

Berrigan Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 17. Statement of developer contributions

\$ '000

Council recovers contributions, raises levies and enters into planning agreements on development works that are subject to a development consent issued by Council. All contributions must be spent/utilised for the specific purpose they were levied and any interest applicable to unspent funds must be attributed to remaining funds.

The following tables detail the receipt, interest and use of the above contributions and levies and the value of all remaining funds which are 'restricted' in their future use.

SUMMARY OF CONTRIBUTIONS AND LEVIES

| PURPOSE | Opening balance | Contributions received during the year | | Interest earned in year | Expenditure during year | Internal borrowing (to)/from | Held as restricted asset | Cumulative internal borrowings due/(payable) |
|----------------------------|-----------------|--|----------|-------------------------|-------------------------|------------------------------|--------------------------|--|
| | | Cash | Non-cash | | | | | |
| S94 not under plans | 85 | 4 | – | – | (15) | – | 74 | – |
| S64 contributions | – | 99 | – | – | – | – | 99 | – |
| Total contributions | 85 | 103 | – | – | (15) | – | 173 | – |

Berrigan Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 17. Statement of developer contributions (continued)

\$ '000

S94 CONTRIBUTIONS – NOT UNDER A PLAN

| PURPOSE | Opening balance | Contributions received during the year | | Interest earned in year | Expenditure during year | Internal borrowing (to)/from | Held as restricted asset | Cumulative internal borrowings due/(payable) |
|--------------|-----------------|--|----------|-------------------------|-------------------------|------------------------------|--------------------------|--|
| | | Cash | Non-cash | | | | | |
| Drainage | 5 | 2 | - | - | (5) | - | 2 | - |
| Parking | 3 | - | - | - | - | - | 3 | - |
| Open space | 72 | 2 | - | - | (5) | - | 69 | - |
| Sewer | 5 | - | - | - | (5) | - | - | - |
| Total | 85 | 4 | - | - | (15) | - | 74 | - |

S64 contributions

| PURPOSE | Opening balance | Contributions received during the year | | Interest earned in year | Expenditure during year | Internal borrowing (to)/from | Held as restricted asset | Cumulative internal borrowings due/(payable) |
|--------------|-----------------|--|----------|-------------------------|-------------------------|------------------------------|--------------------------|--|
| | | Cash | Non-cash | | | | | |
| Water | - | 93 | - | - | - | - | 93 | - |
| Sewer | - | 6 | - | - | - | - | 6 | - |
| Total | - | 99 | - | - | - | - | 99 | - |

Notes to the Financial Statements

for the year ended 30 June 2017

Note 18. Contingencies and other assets/liabilities not recognised

\$ '000

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 participates in an employer sponsored Defined Benefit Superannuation Scheme, and makes contributions as determined by the Superannuation Scheme's Trustees.

Member Councils bear responsibility of ensuring there are sufficient funds available to pay out the required benefits as they fall due.

The Local Government Superannuation Scheme - Pool B (the Scheme) is a defined benefit plan that has been deemed to be a "multi-employer fund" for purposes of AASB119 Employee Benefits measurement and recognition.

Sufficient information under AASB119 is not available to account for the Scheme as a defined benefit plan, because the assets to the Scheme are pooled together for all employers.

The amount of employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense for the year ending 30 June 2017 was \$163,106.

The last valuation of the Scheme was performed by Mr Richard Boyfield, FIAA on 2 December 2017 and covers the period ended 30 June 2016. However the position is monitored annually and the actuary has estimated that as at 30 June 2016 a deficit still exists.

(i) Defined Benefit Superannuation Contribution Plans (continued)

Future contributions made to the defined benefit scheme to rectify the net deficit position are recognised as an expense when they become payable - similar to the accounting for Defined Contributions Plans.

The amount of contributions to the plan for the next financial year is expected to be \$148,263.

Effective from 1 July 2013, employers are required to contribute additional contributions to assist in extinguishing this deficit.

The share of this deficit that can be broadly attributed to the Council was estimated to be in the order of \$249,000 as at 30 June 2017 (0.17%).

Council has a contingent liability to contribute further equity in the event of the erosion of the Scheme's capital base as a result of the Scheme'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 Scheme's minimum level of Net Assets in accordance with its Licence Requirements.

(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 Councils contributions to the pool and the result of insurance claims within each of the Fund Years.

Notes to the Financial Statements

for the year ended 30 June 2017

Note 18. Contingencies and other assets/liabilities not recognised (continued)

\$ '000

LIABILITIES NOT RECOGNISED (continued):

1. Guarantees (continued)

(ii) Statewide Limited (continued)

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.

2. Other Liabilities

(i) Third Party Claims

The Council is involved from time to time in various claims incidental to the ordinary course of business including claims for damages relating to its services.

Council believes that it is appropriately covered for all claims through its Insurance Coverage and does not expect any material liabilities to eventuate.

(ii) S94 Plans

Council levies Section 94/94A Contributions upon various development across the Council area through the required Contributions Plans.

As part of these Plans, Council has received funds for which it will be required to expend the monies in accordance with those Plans.

As well, these Plans indicate proposed future expenditure to be undertaken by Council, which will be funded by making levies and receipting funds in future years or where a shortfall exists by the use of Council's General Funds.

These future expenses do not yet qualify as liabilities as of the Reporting Date, but represent Councils intention to spend funds in the manner and timing set out in those Plans.

(iii) Other Guarantees

Council has provided no other Guarantees other than those listed above.

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 30th June 2008.

Note 19. Interests in other entities

Council has no interest in any controlled entities, joint arrangements or associates.

Berrigan Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 20. Retained earnings, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors

| \$ '000 | Notes | Actual 2017 | Actual 2016 |
|---|----------|----------------|----------------|
| (a) Retained earnings | | | |
| Movements in retained earnings were as follows: | | | |
| Balance at beginning of year (from previous years audited accounts) | | 100,527 | 94,642 |
| a. Net operating result for the year | | 7,430 | 5,882 |
| b. Transfers between equity | | – | 3 |
| Balance at end of the reporting period | | 107,957 | 100,527 |
| (b) Revaluation reserves | | | |
| (i) Reserves are represented by: | | | |
| – Infrastructure, property, plant and equipment revaluation reserve | | 141,198 | 135,221 |
| Total | | 141,198 | 135,221 |
| (ii) Reconciliation of movements in reserves: | | | |
| Infrastructure, property, plant and equipment revaluation reserve | | | |
| – Opening balance | | 135,221 | 137,583 |
| – Revaluations for the year | 9(a) | 5,977 | (1,625) |
| – (Impairment of revalued assets)/impairment reversals | 9(a),(c) | – | 410 |
| – Transfer to retained earnings for asset disposals | | – | (3) |
| – Correction of prior period errors | 20(c) | – | (1,144) |
| – Balance at end of year | | 141,198 | 135,221 |
| TOTAL VALUE OF RESERVES | | 141,198 | 135,221 |
| (iii) Nature and purpose of reserves | | | |
| Infrastructure, property, plant and equipment revaluation reserve | | | |
| – The infrastructure, property, plant and equipment revaluation reserve is used to record increments/decrements of non-current asset values due to their revaluation. | | | |

Berrigan Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 20. Retained earnings, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors (continued)

| \$ '000 | Notes | Actual 2017 | Actual 2016 |
|---|-------|----------------|----------------|
| (c) Correction of error/s relating to a previous reporting period | | | |
| Correction of errors as disclosed in last year's financial statements: | | | |
| During the revaluation of community land assets Council identified 21 parcels of land classified as community and 1 parcel classified as operating land which are in fact Crown Land. These parcels had all been initially brought to Council accounts via Asset Revaluation Reserve. | | | |
| The following balances were affected: | | | |
| Community Land opening balance | | – | (20) |
| Operational Land opening balance | | – | (1,124) |
| Asset Revaluation Reserve - Land | | – | (1,144) |
| In accordance with AASB 108 – Accounting Policies, Changes in Accounting Estimates and Errors, the above prior period errors have been recognised retrospectively. | | | |
| These amounted to the following equity adjustments: | | | |
| – Adjustments to opening equity – 1/7/15 (relating to adjustments for the 30/6/15 reporting year end and prior periods) | | – | (1,144) |
| Total prior period adjustments – prior period errors | | – | (1,144) |

(d) Voluntary changes in accounting policies

Council made no voluntary changes in any accounting policies during the year.

Berrigan Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 21. Financial result and financial position by fund

| Income Statement by fund \$ '000 | Actual 2017 | Actual 2017 | Actual 2017 |
|--|----------------|----------------|----------------------------|
| <u>Continuing operations</u> | Water | Sewer | General¹ |
| Income from continuing operations | | | |
| Rates and annual charges | 1,880 | 1,853 | 5,729 |
| User charges and fees | 1,010 | 53 | 2,064 |
| Interest and investment revenue | 174 | 149 | 402 |
| Other revenues | 224 | 44 | 437 |
| Grants and contributions provided for operating purposes | – | – | 9,944 |
| Grants and contributions provided for capital purposes | 93 | 6 | 1,866 |
| Other income | | | |
| Net gains from disposal of assets | – | – | 3 |
| Share of interests in joint ventures and associates using the equity method | – | – | – |
| Total income from continuing operations | 3,381 | 2,105 | 20,445 |
| Expenses from continuing operations | | | |
| Employee benefits and on-costs | 359 | 303 | 6,409 |
| Borrowing costs | 3 | – | 69 |
| Materials and contracts | 1,363 | 928 | 1,103 |
| Depreciation and amortisation | 660 | 678 | 4,535 |
| Impairment | – | – | – |
| Other expenses | 350 | 148 | 1,591 |
| Net losses from the disposal of assets | – | 2 | – |
| Total expenses from continuing operations | 2,735 | 2,059 | 13,707 |
| Operating result from continuing operations | 646 | 46 | 6,738 |
| <u>Discontinued operations</u> | | | |
| Net profit/(loss) from discontinued operations | – | – | – |
| Net operating result for the year | 646 | 46 | 6,738 |
| Net operating result attributable to each council fund | 646 | 46 | 6,738 |
| Net operating result attributable to non-controlling interests | – | – | – |
| Net operating result for the year before grants and contributions provided for capital purposes | 553 | 40 | 4,872 |

¹ General fund refers to all Council's activities other than Water and Sewer.

NB. All amounts disclosed above are gross – that is, they include internal charges and recoveries made between the funds.

Berrigan Shire Council

Notes to the Financial Statements

as at 30 June 2017

Note 21. Financial result and financial position by fund (continued)

| Statement of Financial Position by fund \$ '000 | Actual 2017 | Actual 2017 | Actual 2017 |
|--|----------------|----------------|----------------------------|
| | Water | Sewer | General¹ |
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 1,532 | 2,009 | 2,189 |
| Investments | 6,000 | 4,000 | 13,000 |
| Receivables | 281 | 78 | 1,503 |
| Inventories | 70 | 3 | 145 |
| Other | – | – | 60 |
| Total current assets | 7,883 | 6,090 | 16,897 |
| Non-current assets | | | |
| Investments | – | – | – |
| Receivables | – | – | – |
| Inventories | – | – | 185 |
| Infrastructure, property, plant and equipment | 28,496 | 18,212 | 176,422 |
| Investments accounted for using the equity method | – | – | – |
| Investment property | – | – | – |
| Intangible assets | – | – | – |
| Total non-current assets | 28,496 | 18,212 | 176,607 |
| TOTAL ASSETS | 36,379 | 24,302 | 193,504 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Payables | – | – | 533 |
| Income received in advance | – | – | 191 |
| Borrowings | – | – | 148 |
| Provisions | – | – | 2,604 |
| Total current liabilities | – | – | 3,476 |
| Non-current liabilities | | | |
| Payables | – | – | – |
| Borrowings | – | – | 1,149 |
| Provisions | – | – | 405 |
| Total non-current liabilities | – | – | 1,554 |
| TOTAL LIABILITIES | – | – | 5,030 |
| Net assets | 36,379 | 24,302 | 188,474 |
| EQUITY | | | |
| Retained earnings | 22,572 | 10,471 | 74,914 |
| Revaluation reserves | 13,807 | 13,831 | 113,560 |
| Total equity | 36,379 | 24,302 | 188,474 |

¹ General Fund refers to all Council's activities other than Water and Sewer.

NB. All amounts disclosed above are gross – that is, they include internal receivables and payables between the funds.

Berrigan Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 22. 'Held for sale' non-current assets and disposal groups

\$ '000

Council did not classify any non-current assets or disposal groups as 'held for sale'.

Note 23. Events occurring after the reporting date

Events that occur between the end of the reporting period (30 June 2017) and the date when the financial statements are 'authorised for issue' have been taken into account in preparing these statements.

Council has adopted the date of receipt of the Auditors' Report as the applicable 'authorised for issue' date relating to these General Purpose Financial Statements.

Accordingly, the 'authorised for issue' date is 18 October 2017.

Council is unaware of any material or significant 'non-adjusting events' that should be disclosed.

Note 24. Discontinued operations

Council has not classified any of its operations as 'discontinued'.

Note 25. Intangible assets

Intangible assets represent identifiable non-monetary assets without physical substance.

Council is unaware of any control over intangible assets that warrant recognition in the financial statements, including either internally generated and developed assets or purchased assets.

Berrigan Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 26. Reinstatement, rehabilitation and restoration liabilities

\$ '000

Council has legal/public obligations to make restore, rehabilitate and reinstate the following assets/operations:

| Asset/operation | Estimated year of restoration | NPV of provision | |
|---|-------------------------------------|------------------|------------|
| | | 2017 | 2016 |
| Finley Recycle Centre | 2059 | 19 | 14 |
| Tocumwal Inert Hard Waste Depot | 2017 | 34 | 34 |
| Berrigan Landfill | 2059 | 244 | 173 |
| Pine Lodge Gravel Pit | 2038 | 71 | 61 |
| Balance at end of the reporting period | 10(a) | 368 | 282 |

Under AASB 116 – Property, Plant and Equipment, where the use of an asset results in the obligation to dismantle or remove the asset and restore the site on which the asset stands, an estimate of such costs is required to be included in the cost of the asset.

An equivalent liability must be recognised under AASB 137 – Provisions, Contingent Liabilities and Contingent Assets.

The provision has been calculated by determining the present value of the future expenditures expected to be incurred. The discount rate used is the risk free borrowing rate applicable to Council.

