

# Berrigan Shire Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2018

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“Heart of the Southern Riverina”



## Berrigan Shire Council

### General Purpose Financial Statements

for the year ended 30 June 2018

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#### Overview

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

56 Chanter St  
Berrigan NSW 2712

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

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

A description of the nature of Council's operations and its principal activities are provided in Note 2(b).

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

## Introduction

Each year, individual local governments across New South Wales are required to present a set of audited financial statements to their council and community.

## What you will find in the statements

The financial statements set out the financial performance, financial position and cash flows of Council for the financial year ended 30 June 2018.

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

## About the Councillor/Management Statement

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

## About the primary financial statements

The financial statements incorporate five 'primary' financial statements:

### 1. The Income Statement

Summarises Council's financial performance for the year, listing all income and expenses.

This statement also displays Council's original adopted budget to provide a comparison between what was projected and what actually occurred.

### 2. The Statement of Comprehensive Income

Primarily records changes in the fair value of Council's Infrastructure, Property, Plant and Equipment.

### 3. The Statement of Financial Position

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

### 4. The Statement of Changes in Equity

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

## 5. The Statement of Cash Flows

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

## About the Notes to the Financial Statements

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

## About the Auditor's Reports

Council's annual financial statements are required to be audited by the NSW Audit Office. In NSW the auditor provides 2 audit reports:

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

## Who uses the financial statements?

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

The public can make submissions to Council up to seven days subsequent to the public presentation of the financial statements.

Council is required to forward an audited set of financial statements to the Office of Local Government.

## Berrigan Shire Council

### General Purpose Financial Statements

for the year ended 30 June 2018

### 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 other pronouncements of the Australian Accounting Standards Board
- the Local Government Code of Accounting Practice and Financial Reporting.

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

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

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

**Signed in accordance with a resolution of Council made on 17 October 2018.**



Matthew Hannan  
Mayor  
17 October 2018



Denis Glanville  
Councillor  
17 October 2018



Rowan Perkins  
General Manager  
17 October 2018



Carla von Brockhusen  
Responsible Accounting Officer  
17 October 2018

## Berrigan Shire Council

## Income Statement

for the year ended 30 June 2018

Original unaudited budget 2018	\$ '000	Notes	Actual 2018	Actual 2017
<b>Income from continuing operations</b>				
<b>Revenue:</b>				
9,586	Rates and annual charges	3a	9,733	9,462
1,675	User charges and fees	3b	3,752	3,127
705	Interest and investment revenue	3c	761	725
509	Other revenues	3d	620	627
6,250	Grants and contributions provided for operating purposes	3e,f	7,680	9,944
2,491	Grants and contributions provided for capital purposes	3e,f	1,760	1,965
<b>Other income:</b>				
–	Net gains from the disposal of assets	5	478	3
–	Reversal of revaluation decrements / impairment of IPP&E previously expensed	4d	–	78
<u>21,216</u>	<b>Total income from continuing operations</b>		<u>24,784</u>	<u>25,931</u>
<b>Expenses from continuing operations</b>				
7,781	Employee benefits and on-costs	4a	7,741	7,071
52	Borrowing costs	4b	59	72
2,124	Materials and contracts	4c	2,649	3,394
5,935	Depreciation and amortisation	4d	5,861	5,873
1,962	Other expenses	4e	2,123	2,091
<u>17,854</u>	<b>Total expenses from continuing operations</b>		<u>18,433</u>	<u>18,501</u>
<u>3,362</u>	<b>Operating result from continuing operations</b>		<u>6,351</u>	<u>7,430</u>
<u>3,362</u>	<b>Net operating result for the year</b>		<u>6,351</u>	<u>7,430</u>
<u>3,362</u>	Net operating result attributable to Council		<u>6,351</u>	<u>7,430</u>
871	Net operating result for the year before grants and contributions provided for capital purposes		4,591	5,465

## Berrigan Shire Council

Statement of Comprehensive Income  
for the year ended 30 June 2018

\$ '000	Notes	2018	2017
<b>Net operating result for the year</b> (as per Income Statement)		<b>6,351</b>	<b>7,430</b>
<b>Other comprehensive income:</b>			
Amounts that will not be reclassified subsequently to the operating result			
Gain (loss) on revaluation of IPP&E	9	14,795	5,977
<b>Total items which will not be reclassified subsequently to the operating result</b>		<b>14,795</b>	<b>5,977</b>
<b>Total other comprehensive income for the year</b>		<b>14,795</b>	<b>5,977</b>
<b>Total comprehensive income for the year</b>		<b>21,146</b>	<b>13,407</b>
Total comprehensive income attributable to Council		21,146	13,407

## Berrigan Shire Council

## Statement of Financial Position

as at 30 June 2018

\$ '000	Notes	2018	2017
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	6a	5,967	5,730
Investments	6b	26,000	23,000
Receivables	7	2,833	1,862
Inventories	8	287	218
Other	8	65	60
<b>Total current assets</b>		<b>35,152</b>	<b>30,870</b>
<b>Non-current assets</b>			
Inventories	8	185	185
Infrastructure, property, plant and equipment	9	240,156	223,130
<b>Total non-current assets</b>		<b>240,341</b>	<b>223,315</b>
<b>TOTAL ASSETS</b>		<b>275,493</b>	<b>254,185</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	10	1,118	533
Income received in advance	10	211	191
Borrowings	10	155	148
Provisions	11	2,342	2,604
<b>Total current liabilities</b>		<b>3,826</b>	<b>3,476</b>
<b>Non-current liabilities</b>			
Borrowings	10	995	1,149
Provisions	11	371	405
<b>Total non-current liabilities</b>		<b>1,366</b>	<b>1,554</b>
<b>TOTAL LIABILITIES</b>		<b>5,192</b>	<b>5,030</b>
<b>Net assets</b>		<b>270,301</b>	<b>249,155</b>
<b>EQUITY</b>			
Accumulated surplus	12	114,308	107,957
Revaluation reserves	12	155,993	141,198
<b>Total equity</b>		<b>270,301</b>	<b>249,155</b>

## Berrigan Shire Council

## Statement of Changes in Equity

for the year ended 30 June 2018

\$ '000	Notes	2018		Total equity	2017		Total equity
		Accumulated surplus	IPP&E revaluation reserve		Accumulated surplus	IPP&E revaluation reserve	
<b>Opening balance</b>		107,957	141,198	<b>249,155</b>	100,527	135,221	<b>235,748</b>
<b>Net operating result for the year</b>		<b>6,351</b>	–	<b>6,351</b>	<b>7,430</b>	–	<b>7,430</b>
<b>Other comprehensive income</b>							
– Gain (loss) on revaluation of IPP&E	9	–	14,795	<b>14,795</b>	–	5,977	<b>5,977</b>
<b>Other comprehensive income</b>		–	<b>14,795</b>	<b>14,795</b>	–	<b>5,977</b>	<b>5,977</b>
<b>Total comprehensive income</b>		<b>6,351</b>	<b>14,795</b>	<b>21,146</b>	<b>7,430</b>	<b>5,977</b>	<b>13,407</b>
<b>Equity – balance at end of the reporting period</b>		<b>114,308</b>	<b>155,993</b>	<b>270,301</b>	<b>107,957</b>	<b>141,198</b>	<b>249,155</b>



## Berrigan Shire Council

## Statement of Cash Flows

for the year ended 30 June 2018

Original unaudited budget 2018	\$ '000	Notes	Actual 2018	Actual 2017
<b>Cash flows from operating activities</b>				
<b>Receipts:</b>				
9,580	Rates and annual charges		9,765	9,437
1,744	User charges and fees		3,799	2,828
735	Investment and interest revenue received		677	685
8,741	Grants and contributions		9,392	11,909
–	Bonds, deposits and retention amounts received		26	–
576	Other		950	1,556
<b>Payments:</b>				
(4,024)	Employee benefits and on-costs		(7,875)	(7,833)
(6,155)	Materials and contracts		(3,487)	(4,012)
(52)	Borrowing costs		(128)	(72)
–	Bonds, deposits and retention amounts refunded		–	(6)
(1,976)	Other		(2,076)	(2,200)
<b>9,169</b>	<b>Net cash provided (or used in) operating activities</b>	13b	<b>11,043</b>	<b>12,292</b>
<b>Cash flows from investing activities</b>				
<b>Receipts:</b>				
1,460	Sale of investment securities		–	–
–	Sale of real estate assets		–	48
346	Sale of infrastructure, property, plant and equipment		722	369
–	Deferred debtors receipts		–	79
<b>Payments:</b>				
(550)	Purchase of investment securities		(3,000)	(3,370)
(10,767)	Purchase of infrastructure, property, plant and equipment		(8,288)	(7,560)
–	Purchase of real estate assets		(93)	–
<b>(9,511)</b>	<b>Net cash provided (or used in) investing activities</b>		<b>(10,659)</b>	<b>(10,434)</b>
<b>Cash flows from financing activities</b>				
<b>Receipts:</b>				
Nil				
<b>Payments:</b>				
(148)	Repayment of borrowings and advances		(147)	(253)
<b>(148)</b>	<b>Net cash flow provided (used in) financing activities</b>		<b>(147)</b>	<b>(253)</b>
<b>(490)</b>	<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>237</b>	<b>1,605</b>
–	Plus: <b>cash and cash equivalents – beginning of year</b>	13a	5,730	4,125
<b>(490)</b>	<b>Cash and cash equivalents – end of the year</b>	13a	<b>5,967</b>	<b>5,730</b>
Additional Information:				
	plus: <b>Investments on hand – end of year</b>	6b	26,000	23,000
<b>Total cash, cash equivalents and investments</b>			<b>31,967</b>	<b>28,730</b>