Reconciliation of movement in provision for year:

| | | |
|--|------------|------------|
| Balance at beginning of year | 282 | 224 |
| Amounts capitalised to new or existing assets: | | |
| Effect of a change in discount rates used in PV calculations | 76 | 48 |
| Amortisation of discount (expensed to borrowing costs) | 10 | 10 |
| Total – reinstatement, rehabilitation and restoration provision | 368 | 282 |

Amount of expected reimbursements

Of the above provisions for reinstatement, rehabilitation and restoration works, those applicable to garbage services and waste management are able to be funded through future charges incorporated within Council's annual domestic waste management charge.

Notes to the Financial Statements

for the year ended 30 June 2017

Note 27. Fair value measurement

\$ '000

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

– Infrastructure, property, plant and equipment

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).

(1) The following table presents all assets and liabilities that have been measured and recognised at fair values:

| 2017 | Date of latest valuation | Fair value measurement hierarchy | | | Total |
|--|--------------------------|---|--|--|----------------|
| | | Level 1 Quoted prices in active mkts | Level 2 Significant observable inputs | Level 3 Significant unobservable inputs | |
| Recurring fair value measurements | | | | | |
| Infrastructure, property, plant and equipment | | | | | |
| Plant and equipment | 30/06/13 | – | – | 2,463 | 2,463 |
| Office equipment | 30/06/14 | – | – | 130 | 130 |
| Operational land | 30/06/13 | – | – | 6,869 | 6,869 |
| Community land | 30/06/16 | – | – | 320 | 320 |
| Land under roads (post 30/06/08) | 30/06/14 | – | – | 30 | 30 |
| Land improvements – depreciable | 30/06/13 | – | – | 500 | 500 |
| Buildings – non-specialised | 30/06/13 | – | – | 514 | 514 |
| Buildings – specialised | 30/06/13 | – | – | 17,439 | 17,439 |
| Roads | 30/06/15 | – | – | 111,355 | 111,355 |
| Bridges | 30/06/15 | – | – | 3,621 | 3,621 |
| Footpaths | 30/06/15 | – | – | 3,212 | 3,212 |
| Bulk earthworks | 30/06/15 | – | – | 2,976 | 2,976 |
| Stormwater drainage | 30/06/15 | – | – | 18,002 | 18,002 |
| Water supply network | 30/06/17 | – | – | 27,778 | 27,778 |
| Sewer network | 30/06/17 | – | – | 17,335 | 17,335 |
| Swimming pools | 30/06/16 | – | – | 1,613 | 1,613 |
| Heritage collections | 30/06/16 | – | – | 69 | 69 |
| Library books | 30/06/14 | – | – | 210 | 210 |
| Other assets | 30/06/16 | – | – | 2,650 | 2,650 |
| Tip assets | 30/06/17 | – | – | 184 | 184 |
| Quarry assets | 30/06/17 | – | – | 26 | 26 |
| Open Space | 30/06/13 | – | – | 3,517 | 3,517 |
| Total infrastructure, property, plant and equipment | | – | – | 220,813 | 220,813 |

Notes to the Financial Statements

for the year ended 30 June 2017

Note 27. Fair value measurement (continued)

\$ '000

(1) The following table presents all assets and liabilities that have been measured and recognised at fair values: (continued)

| 2016 | Date of latest valuation | Fair value measurement hierarchy | | | Total |
|--|--------------------------|---|--|--|----------------|
| | | Level 1 Quoted prices in active mkts | Level 2 Significant observable inputs | Level 3 Significant unobservable inputs | |
| Recurring fair value measurements | | | | | |
| Infrastructure, property, plant and equipment | | | | | |
| Plant and equipment | 30/06/13 | — | — | 2,423 | 2,423 |
| Office equipment | 30/06/14 | — | — | 171 | 171 |
| Operational land | 30/06/13 | — | — | 6,869 | 6,869 |
| Community land | 30/06/16 | — | — | 320 | 320 |
| Land under roads (post 30/06/08) | 30/06/14 | — | — | 21 | 21 |
| Land improvements – depreciable | 30/06/13 | — | — | 498 | 498 |
| Buildings – non-specialised | 30/06/13 | — | — | 528 | 528 |
| Buildings – specialised | 30/06/13 | — | — | 18,071 | 18,071 |
| Roads | 30/06/15 | — | — | 108,777 | 108,777 |
| Bridges | 30/06/15 | — | — | 3,728 | 3,728 |
| Footpaths | 30/06/15 | — | — | 3,095 | 3,095 |
| Bulk earthworks | 30/06/15 | — | — | 2,976 | 2,976 |
| Stormwater drainage | 30/06/15 | — | — | 16,265 | 16,265 |
| Water supply network | 30/06/15 | — | — | 25,602 | 25,602 |
| Sewer network | 30/06/15 | — | — | 14,829 | 14,829 |
| Swimming pools | 30/06/16 | — | — | 1,675 | 1,675 |
| Heritage collections | 30/06/16 | — | — | 70 | 70 |
| Library books | 30/06/14 | — | — | 196 | 196 |
| Other assets | 30/06/16 | — | — | 2,660 | 2,660 |
| Tip assets | 30/06/16 | — | — | 120 | 120 |
| Quarry assets | 30/06/16 | — | — | 22 | 22 |
| Open Space | 30/06/13 | — | — | 3,626 | 3,626 |
| Total infrastructure, property, plant and equipment | | — | — | 212,542 | 212,542 |

(2) Transfers between level 1 and level 2 fair value hierarchies

During the year, there were no transfers between level 1 and level 2 fair value hierarchies for recurring fair value measurements.

(3) Valuation techniques used to derive Level 2 and Level 3 Fair Values

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:

Financial Liabilities

Payables: Outstanding creditor payments, security bonds and deposits

Valuation technique – “Cost approach”
Inputs used (Level 2) – Cost of product or service

Loans/Advances: Outstanding loan from bank

Valuation technique – “Cost approach”
Inputs used (Level 2) – Amount of loan outstanding as advised by lender.

Infrastructure, Property, Plant & Equipment

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 was valued by Mr Martin Burns of Liquid Pacific 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 was valued by Ms Kelly Wickham of AssetVal Pty Ltd, a registered valuer.

Land Improvements - depreciable: Car parks, netball and tennis courts, fences etc.

Valuation technique – "Cost approach"

Inputs used (Level 3) –, dimensions, specifications. (Level 3) – Unit rates, 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 to no longer be available.

Council's Land Improvements were valued at depreciated historical cost as a representation of fair value in accordance with Office of Local Government guidance for infrastructure assets.

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) was valued by Mr Martin Burns of Liquid Pacific Pty Ltd, a registered valuer.

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) was valued by Mr Martin Burns of Liquid Pacific 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.

Unit rates were based on Council's own cost data based on its average cost across its entire road network, benchmarked against rates provided in relevant construction cost guides. Unit rates are applied consistently across the road network regardless of topography, soil type and geographical location.

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

Bridges were valued on the basis of deck area, with composite deck being \$1,900 per square metre, and concrete \$2,200 per square metre.

Culverts were valued on their replacement cost from a relevant construction cost guide.

Council's roads, bridges and footpath assets were valued in-house by Mr Fred Exton – Director Technical Services.

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 in-house by Mr Fred Exton – Director Technical Services.

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.

Unit rates were based on Council's own cost data based on its average cost across its entire stormwater drainage network, benchmarked against rates provided in relevant construction cost guides. Values for pumps are based on depreciated replacement cost.

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

Council's stormwater drainage assets were valued in-house by Mr Fred Exton – Director Technical Services.

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 in-house by Mr Fred Exton – Director Technical Services

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 in-house by Mr Fred Exton – Director Technical Services

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

Councils other assets were valued at depreciated historical cost as a representation of fair value in accordance with Office of Local Government guidance for infrastructure assets.

Tip & Quarry Assets:

Valuation technique – “Cost approach”
Inputs used (Level 3) – Fair value is approximated by depreciated historical cost

Councils tip and quarry assets were valued at depreciated historical cost, and remediation costs are estimated in House by Mr Fred Exton, Director of Technical Services, 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

Councils tip and quarry assets were valued at depreciated historical cost as a representation of fair value in accordance with Office of Local Government guidance for infrastructure assets.

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.

Notes to the Financial Statements

for the year ended 30 June 2017

Note 27. Fair value measurement (continued)

\$ '000

(4). Fair value measurements using significant unobservable inputs (level 3) (continued)

a. The following tables present the changes in level 3 fair value asset classes. (continued)

| | Operational land | Community land | Depreciable land impro- vements | Land under roads | Total |
|--|---------------------|-------------------|---------------------------------------|------------------------|--------------|
| Opening balance – 1/7/15 | 6,705 | 1,482 | 491 | 21 | 8,699 |
| Transfers from/(to) another asset class | 157 | (157) | – | – | – |
| Purchases (GBV) | – | – | 30 | – | 30 |
| Disposals (WDV) | (36) | – | – | – | (36) |
| Depreciation and impairment | – | – | (23) | – | (23) |
| FV gains – other comprehensive income | 43 | 139 | – | – | 182 |
| Corrections of errors relating to prior period | – | (1,144) | – | – | (1,144) |
| Closing balance – 30/6/16 | 6,869 | 320 | 498 | 21 | 7,708 |
| Purchases (GBV) | – | – | 27 | 9 | 36 |
| Depreciation and impairment | – | – | (25) | – | (25) |
| Closing balance – 30/6/17 | 6,869 | 320 | 500 | 30 | 7,719 |

| | Buildings non specialised | Buildings specialised | Plant and equipment | Office equipment | Total |
|---|---------------------------------|--------------------------|---------------------------|---------------------|---------------|
| Opening balance – 1/7/15 | 543 | 18,180 | 2,556 | 222 | 21,501 |
| Transfers from/(to) another asset class | – | – | – | 10 | 10 |
| Purchases (GBV) | – | 151 | 652 | 7 | 810 |
| Disposals (WDV) | – | – | (43) | – | (43) |
| Depreciation and impairment | (15) | (677) | (702) | (68) | (1,462) |
| FV gains – other comprehensive income | – | 417 | (40) | – | 377 |
| Closing balance – 30/6/16 | 528 | 18,071 | 2,423 | 171 | 21,193 |
| Purchases (GBV) | – | 36 | 970 | 5 | 1,011 |
| Disposals (WDV) | – | – | (225) | – | (225) |
| Depreciation and impairment | (15) | (667) | (705) | (46) | (1,433) |
| Closing balance – 30/6/17 | 513 | 17,440 | 2,463 | 130 | 20,546 |

Notes to the Financial Statements

for the year ended 30 June 2017

Note 27. Fair value measurement (continued)

\$ '000

(4). Fair value measurements using significant unobservable inputs (level 3) (continued)

a. The following tables present the changes in level 3 fair value asset classes. (continued)

| | Roads | Bridges | Footpaths | Bulk earthworks | Total |
|---------------------------------------|----------------|--------------|--------------|-----------------|----------------|
| Opening balance – 1/7/15 | 108,613 | 3,902 | 3,172 | 2,976 | 118,663 |
| Purchases (GBV) | 5,986 | – | 38 | – | 6,024 |
| Disposals (WDV) | (2,382) | – | – | – | (2,382) |
| Depreciation and impairment | (2,593) | (107) | (65) | – | (2,765) |
| FV gains – other comprehensive income | (847) | (67) | (50) | – | (964) |
| Closing balance – 30/6/16 | 108,777 | 3,728 | 3,095 | 2,976 | 118,576 |
| Purchases (GBV) | 5,227 | – | 186 | – | 5,413 |
| Disposals (WDV) | (180) | – | – | – | (180) |
| Depreciation and impairment | (2,451) | (107) | (67) | – | (2,625) |
| FV gains – other comprehensive income | (18) | – | (2) | – | (20) |
| Closing balance – 30/6/17 | 111,355 | 3,621 | 3,212 | 2,976 | 121,164 |

| | Stormwater drainage | Water supply network | Sewerage network | Swimming pools | Total |
|---------------------------------------|---------------------|----------------------|------------------|----------------|---------------|
| Opening balance – 1/7/15 | 15,427 | 26,139 | 15,419 | 1,708 | 58,693 |
| Purchases (GBV) | 1,116 | 197 | 174 | 31 | 1,518 |
| Depreciation and impairment | (215) | (602) | (555) | (66) | (1,438) |
| FV gains – other comprehensive income | (63) | (132) | (209) | 2 | (402) |
| Closing balance – 30/6/16 | 16,265 | 25,602 | 14,829 | 1,675 | 58,371 |
| Purchases (GBV) | 1,365 | 86 | 511 | – | 1,962 |
| Disposals (WDV) | (7) | – | (2) | – | (9) |
| Depreciation and impairment | (232) | (645) | (656) | (61) | (1,594) |
| FV gains – other comprehensive income | 610 | 2,734 | 2,653 | – | 5,997 |
| Closing balance – 30/6/17 | 18,001 | 27,777 | 17,335 | 1,614 | 64,727 |

Notes to the Financial Statements

for the year ended 30 June 2017

Note 27. Fair value measurement (continued)

\$ '000

(4). Fair value measurements using significant unobservable inputs (level 3)

a. The following tables present the changes in level 3 fair value asset classes.

| | Heritage collection | Library books | Other assets | Tip and quarry assets | Total |
|---|------------------------|------------------|-----------------|-----------------------------|--------------|
| Opening balance – 1/7/15 | 51 | 191 | 6,623 | 100 | 6,965 |
| Transfers from/(to) another asset class | – | (10) | – | – | (10) |
| Purchases (GBV) | – | 32 | 397 | – | 429 |
| Depreciation and impairment | (1) | (17) | (258) | (9) | (285) |
| FV gains – other comprehensive income | 20 | – | (476) | 78 | (378) |
| Closing balance – 30/6/16 | 70 | 196 | 6,286 | 169 | 6,721 |
| Purchases (GBV) | – | 34 | 47 | – | 81 |
| Depreciation and impairment | (1) | (20) | (166) | (9) | (196) |
| FV gains – other comprehensive income | – | – | – | 51 | 51 |
| Closing balance – 30/6/17 | 69 | 210 | 6,167 | 211 | 6,657 |

(4). Fair value measurements using significant unobservable inputs (level 3)

b. 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.

I,PP&E

| Class | Fair Value (30/6/17) \$'000 | Valuation Techniques | Unobservable Inputs | Range of Inputs (incl probable) | Relationship of unobservable inputs to Fair Value |
|-------------------|--|-----------------------------|--|---|--|
| Plant & Equipment | | Cost Approach | <ul style="list-style-type: none"> Gross Replacement Cost Remaining Useful Life | <p>Various</p> <p>1-10 years</p> | Any changes in the gross replacement value or pattern of consumption will have an impact on fair value |
| Office Equipment | | Cost Approach | <ul style="list-style-type: none"> Gross Replacement Cost Remaining Useful Life | <p>Various</p> <p>3-25 years</p> | Any changes in the gross replacement value or pattern of consumption will have an impact on fair value |
| Operational Land | | Market Approach | <ul style="list-style-type: none"> Price per square metre, Land area, zoning, geographical location, sales of comparable land | \$1,000-\$70,000 per hectare or \$1- \$180 per sq metre | Changes in land zoning restrictions can have significant impacts on land values per sq metre. Changes in comparable land sales and availability of land can also have significant impact |
| Community Land | | Market Approach | <ul style="list-style-type: none"> Price per square metre, Land area, zoning, geographical location, sales of comparable land | \$1,000-\$70,000 per hectare or \$1- \$180 per sq metre | Any change in the average unimproved capital value will increase / decrease fair value |

| Class | Fair Value (30/6/17) \$'000 | Valuation Techniques | Unobservable Inputs | Range of Inputs (incl probable) | Relationship of unobservable inputs to Fair Value |
|----------------------------------|--|-----------------------------|--|--|--|
| Land under Roads (post 30/06/08) | | Market Approach | <ul style="list-style-type: none"> Price per square metre, Land area, zoning, geographical location, sales of comparable land Alternate Uses | \$1-\$100 per sq metre | Changes in land zoning restrictions can have significant impacts on land values per sq metre. Changes in comparable land sales and availability of land can also have significant impact |
| Land Improvements - Depreciable | | Cost Approach | <ul style="list-style-type: none"> Unit Rates Asset Condition Useful Life | \$1-\$1000 per sq metre Very Poor to Excellent 10-40 yrs | Any change in the component pricing and asset condition will have an impact on fair value |
| Buildings – Non Specialised | | Cost Approach | <ul style="list-style-type: none"> Unit Rates Asset Condition Useful Life | \$1-\$100,000 Very Poor to Excellent 5-50 years | Any change in the component pricing and asset condition will have an impact on fair value |
| Buildings - Specialised | | Cost Approach | <ul style="list-style-type: none"> Unit Rates Asset Condition Useful Life | \$1-\$5,000 Very Poor to Excellent 5-50 years | Any change in the component pricing and asset condition will have an impact on fair value |

| Class | Fair Value (30/6/17) \$'000 | Valuation Techniques | Unobservable Inputs | Range of Inputs (incl probable) | Relationship of unobservable inputs to Fair Value |
|-----------------|--|-----------------------------|--|--|---|
| Roads | | Cost Approach | <ul style="list-style-type: none"> Unit Rates Asset Condition Useful Life | \$3 to \$20 per sq metre (roads) \$120 (kerb & gutter) \$120 -\$400 per lineal meter (culverts) Very Poor to Excellent 20-100 years (roads) 80-150 years (kerb & gutter) 50 years (Culverts) | Any change in the component pricing and asset condition will have an impact on fair value |
| Bridges | | Cost Approach | <ul style="list-style-type: none"> Unit Rates Asset Condition Useful Life | \$1,900 composite \$2,200 concrete Excellent to Poor 80 years | Any change in the component pricing and asset condition will have an impact on fair value |
| Footpaths | | Cost Approach | <ul style="list-style-type: none"> Unit Rates Asset Condition Useful Life | \$8-\$120 per lineal metre Excellent to Poor 60 years | Any change in the component pricing and asset condition will have an impact on fair value |
| Bulk Earthworks | | Cost Approach | <ul style="list-style-type: none"> Unit Rates Asset Condition Useful Life | \$1-\$2,500 per sq metre Excellent to Poor 60-100 years | Any change in the component pricing and asset condition will have an impact on fair value |

| Class | Fair Value (30/6/17) \$'000 | Valuation Techniques | Unobservable Inputs | Range of Inputs (incl probable) | Relationship of unobservable inputs to Fair Value |
|----------------------|--|-----------------------------|--|--|---|
| Stormwater Drainage | | Cost Approach | <ul style="list-style-type: none"> • Unit Rates • Asset Condition • Useful Life | \$50-\$1,500 per sq metre Excellent to Poor 50 years | Any change in the component pricing and asset condition will have an impact on fair value |
| Water Supply Network | | Cost Approach | <ul style="list-style-type: none"> • Unit Rates • Asset Condition • Useful Life | Various Excellent to Poor 50-100 years | Any change in the component pricing and asset condition will have an impact on fair value |
| Sewer Network | | Cost Approach | <ul style="list-style-type: none"> • Unit Rates • Asset Condition • Useful Life | Various Excellent to Poor 50-100 years | Any change in the component pricing and asset condition will have an impact on fair value |
| Swimming Pools | | Cost Approach | <ul style="list-style-type: none"> • Unit Rates • Asset Condition • Useful Life | Various Excellent to Poor 20-50years | Any change in the component pricing and asset condition will have an impact on fair value |
| Heritage Collections | | Cost Approach | <ul style="list-style-type: none"> • Unit Rates • Asset Condition • Useful Life | Various Excellent to Poor 80-100 years | Any change in the component pricing and asset condition will have an impact on fair value |
| Library Books | | Cost Approach | <ul style="list-style-type: none"> • Unit Rates • Asset Condition • Useful Life | Various Excellent to Poor 2-10 years | Any change in the component pricing and asset condition will have an impact on fair value |

| Class | Fair Value (30/6/17) \$'000 | Valuation Techniques | Unobservable Inputs | Range of Inputs (incl probable) | Relationship of unobservable inputs to Fair Value |
|---------------------|--|-----------------------------|--|---|---|
| Other Assets | | Cost Approach | <ul style="list-style-type: none"> • Unit Rates • Asset Condition • Useful Life | Various Excellent to Poor 2-50 years | Any change in the component pricing and asset condition will have an impact on fair value |
| Tip & Quarry Assets | | Cost Approach | <ul style="list-style-type: none"> • Unit Rates • Asset Condition • Useful Life | Various Excellent to Poor 50-60 years | Any change in the component pricing and asset condition will have an impact on fair value |

c. The valuation process for level 3 fair value measurements

Refer Note 27- Note 3 (above)

(5). Highest and best use

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

Berrigan Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 28. Related party disclosures

\$ '000

a. Key management personnel

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. Council has identified 8 Councillors and 7 staff as KMP.

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

| | Actual |
|--------------------------|--------------|
| Compensation: | 2017 |
| Short-term benefits | 937 |
| Post-employment benefits | 137 |
| Total | <u>1,074</u> |

Berrigan Shire Council

Notes to the Financial Statements

for the year ended 30 June 2017

Note 29. Council information and contact details

Principal place of business:

56 Chanter St
Berrigan NSW 2712

Contact details**Mailing address:**

56 Chanter St
Berrigan NSW 2712

Opening hours:

8am - 5pm
Monday - Friday

Telephone: 03 5888 5100

Facsimile: 03 5885 2092

Internet: www.berriganshire.nsw.gov.au

Email: mail@berriganshire.nsw.gov.au

Officers**ACTING GENERAL MANAGER**

Fred Exton

RESPONSIBLE ACCOUNTING OFFICER

Carla von Brockhusen

PUBLIC OFFICER

Matthew Hansen

AUDITORS

NSW Audit Office

GPO Box 12 SYDNEY NSW 2001

Level 15, 1 Margaret Street SYDNEY NSW 2000

Elected members**MAYOR**

Cr Matthew Hannan

COUNCILLORS

John Bruce

Bernard Curtain

Denis Glanville

Colin Jones

Daryll Morris

John Taylor

Ross Bodey

Other information

ABN: 53 900 833 102



INDEPENDENT AUDITOR'S REPORT
Report on the general purpose financial statements
Berrigan Shire Council

To the Councillors of the Berrigan Shire Council

Opinion

I have audited the accompanying financial statements of Berrigan Shire Council (the Council), which comprise the statement of financial position as at 30 June 2017, the income statement, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by Councillors and Management.

In my opinion,

- the Council's accounting records have been kept in accordance with the requirements of the *Local Government Act 1993*, Chapter 13, Part 3, Division 2 (the Division)
- the financial statements:
 - have been presented, in all material respects, in accordance with the requirements of this Division
 - are consistent with the Council's accounting records
 - present fairly, in all material respects, the financial position of the Council as at 30 June 2017, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- all information relevant to the conduct of the audit has been obtained
- no material deficiencies in the accounting records or financial statements have come to light during the audit.

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

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

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of councils
- precluding the Auditor-General from providing non-audit services.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Other Matter

The financial statements of the Council for the year ended 30 June 2016 were audited by another auditor who expressed an unmodified opinion on that financial statement on 12 October 2016.

The Councillors' Responsibility for the Financial Statements

The Councillors are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the *Local Government Act 1993*, and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Councillors must assess the Council's ability to continue as a going concern except where the Council will be dissolved or amalgamated by an Act of Parliament. The assessment must disclose, as applicable, matters related to going concern and the appropriateness of using the going concern basis of accounting.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar3.pdf.

The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- on the Original Budget information included in the Income Statement, Statement of Cash Flows, Note 2(a) and Note 16 budget variation explanations
- on the attached Special Schedules
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Lawrissa Chan
Director, Financial Audit Services

18 October 2017
SYDNEY

Cr Matthew Hannan
Mayor
Berrigan Shire Council
56 Chanter Street
Berrigan NSW 2712

Contact: Lawrissa Chan
Phone no: (02) 9275 7255
Our ref: D1726957/1692

18 October 2017

Dear Cr Hannan

**Report on the Conduct of the Audit
for the year ended 30 June 2017
Berrigan Shire Council**

I have audited the general purpose financial statements of the Berrigan Shire Council (the Council) for the year ended 30 June 2017 as required by s415 of the *Local Government Act 1993* (the Act).

I expressed an unmodified opinion on the Council's general purpose financial statements.

This Report on the Conduct of the Audit (the Report) for the Council for the year ended 30 June 2017 is issued in accordance with section 417 of the Act. This Report should be read in conjunction with my audit opinion on the general purpose financial statements issued under section 417(2) of the Act.

INCOME STATEMENT

Operating result

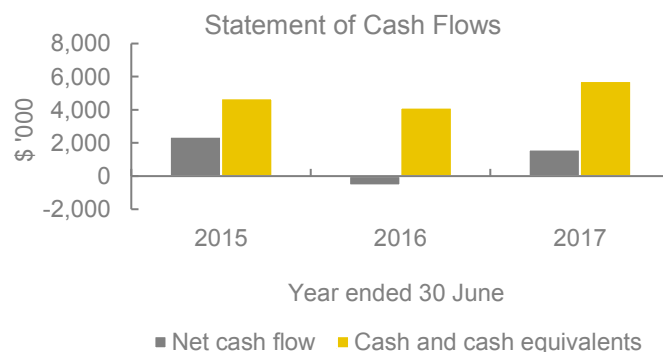
| | 2017 \$m | 2016 \$m | Variance % |
|--|-------------|-------------|---------------|
| Rates and annual charges revenue | 9,462 | 9,201 | 2.83 ↑ |
| Grants and contributions revenue | 11,909 | 10,579 | 12.57 ↑ |
| Operating result for the year | 7,430 | 5,882 | 26.30 ↑ |
| Net operating result before capital amounts | 5,465 | 3,296 | 65.81 ↑ |

The following comments are made in respect of Council’s operating result for the year:

- Revenue derived from rates and annual charges is consistent with budget targets and the prior year. The increase of \$261,000 (2.83%) was predominantly due to an increase in rateable properties and the approved rate pegging increase of 1.8 per cent.
- Grants and contributions revenue increased by \$1.3 million (12.57%) compared with the prior year. The Council receive \$2.2 million (50%) of its Financial Assistance Grants for 2017-18 in advance as well as \$500,000 of disaster relief funding to assist with repairs to damaged roads following significant flooding during the year.
- Council’s operating result for the year was a surplus of \$7.4 million. The increase of \$1.5 million (26.30%) was predominantly due to the receipt of \$2.2 million (50%) of 2017-18 Financial Assistance Grants in advance. There has also been an increase in user charges and fees, predominantly from landfill revenue. During the year, tipping fees increased by \$709,000 following heavy use from the NSW Department of Public Works as well as increased traffic from Victoria due to the lower cost available in Berrigan Shire. The Council budgeted for a surplus of \$2.9 million.
- The net operating result for the year before capital grants and contributions was a surplus of \$5.5 million. This was driven by the receipt of \$2.2 million (50%) of 2017-18 Financial Assistance Grants in advance.
- Total expenses of \$18.5 million was consistent with the prior year, increasing by 2.8%.

STATEMENT OF CASH FLOWS

- Cash flow and closing balances in 2016/17 has been aided by early receipt of Financial Assistance Grant monies prior to year-end.
- Council has had a reduced spend on infrastructure, property, plant and equipment in 2016/17 compared to the prior year, which has improved the cash position at the end of the year.



FINANCIAL POSITION

Cash and Investments

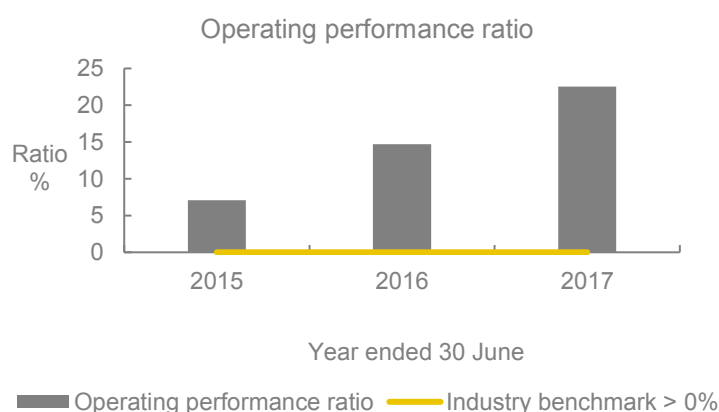
| Restricted Cash and Investments | 2017 | 2016 | Commentary |
|---------------------------------|---------------|---------------|--|
| | \$m | \$m | |
| External restrictions | 17,263 | 14,018 | <ul style="list-style-type: none"> Externally restricted cash and investments are restricted in their use by externally imposed requirements. The increase in externally restricted cash is driven by water supplies (\$1.1 million), domestic waste management (\$0.9 million) and specific purpose unexpended grants (\$0.8 million). Internally restricted cash and investments have been restricted in their use by resolution or policy of Council to reflect identified programs of works and any forward plans identified by Council. Internally restricted cash remains steady. Council has increased its unrestricted cash and investments balance by \$1.9 million from the prior year. This is aided by the early receipt of \$2.2 million of 2017/18 Financial Assistance Grants. |
| Internal restrictions | 4,367 | 4,526 | |
| Unrestricted | 7,100 | 5,211 | |
| Cash and investments | 28,730 | 23,755 | |

PERFORMANCE RATIOS

The definition of each ratio analysed below (except for the 'building and infrastructure renewals ratio') is included in Note 13 of the Council's audited general purpose financial statements. The 'building and infrastructure renewals ratio' is defined in Council's Special Schedule 7.

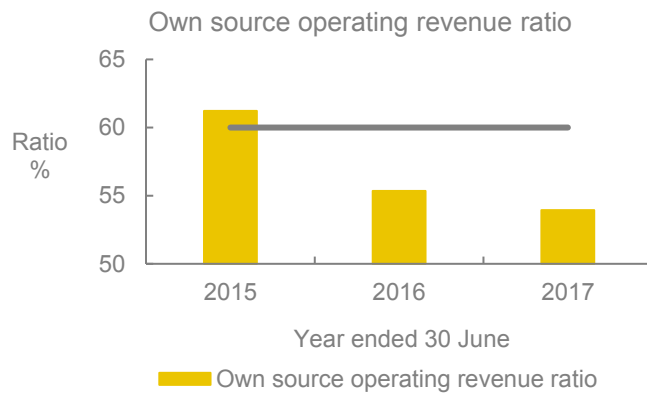
Operating performance ratio

- Council has produced operating surpluses in each of the past three years which has enabled to ratio to stay ahead of the benchmark. The increase in the current year is predominantly due to Council receiving \$2.2 million (50 per cent) of its 2017/18 Financial Assistance Grants in advance.
- The 'operating performances ratio' measures how well council contained operating expenditure within operating revenue (excluding capital grants and contributions, fair value adjustments, and reversal of revaluation decrements). The benchmark set by the Office of Local Government (OLG) is greater than zero per cent.



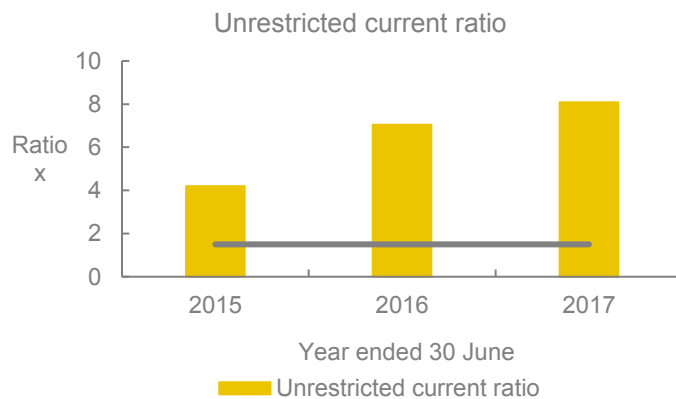
Own source operating revenue ratio

- Council's own source operating revenue ratio has decreased over the last three years. The decrease in the current year is predominantly due to the receipt of \$2.2 million (50 per cent) Financial Assistance Grants for 2017-18 in advance.
- The overall increase in grant revenues over the past two years has had a negative impact on this ratio.
- The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.



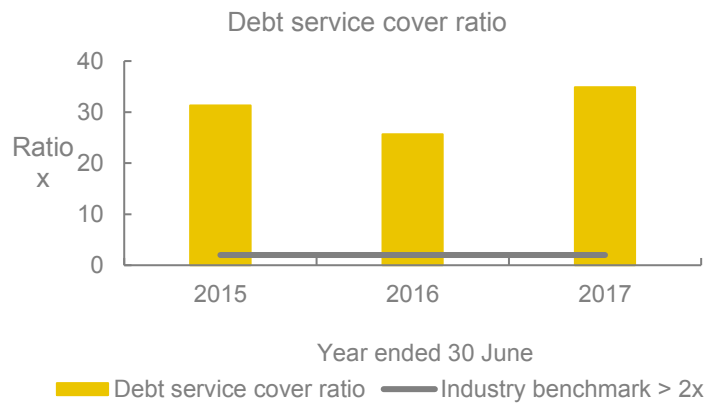
Unrestricted current ratio

- The ratio indicates that Council currently has \$8.08 of unrestricted assets available to service every \$1.00 of its unrestricted current liabilities, including loan repayments and payables. A ratio of 8.08x is above the industry benchmark minimum. This indicates that the Council has sufficient liquidity to meet its current liabilities when they fall due. The ratio excludes current assets and liabilities subject to internal and external restrictions.
- Council's position has continued to improve following sound operating results, coupled with minimal debt levels.
- The 'unrestricted current ratio' is specific to local government and represents council's ability to meet its short-term obligations as they fall due. The benchmark set by OLG is greater than 1.5 times.



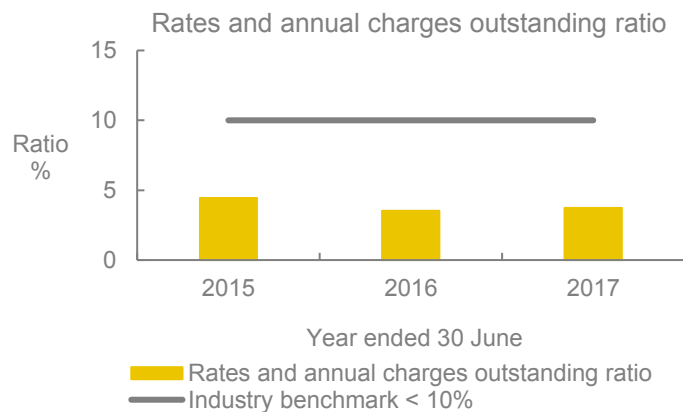
Debt service cover ratio

- Council's debt service cover ratio exceeded the industry benchmark of 2.0x over the past three years. In 2017, this ratio increased from 25.63x to 34.86x times due to the receipt of 2017- 18 Financial Assistance Grants in advance. The ratio indicates that Council has adequate revenue to cover the principal repayments and borrowing costs.
- Council has minimal borrowings and as a result has comfortably performed better than the benchmark in each of the past three years.
- The 'debt service cover ratio' measures the operating cash to service debt including interest, principal and lease payments. The benchmark set by OLG is greater than two times.



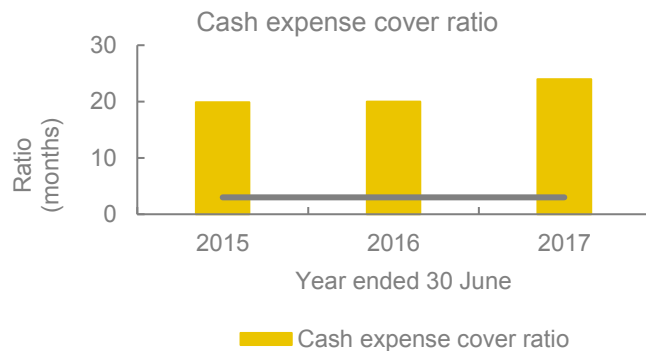
Rates and annual charges outstanding ratio

- Council has consistently met the rural council benchmark of 10% in the past three years. Council's debt recovery processes are effective in collecting and reducing outstanding debts.
- The 'rates and annual charges outstanding ratio' assesses the impact of uncollected rates and annual charges on council's liquidity and the adequacy of debt recovery efforts. The benchmark set by OLG is less than 10 per cent for rural councils.



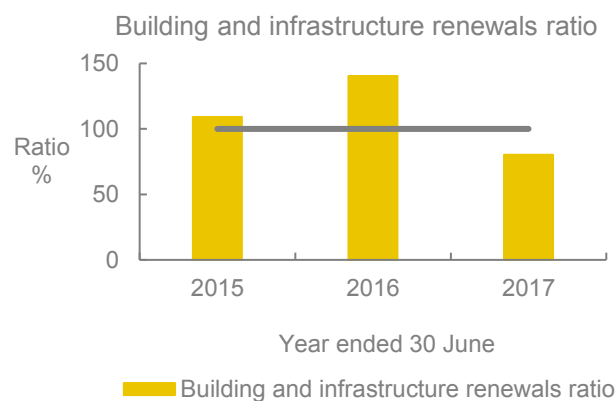
Cash expense cover ratio

- At 30 June 2017, the Council had the capacity to cover 23.98 months of cash expenditure without additional cash inflows. This is in excess of the industry benchmark minimum of 3 months.
- This liquidity ratio indicates the number of months the council can continue paying for its immediate expenses without additional cash inflow. The benchmark set by OLG is greater than three months.



Building and infrastructure renewals ratio

- Council has fallen below the benchmark of 100% in the 2016/17 year, due to the impact of the timing of significant works. Council undertook significant works in line with its capital program in the prior year, with less work being undertaken in the current year as a result.
- The 'building and infrastructure renewals ratio assesses the rate at which these assets are being renewed against the rate at which they are depreciating. The benchmark set by OLG is greater than 100 per cent.
- This ratio is sourced from information contained in council's Special Schedule 7 which has not been audited.



OTHER MATTERS

New accounting standards implemented

AASB 124 'Related Party Disclosures'

Effective for annual reporting periods beginning on or 1 July 2016

AASB 2015-6 extended the scope of AASB 124 to include not-for-profit public sector entities. As a result, Council's financial statements disclosed the:

- compensation paid to their key management personnel
- nature of their related party relationships
- amount and nature of their related party transactions, outstanding balances and commitments and outstanding balances (including commitments).

Legislative compliance

My audit procedures did not identify any instances of non-compliance with legislative requirements or a material deficiency in the Council's accounting records or financial reports. The Council's:

- accounting records were maintained in a manner and form to allow the general purpose financial statements to be prepared and effectively audited
- staff provided all accounting records and information relevant to the audit.



Lawrissa Chan
Director, Financial Audit Services

18 October 2017
SYDNEY

cc: Rowan Perkins, General Manager
Tim Hurst, Acting Chief Executive of the Office of Local Government

Berrigan Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2017

“Heart of the Southern Riverina”



Berrigan Shire Council

Special Purpose Financial Statements

for the year ended 30 June 2017

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| 2. Special Purpose Financial Statements: | |
| Income Statement – Water Supply Business Activity | 3 |
| Income Statement – Sewerage Business Activity | 4 |
| Income Statement – Other Business Activities | n/a |
| Statement of Financial Position – Water Supply Business Activity | 5 |
| Statement of Financial Position – Sewerage Business Activity | 6 |
| Statement of Financial Position – Other Business Activities | n/a |
| 3. Notes to the Special Purpose Financial Statements | 7 |
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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 2017

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 financial statements:

- present fairly the operating result and financial position for each of Council's declared business activities for the year, and
- 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.

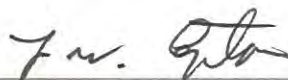
Signed in accordance with a resolution of Council made on 18 October 2017.



Cr Matthew Hannan
Mayor



Cr Daryll Morris
Councillor



Fred Exton
Acting General Manager



Carla von Brockhusen
Responsible Accounting Officer

Berrigan Shire Council

Income Statement of Council's Water Supply Business Activity

for the year ended 30 June 2017

| \$ '000 | Actual 2017 | Actual 2016 |
|--|----------------|----------------|
| Income from continuing operations | | |
| Access charges | 1,880 | 1,813 |
| User charges | 954 | 1,060 |
| Fees | 56 | 58 |
| Interest | 174 | 179 |
| Grants and contributions provided for non-capital purposes | – | – |
| Other income | 224 | 476 |
| Total income from continuing operations | 3,288 | 3,586 |
| Expenses from continuing operations | | |
| Employee benefits and on-costs | 359 | 365 |
| Borrowing costs | 3 | 12 |
| Materials and contracts | 1,363 | 1,431 |
| Depreciation, amortisation and impairment | 660 | 615 |
| Water purchase charges | 77 | 75 |
| Calculated taxation equivalents | – | 1 |
| Debt guarantee fee (if applicable) | – | 2 |
| Other expenses | 273 | 326 |
| Total expenses from continuing operations | 2,735 | 2,827 |
| Surplus (deficit) from continuing operations before capital amounts | 553 | 759 |
| Grants and contributions provided for capital purposes | 93 | – |
| Surplus (deficit) from continuing operations after capital amounts | 646 | 759 |
| Surplus (deficit) from discontinued operations | – | – |
| Surplus (deficit) from all operations before tax | 646 | 759 |
| Less: corporate taxation equivalent (30%) [based on result before capital] | (166) | (228) |
| SURPLUS (DEFICIT) AFTER TAX | 480 | 531 |
| Plus opening retained profits | 21,860 | 21,099 |
| Plus/less: prior period adjustments | – | – |
| Plus/less: other adjustments - prior year equity split | 66 | 0 |
| Plus adjustments for amounts unpaid: | | |
| – Taxation equivalent payments | – | 1 |
| – Debt guarantee fees | – | 2 |
| – Corporate taxation equivalent | 166 | 228 |
| Less: | | |
| – Tax equivalent dividend paid | (0) | (1) |
| – Surplus dividend paid | – | – |
| Closing retained profits | 22,572 | 21,860 |
| Return on capital % | 2.0% | 2.9% |
| Subsidy from Council | 122 | – |
| Calculation of dividend payable: | | |
| Surplus (deficit) after tax | 480 | 531 |
| Less: capital grants and contributions (excluding developer contributions) | – | – |
| Surplus for dividend calculation purposes | 480 | 531 |
| Potential dividend calculated from surplus | 240 | 266 |

Berrigan Shire Council

Income Statement of Council's Sewerage Business Activity

for the year ended 30 June 2017

| \$ '000 | Actual 2017 | Actual 2016 |
|--|----------------|----------------|
| Income from continuing operations | | |
| Access charges | 1,853 | 1,788 |
| User charges | 10 | 12 |
| Liquid trade waste charges | – | – |
| Fees | 43 | 47 |
| Interest | 149 | 183 |
| Grants and contributions provided for non-capital purposes | – | – |
| Other income | 44 | 45 |
| Total income from continuing operations | 2,099 | 2,075 |
| Expenses from continuing operations | | |
| Employee benefits and on-costs | 303 | 308 |
| Borrowing costs | – | – |
| Materials and contracts | 928 | 735 |
| Depreciation, amortisation and impairment | 678 | 580 |
| Loss on sale of assets | 2 | – |
| Calculated taxation equivalents | 10 | 14 |
| Other expenses | 148 | 190 |
| Total expenses from continuing operations | 2,069 | 1,827 |
| Surplus (deficit) from continuing operations before capital amounts | 30 | 248 |
| Grants and contributions provided for capital purposes | 6 | 5 |
| Surplus (deficit) from continuing operations after capital amounts | 36 | 253 |
| Surplus (deficit) from discontinued operations | – | – |
| Surplus (deficit) from all operations before tax | 36 | 253 |
| Less: corporate taxation equivalent (30%) [based on result before capital] | (9) | (74) |
| SURPLUS (DEFICIT) AFTER TAX | 27 | 179 |
| Plus opening retained profits | 10,319 | 10,067 |
| Plus/less: prior period adjustments | – | – |
| Plus/less: other adjustments - prior year equity split | 116 | – |
| Plus adjustments for amounts unpaid: | | |
| – Taxation equivalent payments | 10 | 14 |
| – Debt guarantee fees | – | – |
| – Corporate taxation equivalent | 9 | 74 |
| Less: | | |
| – Tax equivalent dividend paid | (10) | (14) |
| – Surplus dividend paid | – | – |
| Closing retained profits | 10,471 | 10,319 |
| Return on capital % | 0.2% | 1.6% |
| Subsidy from Council | 403 | 92 |
| Calculation of dividend payable: | | |
| Surplus (deficit) after tax | 27 | 179 |
| Less: capital grants and contributions (excluding developer contributions) | – | – |
| Surplus for dividend calculation purposes | 27 | 179 |
| Potential dividend calculated from surplus | 14 | 89 |

Berrigan Shire Council

Statement of Financial Position – Council's Water Supply Business Activity as at 30 June 2017

| \$ '000 | Actual 2017 | Actual 2016 |
|--|----------------|----------------|
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | 1,532 | 2,416 |
| Investments | 6,000 | 4,000 |
| Receivables | 281 | 253 |
| Inventories | 70 | 89 |
| Other | – | – |
| Non-current assets classified as held for sale | – | – |
| Total current assets | 7,883 | 6,758 |
| Non-current assets | | |
| Investments | – | – |
| Receivables | – | – |
| Inventories | – | – |
| Infrastructure, property, plant and equipment | 28,496 | 26,336 |
| Investments accounted for using equity method | – | – |
| Investment property | – | – |
| Intangible assets | – | – |
| Total non-current assets | 28,496 | 26,336 |
| TOTAL ASSETS | 36,379 | 33,094 |
| LIABILITIES | | |
| Current liabilities | | |
| Bank overdraft | – | – |
| Payables | – | 5 |
| Income received in advance | – | – |
| Borrowings | – | 111 |
| Provisions | – | – |
| Total current liabilities | – | 116 |
| Non-current liabilities | | |
| Payables | – | – |
| Borrowings | – | – |
| Provisions | – | – |
| Total non-current liabilities | – | – |
| TOTAL LIABILITIES | – | 116 |
| NET ASSETS | 36,379 | 32,978 |
| EQUITY | | |
| Retained earnings | 22,572 | 21,860 |
| Revaluation reserves | 13,807 | 11,118 |
| Other reserves | – | – |
| Council equity interest | 36,379 | 32,978 |
| Non-controlling equity interest | – | – |
| TOTAL EQUITY | 36,379 | 32,978 |

Berrigan Shire Council

Statement of Financial Position – Council's Sewerage Business Activity as at 30 June 2017

| \$ '000 | Actual 2017 | Actual 2016 |
|--|----------------|----------------|
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | 2,009 | 1,816 |
| Investments | 4,000 | 4,000 |
| Receivables | 78 | 129 |
| Inventories | 3 | 4 |
| Other | – | – |
| Non-current assets classified as held for sale | – | – |
| Total current Assets | 6,090 | 5,949 |
| Non-current assets | | |
| Investments | – | – |
| Receivables | – | – |
| Inventories | – | – |
| Infrastructure, property, plant and equipment | 18,212 | 15,664 |
| Investments accounted for using equity method | – | – |
| Investment property | – | – |
| Intangible assets | – | – |
| Total non-current assets | 18,212 | 15,664 |
| TOTAL ASSETS | 24,302 | 21,613 |
| LIABILITIES | | |
| Current liabilities | | |
| Bank overdraft | – | – |
| Payables | – | – |
| Income received in advance | – | – |
| Borrowings | – | – |
| Provisions | – | – |
| Total current liabilities | – | – |
| Non-current liabilities | | |
| Payables | – | – |
| Borrowings | – | – |
| Provisions | – | – |
| Total non-current liabilities | – | – |
| TOTAL LIABILITIES | – | – |
| NET ASSETS | 24,302 | 21,613 |
| EQUITY | | |
| Retained earnings | 10,471 | 10,319 |
| Revaluation reserves | 13,831 | 11,294 |
| Other reserves | – | – |
| Council equity interest | 24,302 | 21,613 |
| Non-controlling equity interest | – | – |
| TOTAL EQUITY | 24,302 | 21,613 |

Berrigan Shire Council

Special Purpose Financial Statements

for the year ended 30 June 2017

Contents of the notes accompanying the financial statements

| Note | Details | Page |
|------|--|------|
| 1 | Summary of significant accounting policies | 8 |
| 2 | Water Supply Business Best-Practice Management disclosure requirements | 11 |
| 3 | Sewerage Business Best-Practice Management disclosure requirements | 13 |

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 (NSW), the Local Government (General) 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, current values of non-current assets. Certain taxes and other costs, appropriately described, have been imputed for the purposes of the National Competition Policy.

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, return 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)

None

Category 2

(where gross operating turnover is less than \$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.

Monetary amounts

Amounts shown in the financial statements are in Australian currency and rounded to the nearest thousand dollars, except for Note 2 (Water Supply Best-Practice Management Disclosures) and Note 3 (Sewerage Best-Practice Management Disclosures).

As required by the NSW Office of Water (Department of Primary Industries) the amounts shown in Note 2 and Note 3 are disclosed in whole dollars.

(i) Taxation-equivalent charges

Council is liable to pay various taxes and financial duties. Where this is the case, they are disclosed as a cost of operations just like all other costs.

However, where Council does not pay some taxes which are generally paid by private sector businesses, such as income tax, these equivalent tax payments have been applied to all Council-nominated business activities and are reflected in Special Purpose Financial Statements.

For the purposes of disclosing comparative information relevant to the private sector equivalent, the following taxation equivalents have been applied to all Council-nominated business activities (this does not include Council's non-business activities):

Notional rate applied (%)

Corporate income tax rate – 30%

Land tax – the first **\$549,000** of combined land values attracts **0%**. For the combined land values in excess of \$549,001 up to \$3,357,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$3,357,000 a premium marginal rate of **2.0%** applies.

Payroll tax – 5.45% on the value of taxable salaries and wages in excess of \$750,000.

In accordance with the Department of Primary Industries Water (DPIW), a payment for the amount calculated as the annual tax equivalent charges (excluding income tax) must be paid from water supply and sewerage business activities.

The payment of taxation equivalent charges, referred to in the NSW Office of Water Guidelines to as a 'dividend for taxation equivalent', may be applied for any purpose allowed under the *Local Government Act 1993*.

Achievement of substantial compliance to the NSW Office of Water Guidelines is not a prerequisite for the payment of the tax equivalent charges, however the payment must not exceed \$3 per assessment.

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 30%..

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

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 30% is the equivalent company tax rate prevalent at reporting date. No adjustments have been made for variations that have occurred during the year.

Local government rates and charges

A calculation of the equivalent rates and charges payable on all category 1 businesses has been applied to all land assets owned or exclusively used by the business activity.

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.

(ii) Subsidies

Government policy requires that subsidies provided to customers, and the funding of those subsidies, must be explicitly disclosed.

Subsidies occur when 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.

Accordingly, 'subsidies disclosed' (in relation to National Competition Policy) represents the difference between revenue generated from 'rate of return' pricing and revenue generated from prices set by Council in any given financial year.

The overall effect of subsidies is contained within the Income Statement of each reported business activity.

(iii) 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'.

Such funds are subsequently available for meeting commitments or financing future investment strategies.

The actual rate of return achieved by each business activity is disclosed at the foot of each respective 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 2.38% at 30/6/17.

(iv) 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 DPIW guidelines and must not exceed:

- (i) 50% of this surplus in any one year, or
- (ii) the number of water supply or sewerage assessments at 30 June 2017 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

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

Notes to the Special Purpose Financial Statements
for the year ended 30 June 2017

Note 2. Water supply business
best-practice management disclosure requirements

Dollars amounts shown below are in whole dollars (unless otherwise indicated)

2017

1. Calculation and payment of tax-equivalents

[all local government local water utilities must pay this dividend for tax equivalents]

| | |
|--|--------|
| (i) Calculated tax equivalents | - |
| (ii) Number of assessments multiplied by \$3/assessment | 11,205 |
| (iii) Amounts payable for tax equivalents [lesser of (i) and (ii)] | - |
| (iv) Amounts actually paid for tax equivalents | 362 |

2. Dividend from surplus

| | |
|--|-----------|
| (i) 50% of surplus before dividends [calculated in accordance with Best-Practice Management for Water Supply and Sewerage Guidelines] | 240,120 |
| (ii) Number of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment | 112,050 |
| (iii) Cumulative surplus before dividends for the 3 years to 30 June 2017, less the cumulative dividends paid for the 2 years to 30 June 2016 and 30 June 2015 | 1,581,340 |

| | | | | | |
|--------------|---------|---------------|---------|---------------|---------|
| 2017 Surplus | 480,240 | 2016 Surplus | 531,300 | 2015 Surplus | 569,800 |
| | | 2016 Dividend | - | 2015 Dividend | - |

| | |
|--|---------|
| (iv) Maximum dividend from surplus [least of (i), (ii) and (iii) above] | 112,050 |
| (v) Dividend actually paid from surplus [refer below for required pre-dividend payment criteria] | - |
| (vi) Are the overhead reallocation charges to the water business fair and reasonable? ^a | YES |

3. Required outcomes for 6 criteria

[to be eligible for the payment of a 'dividend from surplus', all the criteria below need a 'YES']

| | |
|--|-----|
| (i) Completion of strategic business plan (including financial plan) | YES |
| (ii) Full cost recovery, without significant cross subsidies [refer item 2 (a) in table 1 on page 22 of the Best-Practice Guidelines] | YES |
| – Complying charges [item 2 (b) in table 1] | NO |
| – DSP with commercial developer charges [item 2 (e) in table 1] | YES |
| – If dual water supplies, complying charges [item 2 (g) in table 1] | YES |
| (iii) Sound water conservation and demand management implemented | YES |
| (iv) Sound drought management implemented | YES |
| (v) Complete performance reporting form (by 15 September each year) | NO |
| (vi) a. Integrated water cycle management evaluation | NO |
| b. Complete and implement integrated water cycle management strategy | NO |

Berrigan Shire Council

Notes to the Special Purpose Financial Statements for the year ended 30 June 2017

Note 2. Water supply business best-practice management disclosure requirements (continued)

Dollars amounts shown below are in whole dollars (unless otherwise indicated)

2017

National Water Initiative (NWI) financial performance indicators

| | | | |
|----------------|---|--------|--------|
| NWI F1 | Total revenue (water) Total income (w13) – grants for the acquisition of assets (w11a) – interest income (w9) – Aboriginal Communities W&S Program income (w10a) | \$'000 | 3,196 |
| NWI F4 | Revenue from residential usage charges (water) Income from residential usage charges (w6b) x 100 divided by the sum of [income from residential usage charges (w6a) + income from residential access charges (w6b)] | % | 37.22% |
| NWI F9 | Written down replacement cost of fixed assets (water) Written down current cost of system assets (w47) | \$'000 | 28,496 |
| NWI F11 | Operating cost (OMA) (water) Management expenses (w1) + operational and maintenance expenses (w2) | \$'000 | 1,921 |
| NWI F14 | Capital expenditure (water) Acquisition of fixed assets (w16) | \$'000 | 86 |
| NWI F17 | Economic real rate of return (water) [total income (w13) – interest income (w9) – grants for acquisition of assets (w11a) – operating costs (NWI F11) – current cost depreciation (w3)] x 100 divided by [written down current cost of system assets (w47) + plant and equipment (w33b)] | % | 2.20% |
| NWI F26 | Capital works grants (water) Grants for the acquisition of assets (w11a) | \$'000 | – |

- Notes:
- References to w (e.g. w12) refer to item numbers within Special Schedules 3 and 4 of Council's Annual Financial Statements.
 - The NWI performance indicators are based upon the National Performance Framework Handbook for Urban Performance Reporting Indicators and Definitions.
 - refer to 3.2 (2) on page 15 of the Best-Practice Management of Water Supply and Sewerage Guidelines, 2007

Notes to the Special Purpose Financial Statements
for the year ended 30 June 2017

Note 3. Sewerage business
best-practice management disclosure requirements

Dollars amounts shown below are in whole dollars (unless otherwise indicated)

2017

1. Calculation and payment of tax-equivalents

[all local government local water utilities must pay this dividend for tax equivalents]

| | | |
|-------|--|-------------------------------------|
| (i) | Calculated tax equivalents | <input type="text" value="10,000"/> |
| (ii) | Number of assessments multiplied by \$3/assessment | <input type="text" value="10,458"/> |
| (iii) | Amounts payable for tax equivalents [lesser of (i) and (ii)] | <input type="text" value="10,000"/> |
| (iv) | Amounts actually paid for tax equivalents | <input type="text" value="10,103"/> |

2. Dividend from surplus

| | | |
|-------|--|--------------------------------------|
| (i) | 50% of surplus before dividends [calculated in accordance with Best-Practice Management for Water Supply and Sewerage Guidelines] | <input type="text" value="13,500"/> |
| (ii) | Number of assessments x (\$30 less tax equivalent charges per assessment) | <input type="text" value="94,580"/> |
| (iii) | Cumulative surplus before dividends for the 3 years to 30 June 2017, less the cumulative dividends paid for the 2 years to 30 June 2016 and 30 June 2015 | <input type="text" value="221,000"/> |

| | | | | | |
|--------------|-------------------------------------|---------------|--------------------------------------|---------------|-------------------------------------|
| 2017 Surplus | <input type="text" value="27,000"/> | 2016 Surplus | <input type="text" value="178,600"/> | 2015 Surplus | <input type="text" value="15,400"/> |
| | | 2016 Dividend | <input type="text" value="-"/> | 2015 Dividend | <input type="text" value="-"/> |

| | | |
|------|---|-------------------------------------|
| (iv) | Maximum dividend from surplus [least of (i), (ii) and (iii) above] | <input type="text" value="13,500"/> |
| (v) | Dividend actually paid from surplus [refer below for required pre-dividend payment criteria] | <input type="text" value="-"/> |
| (vi) | Are the overhead reallocation charges to the sewer business fair and reasonable? ^a | <input type="text" value="YES"/> |

3. Required outcomes for 4 criteria

[to be eligible for the payment of a 'dividend from surplus', all the criteria below need a 'YES']

| | | |
|-------|--|----------------------------------|
| (i) | Completion of strategic business plan (including financial plan) | <input type="text" value="YES"/> |
| (ii) | Pricing with full cost-recovery, without significant cross subsidies [refer item 2 (a) in table 1 on page 22 of the Best-Practice Guidelines] | <input type="text" value="YES"/> |
| | Complying charges | |
| | (a) Residential [item 2 (c) in table 1] | <input type="text" value="NO"/> |
| | (b) Non-residential [item 2 (c) in table 1] | <input type="text" value="NO"/> |
| | (c) Trade waste [item 2 (d) in table 1] | <input type="text" value="NO"/> |
| | DSP with commercial developer charges [item 2 (e) in table 1] | <input type="text" value="YES"/> |
| | Liquid trade waste approvals and policy [item 2 (f) in table 1] | <input type="text" value="NO"/> |
| (iii) | Complete performance reporting form (by 15 September each year) | <input type="text" value="NO"/> |
| (iv) | a. Integrated water cycle management evaluation | <input type="text" value="NO"/> |
| | b. Complete and implement integrated water cycle management strategy | <input type="text" value="NO"/> |

Notes to the Special Purpose Financial Statements
for the year ended 30 June 2017

Note 3. Sewerage business
best-practice management disclosure requirements (continued)

Dollars amounts shown below are in whole dollars (unless otherwise indicated) 2017

National Water Initiative (NWI) financial performance indicators

| | | | |
|----------------|--|--------|--------|
| NWI F2 | Total revenue (sewerage) Total income (s14) – grants for acquisition of assets (s12a) – interest income (s10) – Aboriginal Communities W&S Program income (w10a) | \$'000 | 1,956 |
| NWI F10 | Written down replacement cost of fixed assets (sewerage) Written down current cost of system assets (s48) | \$'000 | 18,212 |
| NWI F12 | Operating cost (sewerage) Management expenses (s1) + operational and maintenance expenses (s2) | \$'000 | 1,222 |
| NWI F15 | Capital expenditure (sewerage) Acquisition of fixed assets (s17) | \$'000 | 603 |
| NWI F18 | Economic real rate of return (sewerage) [total income (s14) – interest income (s10) – grants for acquisition of assets (s12a) – operating cost (NWI F12) – current cost depreciation (s3)] x 100 divided by [written down current cost (i.e. WDCC) of system assets (s48) + plant and equipment (s34b)] | % | 0.31% |
| NWI F27 | Capital works grants (sewerage) Grants for the acquisition of assets (12a) | \$'000 | – |

**National Water Initiative (NWI) financial performance indicators
Water and sewer (combined)**

| | | | |
|----------------|---|--------|-------|
| NWI F3 | Total income (water and sewerage) Total income (w13 + s14) + gain/loss on disposal of assets (w14 + s15) minus grants for acquisition of assets (w11a + s12a) – interest income (w9 + s10) | \$'000 | 5,150 |
| NWI F8 | Revenue from community service obligations (water and sewerage) Community service obligations (NWI F25) x 100 divided by total income (NWI F3) | % | 1.75% |
| NWI F16 | Capital expenditure (water and sewerage) Acquisition of fixed assets (w16 + s17) | \$'000 | 689 |
| NWI F19 | Economic real rate of return (water and sewerage) [total income (w13 + s14) – interest income (w9 + s10) – grants for acquisition of assets (w11a + s12a) – operating cost (NWI F11 + NWI F12) – current cost depreciation (w3 + s3)] x 100 divided by [written down replacement cost of fixed assets (NWI F9 + NWI F10) + plant and equipment (w33b + s34b)] | % | 1.46% |
| NWI F20 | Dividend (water and sewerage) Dividend paid from surplus (2 (v) of Note 2 + 2 (v) of Note 3) | \$'000 | – |
| NWI F21 | Dividend payout ratio (water and sewerage) Dividend (NWI F20) x 100 divided by net profit after tax (NWI F24) | % | 0.00% |

Notes to the Special Purpose Financial Statements
for the year ended 30 June 2017

Note 3. Sewerage business
best-practice management disclosure requirements (continued)

Dollars amounts shown below are in whole dollars (unless otherwise indicated)

2017

**National Water Initiative (NWI) financial performance indicators
Water and sewer (combined)**

| | | | |
|----------------|--|--------|---------|
| NWI F22 | Net debt to equity (water and sewerage) Overdraft (w36 + s37) + borrowings (w38 + s39) – cash and investments (w30 + s31) x 100 divided by [total assets (w35 + s36) – total liabilities (w40 + s41)] | % | -22.32% |
| NWI F23 | Interest cover (water and sewerage) Earnings before interest and tax (EBIT) divided by net interest Earnings before interest and tax (EBIT): 683 Operating result (w15a + s16a) + interest expense (w4a + s4a) – interest income (w9 + s10) – gain/loss on disposal of assets (w14 + s15) + miscellaneous expenses (w4b + w4c + s4b + s4c) Net interest: - 320 Interest expense (w4a + s4a) – interest income (w9 + s10) | | > 100 |
| NWI F24 | Net profit after tax (water and sewerage) Surplus before dividends (w15a + s16a) – tax equivalents paid (Note 2-1 (iv) + Note 3-1 (iv)) | \$'000 | 684 |
| NWI F25 | Community service obligations (water and sewerage) Grants for pensioner rebates (w11b + s12b) | \$'000 | 90 |

- Notes:
1. References to w (eg. s12) refer to item numbers within Special Schedules 5 and 6 of Council's Annual Financial Statements.
 2. The NWI performance indicators are based upon the National Performance Framework Handbook for Urban Performance Reporting Indicators and Definitions.
- a refer to 3.2 (2) on page 15 of the Best-Practice Management of Water Supply and Sewerage Guidelines, 2007



INDEPENDENT AUDITOR'S REPORT

Report on the special purpose financial statement

Berrigan Shire Council

To the Councillors of the Berrigan Shire Council

Opinion

I have audited the accompanying special purpose financial statements (the financial statements) of Berrigan Shire Council's (the Council) Declared Business Activities, which comprise the statement of financial position of each Declared Business Activity as at 30 June 2017, the income statement of each Declared Business Activity for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information for the Business Activities declared by Council, and the Statement by Councillors and Management.

The Declared Business Activities of the Council are:

- Water Supply
- Sewerage

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Council's declared Business Activities as at 30 June 2017, and their financial performance for the year then ended, in accordance with the Australian Accounting Standards described in Note 1 and the Local Government Code of Accounting Practice and Financial Reporting (LG Code).

My opinion should be read in conjunction with the rest of this report and in particular, the Emphasis of Matter referring to the basis of accounting.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

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

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Emphasis of Matter - Basis of Accounting

Without modifying my opinion, I draw attention to Note (1) to the financial statements which describes the basis of accounting. The financial statements have been prepared for the purpose of fulfilling Council's financial reporting responsibilities under the LG Code. As a result, the financial statements may not be suitable for another purpose.

Other Matter

The financial statements of the Council for the year ended 30 June 2016 were audited by another auditor who expressed an unmodified opinion on that financial statement on 12 October 2016.

The Councillors' Responsibility for the Financial Statements

The Councillors are responsible for the preparation and fair presentation of the financial statements and for determining that the accounting policies, described in Note 1 to the financial statements, are appropriate to meet the requirements in the LG Code. The Councillors' responsibility also includes such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Councillors must assess the Council's ability to continue as a going concern except where the Council will be dissolved or amalgamated by an Act of Parliament. The assessment must disclose, as applicable, matters related to going concern and the appropriateness of using the going concern basis of accounting, as it affects the Council's Declared Business Activities.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf.

The description forms part of my auditor's report.

My opinion does not provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



Lawrissa Chan
Director, Financial Audit Services

18 October 2017
SYDNEY

Berrigan Shire Council

SPECIAL SCHEDULES
for the year ended 30 June 2017

“Heart of the Southern Riverina”



Berrigan Shire Council

Special Schedules

for the year ended 30 June 2017

Contents

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Special Schedules¹

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

Background

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

Berrigan Shire Council

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

\$'000

| Function or activity | Expenses from continuing operations | Income from continuing operations | | Net cost of services |
|--|-------------------------------------|-----------------------------------|------------|----------------------|
| | | Non-capital | Capital | |
| Governance | 647 | 2 | – | (645) |
| Administration | (321) | 439 | 31 | 791 |
| Public order and safety | | | | |
| Fire service levy, fire protection, emergency services | 341 | 85 | – | (256) |
| Beach control | – | – | – | – |
| Enforcement of local government regulations | – | – | – | – |
| Animal control | 109 | 30 | – | (79) |
| Other | – | – | – | – |
| Total public order and safety | 450 | 115 | – | (335) |
| Health | 71 | 3 | – | (68) |
| Environment | | | | |
| Noxious plants and insect/vermin control | 128 | – | – | (128) |
| Other environmental protection | 72 | – | 62 | (10) |
| Solid waste management | 1,101 | 2,064 | – | 963 |
| Street cleaning | 249 | – | – | (249) |
| Drainage | – | – | – | – |
| Stormwater management | 517 | 114 | 286 | (117) |
| Total environment | 2,067 | 2,178 | 348 | 459 |
| Community services and education | | | | |
| Administration and education | 7 | 3 | – | (4) |
| Social protection (welfare) | – | – | – | – |
| Aged persons and disabled | 180 | – | – | (180) |
| Children's services | 274 | 303 | – | 29 |
| Total community services and education | 461 | 306 | – | (155) |
| Housing and community amenities | | | | |
| Public cemeteries | 117 | 109 | – | (8) |
| Public conveniences | 222 | – | – | (222) |
| Street lighting | 194 | 48 | – | (146) |
| Town planning | 170 | 239 | – | 69 |
| Other community amenities | 26 | 16 | – | (10) |
| Total housing and community amenities | 729 | 412 | – | (317) |
| Water supplies | 2,735 | 3,289 | 93 | 647 |
| Sewerage services | 2,048 | 2,079 | 6 | 37 |

Berrigan Shire Council

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

\$'000

| Function or activity | Expenses from continuing operations | Income from continuing operations | | Net cost of services |
|---|-------------------------------------|-----------------------------------|--------------|----------------------|
| | | Non-capital | Capital | |
| Recreation and culture | | | | |
| Public libraries | 537 | 40 | 7 | (490) |
| Museums | – | – | – | – |
| Art galleries | – | – | – | – |
| Community centres and halls | 221 | 5 | – | (216) |
| Performing arts venues | – | – | – | – |
| Other performing arts | – | – | – | – |
| Other cultural services | 21 | 4 | – | (17) |
| Sporting grounds and venues | 561 | – | 102 | (459) |
| Swimming pools | 393 | 90 | 13 | (290) |
| Parks and gardens (lakes) | 405 | – | – | (405) |
| Other sport and recreation | – | – | 74 | 74 |
| Total recreation and culture | 2,138 | 139 | 196 | (1,803) |
| Fuel and energy | – | – | – | – |
| Agriculture | – | – | – | – |
| Mining, manufacturing and construction | | | | |
| Building control | 238 | 6 | – | (232) |
| Other mining, manufacturing and construction | 72 | 210 | – | 138 |
| Total mining, manufacturing and const. | 310 | 216 | – | (94) |
| Transport and communication | | | | |
| Urban roads (UR) – local | 2,215 | – | 1 | (2,214) |
| Urban roads – regional | – | – | – | – |
| Sealed rural roads (SRR) – local | 1,999 | – | – | (1,999) |
| Sealed rural roads (SRR) – regional | 535 | – | 827 | 292 |
| Unsealed rural roads (URR) – local | 1,186 | – | – | (1,186) |
| Unsealed rural roads (URR) – regional | – | – | – | – |
| Bridges on UR – local | – | – | – | – |
| Bridges on SRR – local | – | – | – | – |
| Bridges on URR – local | – | – | – | – |
| Bridges on regional roads | 19 | – | – | (19) |
| Parking areas | 7 | – | – | (7) |
| Footpaths | 79 | 41 | 74 | 36 |
| Aerodromes | 123 | 25 | 316 | 218 |
| Other transport and communication | 188 | 2,582 | 73 | 2,467 |
| Total transport and communication | 6,351 | 2,648 | 1,291 | (2,412) |
| Economic affairs | | | | |
| Camping areas and caravan parks | 18 | 39 | – | 21 |
| Other economic affairs | 797 | 385 | – | (412) |
| Total economic affairs | 815 | 424 | – | (391) |
| Totals – functions | 18,501 | 12,250 | 1,965 | (4,286) |
| General purpose revenues ⁽¹⁾ | | 11,716 | | 11,716 |
| Share of interests – joint ventures and associates using the equity method | – | – | | – |
| NET OPERATING RESULT ⁽²⁾ | 18,501 | 23,966 | 1,965 | 7,430 |

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

Berrigan Shire Council

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

for the year ended 30 June 2017

\$'000

| Classification of debt | Principal outstanding at beginning of the year | | | New loans raised during the year | Debt redemption during the year | | Transfers to sinking funds | Interest applicable for year | Principal outstanding at the end of the year | | |
|-----------------------------|--|--------------|--------------|----------------------------------|---------------------------------|---------------|----------------------------|------------------------------|--|--------------|--------------|
| | Current | Non-current | Total | | From revenue | Sinking funds | | | Current | Non-current | Total |
| Loans (by source) | | | | | | | | | | | |
| Commonwealth Government | – | – | – | – | – | – | – | – | – | – | – |
| NSW Treasury Corporation | – | – | – | – | – | – | – | – | – | – | – |
| Other State Government | – | – | – | – | – | – | – | – | – | – | – |
| Public subscription | – | – | – | – | – | – | – | – | – | – | – |
| Financial institutions | 253 | 1,297 | 1,550 | – | 253 | – | – | 62 | 148 | 1,149 | 1,297 |
| Other | – | – | – | – | – | – | – | – | – | – | – |
| Total loans | 253 | 1,297 | 1,550 | – | 253 | – | – | 62 | 148 | 1,149 | 1,297 |
| Other long term debt | | | | | | | | | | | |
| Ratepayers advances | – | – | – | – | – | – | – | – | – | – | – |
| Government advances | – | – | – | – | – | – | – | – | – | – | – |
| Finance leases | – | – | – | – | – | – | – | – | – | – | – |
| Deferred payments | – | – | – | – | – | – | – | – | – | – | – |
| Total long term debt | – | – | – | – | – | – | – | – | – | – | – |
| Total debt | 253 | 1,297 | 1,550 | – | 253 | – | – | 62 | 148 | 1,149 | 1,297 |

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

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

Berrigan Shire Council

Special Schedule 2(b) – Statement of Internal Loans [Section 410(3) of the *Local Government Act* 1993] for the year ended 30 June 2017

\$'000

Summary of internal loans

| Borrower (by purpose) | Amount originally raised | Total repaid during the year (principal and interest) | Principal outstanding at end of year |
|---------------------------|--------------------------|--|---|
| General | 600 | 111 | - |
| Water | | | |
| Sewer | | | |
| Domestic waste management | | | |
| Gas | | | |
| Other | | | |
| Totals | 600 | 111 | - |

Note: the summary of internal loans (above) represents the total of Council's internal loans categorised according to the borrower.

Details of individual internal loans

| Borrower (by purpose) | Lender (by purpose) | Date of minister's approval | Date raised | Term (years) | Dates of maturity | Rate of interest | Amount originally raised | Total repaid during year (princ. and int.) | Principal outstanding at end of year |
|--------------------------|------------------------|-----------------------------------|-------------|-----------------|----------------------|---------------------|--------------------------------|--|--|
| General (Stormwater) | Sewer | 06/07/04 | 31/12/06 | 9 | 30/12/16 | 6.94% | 600 | 111 | - |
| Totals | | | | | | | 600 | 111 | - |

Berrigan Shire Council

Special Schedule 3 – Water Supply Income Statement

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

| \$'000 | Actuals 2017 | Actuals 2016 |
|--|-----------------|-----------------|
| A Expenses and income | | |
| Expenses | | |
| 1. Management expenses | | |
| a. Administration | 247 | 168 |
| b. Engineering and supervision | 320 | 249 |
| 2. Operation and maintenance expenses | | |
| – dams and weirs | | |
| a. Operation expenses | – | – |
| b. Maintenance expenses | – | – |
| – Mains | | |
| c. Operation expenses | 372 | 588 |
| d. Maintenance expenses | – | – |
| – Reservoirs | | |
| e. Operation expenses | – | – |
| f. Maintenance expenses | – | – |
| – Pumping stations | | |
| g. Operation expenses (excluding energy costs) | 68 | 88 |
| h. Energy costs | 20 | 18 |
| i. Maintenance expenses | – | – |
| – Treatment | | |
| j. Operation expenses (excluding chemical costs) | 764 | 771 |
| k. Chemical costs | 39 | – |
| l. Maintenance expenses | – | – |
| – Other | | |
| m. Operation expenses | 14 | 54 |
| n. Maintenance expenses | – | – |
| o. Purchase of water | 77 | 75 |
| 3. Depreciation expenses | | |
| a. System assets | 648 | 607 |
| b. Plant and equipment | – | – |
| 4. Miscellaneous expenses | | |
| a. Interest expenses | 3 | 12 |
| b. Revaluation decrements | – | – |
| c. Other expenses | 150 | 152 |
| d. Impairment – system assets | – | – |
| e. Impairment – plant and equipment | – | – |
| f. Aboriginal Communities Water and Sewerage Program | – | – |
| g. Tax equivalents dividends (actually paid) | – | – |
| 5. Total expenses | 2,722 | 2,782 |

Berrigan Shire Council

Special Schedule 3 – Water Supply Income Statement (continued)

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

| \$'000 | Actuals 2017 | Actuals 2016 |
|--|-----------------|-----------------|
| Income | | |
| 6. Residential charges | | |
| a. Access (including rates) | 1,680 | 1,613 |
| b. Usage charges | 996 | 1,098 |
| 7. Non-residential charges | | |
| a. Access (including rates) | 200 | 200 |
| b. Usage charges | 14 | 20 |
| 8. Extra charges | – | – |
| 9. Interest income | 174 | 179 |
| 10. Other income | 167 | 390 |
| 11. Grants | | |
| a. Grants for acquisition of assets | – | – |
| b. Grants for pensioner rebates | 46 | 46 |
| c. Other grants | – | – |
| 12. Contributions | | |
| a. Developer charges | 93 | – |
| b. Developer provided assets | – | – |
| c. Other contributions | – | – |
| 13. Total income | 3,370 | 3,546 |
| 14. Gain (or loss) on disposal of assets | – | – |
| 15. Operating result | 648 | 764 |
| 15a. Operating result (less grants for acquisition of assets) | 648 | 764 |

Berrigan Shire Council

Special Schedule 3 – Water Supply Income Statement (continued)

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

| \$'000 | Actuals 2017 | Actuals 2016 |
|--|-----------------|-----------------|
| B Capital transactions | | |
| Non-operating expenditures | | |
| 16. Acquisition of fixed assets | | |
| a. New assets for improved standards | – | – |
| b. New assets for growth | – | – |
| c. Renewals | 86 | 197 |
| d. Plant and equipment | – | – |
| 17. Repayment of debt | – | – |
| 18. Totals | 86 | 197 |
| Non-operating funds employed | | |
| 19. Proceeds from disposal of assets | – | – |
| 20. Borrowing utilised | – | – |
| 21. Totals | – | – |
| C Rates and charges | | |
| 22. Number of assessments | | |
| a. Residential (occupied) | 3,065 | 3,032 |
| b. Residential (unoccupied, ie. vacant lot) | 277 | 273 |
| c. Non-residential (occupied) | 330 | 336 |
| d. Non-residential (unoccupied, ie. vacant lot) | 63 | 54 |
| 23. Number of ETs for which developer charges were received | – ET | – ET |
| 24. Total amount of pensioner rebates (actual dollars) | \$ 83,977 | \$ 73,436 |

Berrigan Shire Council

Special Schedule 4 – Water Supply Statement of Financial Position

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

| \$'000 | Actuals Current | Actuals Non-current | Actuals Total |
|---|--------------------|------------------------|------------------|
| ASSETS | | | |
| 25. Cash and investments | | | |
| a. Developer charges | – | – | – |
| b. Special purpose grants | – | – | – |
| c. Accrued leave | – | – | – |
| d. Unexpended loans | – | – | – |
| e. Sinking fund | – | – | – |
| f. Other | 7,532 | – | 7,532 |
| 26. Receivables | | | |
| a. Specific purpose grants | – | – | – |
| b. Rates and availability charges | 38 | – | 38 |
| c. User charges | 254 | – | 254 |
| d. Other | – | – | – |
| 27. Inventories | 59 | – | 59 |
| 28. Property, plant and equipment | | | |
| a. System assets | – | 28,496 | 28,496 |
| b. Plant and equipment | – | – | – |
| 29. Other assets | – | – | – |
| 30. Total assets | <u>7,883</u> | <u>28,496</u> | <u>36,379</u> |
| LIABILITIES | | | |
| 31. Bank overdraft | – | – | – |
| 32. Creditors | – | – | – |
| 33. Borrowings | – | – | – |
| 34. Provisions | | | |
| a. Tax equivalents | – | – | – |
| b. Dividend | – | – | – |
| c. Other | – | – | – |
| 35. Total liabilities | <u>–</u> | <u>–</u> | <u>–</u> |
| 36. NET ASSETS COMMITTED | <u>7,883</u> | <u>28,496</u> | <u>36,379</u> |
| EQUITY | | | |
| 37. Accumulated surplus | | | 22,572 |
| 38. Asset revaluation reserve | | | 13,807 |
| 39. Other reserves | | | – |
| 40. TOTAL EQUITY | | | <u>36,379</u> |
| Note to system assets: | | | |
| 41. Current replacement cost of system assets | | | 47,649 |
| 42. Accumulated current cost depreciation of system assets | | | (19,153) |
| 43. Written down current cost of system assets | | | <u>28,496</u> |

Berrigan Shire Council

Special Schedule 5 – Sewerage Service Income Statement

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

| \$'000 | Actuals 2017 | Actuals 2016 |
|---|-----------------|-----------------|
| A Expenses and income | | |
| Expenses | | |
| 1. Management expenses | | |
| a. Administration | 184 | 141 |
| b. Engineering and supervision | 277 | 211 |
| 2. Operation and maintenance expenses | | |
| – mains | | |
| a. Operation expenses | 103 | 63 |
| b. Maintenance expenses | – | – |
| – Pumping stations | | |
| c. Operation expenses (excluding energy costs) | 219 | 236 |
| d. Energy costs | 20 | 20 |
| e. Maintenance expenses | – | – |
| – Treatment | | |
| f. Operation expenses (excl. chemical, energy, effluent and biosolids management costs) | 323 | 343 |
| g. Chemical costs | 4 | – |
| h. Energy costs | 83 | – |
| i. Effluent management | – | – |
| j. Biosolids management | – | – |
| k. Maintenance expenses | – | – |
| – Other | | |
| l. Operation expenses | 9 | 28 |
| m. Maintenance expenses | – | – |
| 3. Depreciation expenses | | |
| a. System assets | 678 | 569 |
| b. Plant and equipment | – | – |
| 4. Miscellaneous expenses | | |
| a. Interest expenses | – | – |
| b. Revaluation decrements | – | – |
| c. Other expenses | 157 | 188 |
| d. Impairment – system assets | – | – |
| e. Impairment – plant and equipment | – | – |
| f. Aboriginal Communities Water and Sewerage Program | – | – |
| g. Tax equivalents dividends (actually paid) | – | – |
| 5. Total expenses | 2,057 | 1,799 |

Berrigan Shire Council

Special Schedule 5 – Sewerage Service Income Statement (continued)

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

| \$'000 | Actuals 2017 | Actuals 2016 |
|--|-----------------|-----------------|
| Income | | |
| 6. Residential charges (including rates) | 1,731 | 1,668 |
| 7. Non-residential charges | | |
| a. Access (including rates) | 122 | 120 |
| b. Usage charges | 43 | 47 |
| 8. Trade waste charges | | |
| a. Annual fees | – | – |
| b. Usage charges | 10 | 12 |
| c. Excess mass charges | – | – |
| d. Re-inspection fees | – | – |
| 9. Extra charges | – | – |
| 10. Interest income | 149 | 183 |
| 11. Other income | – | – |
| 12. Grants | | |
| a. Grants for acquisition of assets | – | – |
| b. Grants for pensioner rebates | 44 | 45 |
| c. Other grants | – | – |
| 13. Contributions | | |
| a. Developer charges | 6 | 5 |
| b. Developer provided assets | – | – |
| c. Other contributions | – | – |
| 14. Total income | <u>2,105</u> | <u>2,080</u> |
| 15. Gain (or loss) on disposal of assets | (2) | – |
| 16. Operating result | <u>46</u> | <u>281</u> |
| 16a. Operating result (less grants for acquisition of assets) | 46 | 281 |

Berrigan Shire Council

Special Schedule 5 – Sewerage Service Income Statement (continued)

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

| \$'000 | Actuals 2017 | Actuals 2016 |
|--|-----------------|-----------------|
| B Capital transactions | | |
| Non-operating expenditures | | |
| 17. Acquisition of fixed assets | | |
| a. New assets for improved standards | – | – |
| b. New assets for growth | – | – |
| c. Renewals | 603 | 171 |
| d. Plant and equipment | – | – |
| 18. Repayment of debt | – | – |
| 19. Totals | 603 | 171 |
| Non-operating funds employed | | |
| 20. Proceeds from disposal of assets | – | – |
| 21. Borrowing utilised | – | – |
| 22. Totals | – | – |
| C Rates and charges | | |
| 23. Number of assessments | | |
| a. Residential (occupied) | 2,856 | 2,840 |
| b. Residential (unoccupied, ie. vacant lot) | 304 | 273 |
| c. Non-residential (occupied) | 263 | 276 |
| d. Non-residential (unoccupied, ie. vacant lot) | 63 | 52 |
| 24. Number of ETs for which developer charges were received | – ET | – ET |
| 25. Total amount of pensioner rebates (actual dollars) | \$ 80,805 | \$ 71,786 |

Berrigan Shire Council

Special Schedule 6 – Sewerage Service Statement of Financial Position

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

| \$'000 | Actuals Current | Actuals Non-current | Actuals Total |
|---|--------------------|------------------------|------------------|
| ASSETS | | | |
| 26. Cash and investments | | | |
| a. Developer charges | – | – | – |
| b. Special purpose grants | – | – | – |
| c. Accrued leave | – | – | – |
| d. Unexpended loans | – | – | – |
| e. Sinking fund | – | – | – |
| f. Other | 6,009 | – | 6,009 |
| 27. Receivables | | | |
| a. Specific purpose grants | – | – | – |
| b. Rates and availability charges | 76 | – | 76 |
| c. User charges | – | – | – |
| d. Other | 2 | – | 2 |
| 28. Inventories | 3 | – | 3 |
| 29. Property, plant and equipment | | | |
| a. System assets | – | 18,212 | 18,212 |
| b. Plant and equipment | – | – | – |
| 30. Other assets | – | – | – |
| 31. Total assets | <u>6,090</u> | <u>18,212</u> | <u>24,302</u> |
| LIABILITIES | | | |
| 32. Bank overdraft | – | – | – |
| 33. Creditors | – | – | – |
| 34. Borrowings | – | – | – |
| 35. Provisions | | | |
| a. Tax equivalents | – | – | – |
| b. Dividend | – | – | – |
| c. Other | – | – | – |
| 36. Total liabilities | <u>–</u> | <u>–</u> | <u>–</u> |
| 37. NET ASSETS COMMITTED | <u>6,090</u> | <u>18,212</u> | <u>24,302</u> |
| EQUITY | | | |
| 38. Accumulated surplus | | | 10,471 |
| 39. Asset revaluation reserve | | | 13,831 |
| 40. Other reserves | | | – |
| 41. TOTAL EQUITY | | | <u>24,302</u> |
| Note to system assets: | | | |
| 42. Current replacement cost of system assets | | | 43,525 |
| 43. Accumulated current cost depreciation of system assets | | | (25,313) |
| 44. Written down current cost of system assets | | | <u>18,212</u> |

Notes to Special Schedules 3 and 5

for the year ended 30 June 2017

Administration ⁽¹⁾

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

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

Engineering and supervision ⁽¹⁾

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

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

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

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

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

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

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

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

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

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

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

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

Notes:

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

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

Berrigan Shire Council

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

\$'000

| Asset class | Asset category | Estimated cost to bring assets to satisfactory standard | Estimated cost to bring to the agreed level of service set by Council | 2016/17 Required maintenance ^a | 2016/17 Actual maintenance | Net carrying amount | Gross replacement cost (GRC) | Assets in condition as a percentage of gross replacement cost | | | | |
|-----------------------------|-----------------------------|---|---|---|----------------------------|---------------------|------------------------------|---|--------------|--------------|-------------|-------------|
| | | | | | | | | 1 | 2 | 3 | 4 | 5 |
| Buildings | Buildings – non-specialised | | | 51 | 51 | 514 | 774 | 33% | 67% | 0% | 0% | 0% |
| | Buildings – specialised | | | 421 | 476 | 17,439 | 37,204 | 55% | 27% | 15% | 3% | 0% |
| | Sub-total | - | - | 472 | 527 | 17,953 | 37,978 | 54.6% | 27.8% | 14.7% | 2.9% | 0.0% |
| Roads | Sealed roads | | | 1,106 | 1,372 | 99,941 | 119,296 | 94% | 4% | 1% | 1% | 0% |
| | Unsealed roads | | | 611 | 842 | 11,414 | 34,130 | 82% | 12% | 3% | 3% | 0% |
| | Bridges | | | 20 | 20 | 3,621 | 7,975 | 0% | 100% | 0% | 0% | 0% |
| | Footpaths | | | 8 | 8 | 3,212 | 4,323 | 0% | 25% | 75% | 0% | 0% |
| | Bulk earthworks | | | 30 | 30 | 2,976 | 2,976 | 100% | 0% | 0% | 0% | 0% |
| | Sub-total | - | - | 1,775 | 2,272 | 121,164 | 168,700 | 84.8% | 10.6% | 3.2% | 1.3% | 0.0% |
| Water supply network | Water supply network | | | 1,082 | 1,090 | 27,777 | 46,750 | 55% | 45% | 0% | 0% | 0% |
| | Sub-total | - | - | 1,082 | 1,090 | 27,777 | 46,750 | 55.0% | 45.0% | 0.0% | 0.0% | 0.0% |
| Sewerage network | Sewerage network | | | 778 | 778 | 17,335 | 42,522 | 3% | 97% | 0% | 0% | 0% |
| | Sub-total | - | - | 778 | 778 | 17,335 | 42,522 | 3.0% | 97.0% | 0.0% | 0.0% | 0.0% |

Berrigan Shire Council

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

\$'000

| Asset class | Asset category | Estimated cost to bring assets to satisfactory standard | Estimated cost to bring to the agreed level of service set by Council | 2016/17 Required maintenance ^a | 2016/17 Actual maintenance | Net carrying amount | Gross replacement cost (GRC) | Assets in condition as a percentage of gross replacement cost | | | | |
|--------------------------------|---------------------|---|---|---|----------------------------|---------------------|------------------------------|---|--------------|-------------|-------------|-------------|
| | | | | | | | | 1 | 2 | 3 | 4 | 5 |
| Stormwater drainage | Stormwater drainage | | | 117 | 191 | 18,001 | 22,431 | 30% | 70% | 0% | 0% | 0% |
| | Sub-total | - | - | 117 | 191 | 18,001 | 22,431 | 30.0% | 70.0% | 0.0% | 0.0% | 0.0% |
| Open space/recreational assets | Swimming pools | | | 79 | 79 | 1,613 | 2,900 | 10% | 80% | 10% | 0% | 0% |
| | Other | | | | | 3,518 | 7,624 | 10% | 85% | 5% | 0% | 0% |
| | Sub-total | - | - | 79 | 79 | 5,131 | 10,524 | 10.0% | 83.6% | 6.4% | 0.0% | 0.0% |
| TOTAL – ALL ASSETS | | - | - | 4,303 | 4,937 | 207,361 | 328,905 | 60.4% | 35.0% | 3.6% | 1.0% | 0.0% |

Notes:

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

Infrastructure asset condition assessment 'key'

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

Berrigan Shire Council

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

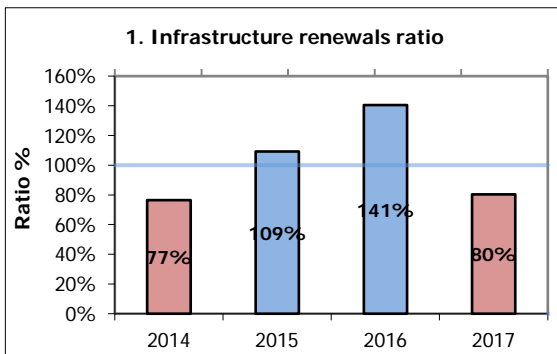
| \$ '000 | Amounts 2017 | Indicator 2017 | Benchmark | Prior periods 2016 | 2015 |
|---|-----------------|-------------------|-----------|-----------------------|---------|
| Infrastructure asset performance indicators * consolidated | | | | | |
| 1. Infrastructure renewals ratio | | | | | |
| Asset renewals ⁽¹⁾ | <u>4,027</u> | 80.35% | >= 100% | 140.51% | 109.17% |
| Depreciation, amortisation and impairment | <u>5,012</u> | | | | |
| 2. Infrastructure backlog ratio | | | | | |
| Estimated cost to bring assets to a satisfactory standard | <u>-</u> | 0.00% | < 2% | 0.00% | 0.00% |
| Net carrying amount of infrastructure assets | <u>204,885</u> | | | | |
| 3. Asset maintenance ratio | | | | | |
| Actual asset maintenance | <u>4,937</u> | 1.15 | > 1.00 | 1.05 | 1.00 |
| Required asset maintenance | <u>4,303</u> | | | | |

Notes

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

⁽¹⁾ Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.

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



Purpose of asset renewals ratio

To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.

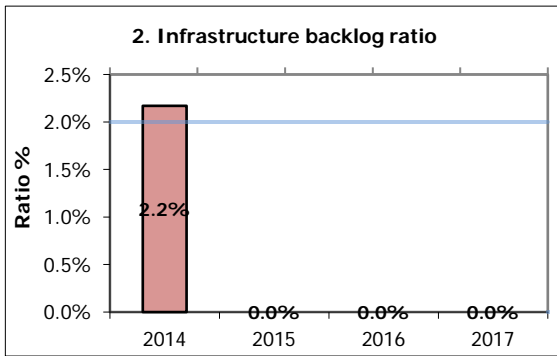
Commentary on 2016/17 result

2016/17 Ratio 80.35%

Council's large investment last year has been offset in the current year

Benchmark: — Minimum $\geq 100.00\%$
Source for benchmark: Code of Accounting Practice and Financial Reporting #25

Ratio achieves benchmark
Ratio is outside benchmark



Purpose of infrastructure backlog ratio

This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.

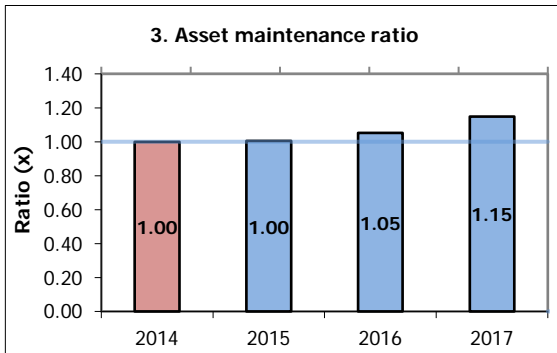
Commentary on 2016/17 result

2016/17 Ratio 0.00%

Council has no unfunded infrastructure.

Benchmark: — Maximum $< 2.00\%$
Source for benchmark: Code of Accounting Practice and Financial Reporting #25

Ratio achieves benchmark
Ratio is outside benchmark



Purpose of 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 2016/17 result

2016/17 Ratio 1.15 x

Council continues to maintain its assets.

Benchmark: — Minimum > 1.00
Source for benchmark: Code of Accounting Practice and Financial Reporting #25

Ratio achieves benchmark
Ratio is outside benchmark

Berrigan Shire Council

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

| \$ '000 | Benchmark | Water 2017 | Sewer 2017 | General ⁽¹⁾ 2017 |
|--|---------------|---------------|---------------|--------------------------------|
| Infrastructure asset performance indicators by fund | | | | |
| 1. Infrastructure renewals ratio | | | | |
| Asset renewals ⁽²⁾ | | 13.49% | 77.90% | 92.40% |
| Depreciation, amortisation and impairment | >= 100% | | | |
| | prior period: | 32.72% | 30.81% | 178.79% |
| 2. Infrastructure backlog ratio | | | | |
| Estimated cost to bring assets to a satisfactory standard | | 0.00% | 0.00% | 0.00% |
| Net carrying amount of infrastructure assets | < 2% | | | |
| | prior period: | 0.00% | 0.00% | 0.00% |
| 3. Asset maintenance ratio | | | | |
| Actual asset maintenance | | 1.01 | 1.00 | 1.26 |
| Required asset maintenance | > 1.00 | | | |
| | prior period: | 0.80 | 0.96 | 1.16 |

Notes

- (1) General fund refers to all of Council's activities except for its water and sewer activities which are listed separately.
- (2) Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.

Special Schedule 8 – Permissible Income Calculation

for the year ended 30 June 2018

| \$'000 | | Calculation 2016/17 | Calculation 2017/18 |
|---|--------------------------------|------------------------|------------------------|
| Notional general income calculation ⁽¹⁾ | | | |
| Last year notional general income yield | a | 4,840 | 4,940 |
| Plus or minus adjustments ⁽²⁾ | b | 13 | 8 |
| Notional general income | c = (a + b) | 4,853 | 4,948 |
| Permissible income calculation | | | |
| Special variation percentage ⁽³⁾ | d | 0.00% | 0.00% |
| Or rate peg percentage | e | 1.80% | 1.50% |
| Or crown land adjustment (incl. rate peg percentage) | f | 0.00% | 0.00% |
| Less expiring special variation amount | g | – | – |
| Plus special variation amount | h = d x (c – g) | – | – |
| Or plus rate peg amount | i = c x e | 87 | 74 |
| Or plus Crown land adjustment and rate peg amount | j = c x f | – | – |
| Sub-total | k = (c + g + h + i + j) | 4,940 | 5,022 |
| Plus (or minus) last year's carry forward total | l | (0) | 0 |
| Less valuation objections claimed in the previous year | m | – | – |
| Sub-total | n = (l + m) | (0) | 0 |
| Total permissible income | o = k + n | 4,940 | 5,022 |
| Less notional general income yield | p | 4,940 | 5,019 |
| Catch-up or (excess) result | q = o – p | 0 | 3 |
| Plus income lost due to valuation objections claimed ⁽⁴⁾ | r | – | – |
| Less unused catch-up ⁽⁵⁾ | s | – | – |
| Carry forward to next year | t = q + r – s | 0 | 3 |

Notes

- (1) The notional general income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.
- (2) Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called 'supplementary valuations' as defined in the *Valuation of Land Act 1916*.
- (3) The 'special variation percentage' is inclusive of the rate peg percentage and where applicable Crown land adjustment.
- (4) Valuation objections are unexpected changes in land values as a result of land owners successfully objecting to the land value issued by the Valuer-General. Councils can claim the value of the income lost due to valuation objections in any single year.
- (5) Unused catch-up amounts will be deducted if they are not caught up within 2 years. Usually councils will have a nominal carry forward figure. These amounts can be adjusted for in setting the rates in a future year.
- (6) Carry forward amounts which are in excess (an amount that exceeds the permissible income) require ministerial approval by order published in the *NSW Government Gazette* in accordance with section 512 of the *Local Government Act 1993*. The OLG will extract these amounts from Council's Special Schedule 8 in the financial data return (FDR) to administer this process.



INDEPENDENT AUDITOR'S REPORT

Special Schedule No. 8

Berrigan Shire Council

To the Councillors of Berrigan Shire Council

Opinion

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

In my opinion, Special Schedule No. 8 of Berrigan Shire Council for 30 June 2017 is prepared, in all material respects in accordance with the requirements of the Local Government Code of Accounting Practice and Financial Reporting (LG Code) issued by the Office of Local Government (OLG), and is in accordance with the books and records of the Council.

My opinion should be read in conjunction with the rest of this report, and in particular the Emphasis of Matter paragraph, which describes the basis of accounting.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of Special Schedule No.8' section of my report.

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

- Australian Auditing Standards
- ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of councils
- precluding the Auditor-General from providing non-audit services.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Emphasis of Matter - Basis of Accounting

Without modifying my opinion, I draw attention to the notes and explanations in Special Schedule No. 8 that instruct councils in its preparation so it complies with OLG's requirements as described in the LG Code. As a result, Special Schedule No. 8 may not be suitable for another purpose.

Other Matter

Special Schedule No.8 of the Council for the year ended 30 June 2016 was audited by another auditor who expressed an unmodified opinion on Special Schedule No. 8 on 12 October 2016.

Councillors' Responsibility for Special Schedule No. 8

The Councillors of the Council are responsible for the preparation of Special Schedule No. 8 in accordance with the LG Code. The Councillors' responsibility also includes such internal control as the Councillors determine is necessary to enable the preparation of Special Schedule No. 8 that is free from material misstatement, whether due to fraud or error.

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

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

My objectives are to:

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

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on Special Schedule No.8.

A description of my responsibilities for the audit of Special Schedule No.8 is located at the Auditing and Assurance Standards Board website at http://www.auasb.gov.au/auditors_responsibilities/ar8.pdf. The description forms part of my auditor's report.

My opinion does not provide assurance:

- that the Council carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited Special Schedule No.8 on any website where they may be presented
- about any other information which may have been hyperlinked to/from Special Schedule No 8.



Lawrissa Chan
Director, Financial Audit Services

18 October 2017
SYDNEY