## Berrigan Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

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These financial statements were authorised for issue by Council on 17 October 2018.

Council has the power to amend and reissue these financial statements.

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Australian Accounting Interpretations, the *Local Government Act 1993 (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.

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

Full dollars have been used in both Note 16 Contingencies and other liabilities/assets not recognised.

Specific budgetary amounts have been included for comparative analysis (to actuals) in the following reports and notes:

- Income statement
- Statement of cash flows
- Note 18 – Material budget variations

and are clearly marked.

#### **(a) New and amended standards adopted by Council**

There have been no new (or amended) accounting standards adopted by Council in this year's financial statements which have had any material impact on reported financial position, performance or cash flows.

#### **(b) Historical cost convention**

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

#### **(c) 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 infrastructure, property, plant and equipment – refer Note 9,
- ii. estimated tip remediation provisions – refer Note 11,
- iii. employee benefit provisions – refer Note 11.

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

#### (i) Impairment of receivables

Council has made a significant judgement about the impairment of a number of its receivables in Note 7. Council monitors its receivables closely and currently considers all of them recoverable, with debt collection processes ongoing where necessary.

### **Monies and other assets received by Council**

#### **(a) The Consolidated Fund**

In accordance with the provisions of Section 409(1) of the *Local Government Act 1993 (NSW)*, all money and other assets 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 service
- Sewerage service

#### **(b) 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 other assets 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 other assets subject to Council's control have been included in these reports.

Council currently considers it holds no such trust funds.

### **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.

### **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.

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

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

## Berrigan Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## 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)	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Sustainable and Natural Built Landscapes	10,875	10,495	10,880	10,412	(5)	83	3,697	7,481	175,502	159,060
Good Government	9,139	10,799	860	1,284	8,279	9,515	3,315	–	25,219	25,219
Supported and Engaged communities	4,641	4,485	6,080	6,120	(1,439)	(1,635)	604	2,716	70,032	65,167
Diverse and resilient business	129	152	613	685	(484)	(533)	5	89	4,740	4,739
<b>Total functions and activities</b>	<b>24,784</b>	<b>25,931</b>	<b>18,433</b>	<b>18,501</b>	<b>6,351</b>	<b>7,430</b>	<b>7,621</b>	<b>10,286</b>	<b>275,493</b>	<b>254,185</b>

## Berrigan Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### 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:**

##### **Sustainable and Natural 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 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

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

##### **Good Government**

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

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

Good Government includes the council functions of Administration and Governance.

##### **Supported and Engaged communities**

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

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

Supported and engaged communities includes the council functions of Public Order and Safety, Health, Community Amenities, Community Services and Education, Water Supplies and recreation and Culture.

##### **Diverse and resilient business**

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

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

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

## Berrigan Shire Council

### Notes to the Financial Statements for the year ended 30 June 2018

#### Note 3. Income from continuing operations

\$ '000	2018	2017
<b>(a) Rates and annual charges</b>		
<b>Ordinary rates</b>		
Residential	2,500	2,427
Farmland	1,833	1,807
Business	510	524
<b>Total ordinary rates</b>	<b>4,843</b>	<b>4,758</b>
<b>Annual charges</b> (pursuant to s.496, s.496A, s.496B, s.501 & s.611)		
Domestic waste management services	850	824
Stormwater management services	73	73
Water supply services	1,958	1,880
Sewerage services	1,932	1,853
Waste management services (non-domestic)	77	74
<b>Total annual charges</b>	<b>4,890</b>	<b>4,704</b>
<b>TOTAL RATES AND ANNUAL CHARGES</b>	<b>9,733</b>	<b>9,462</b>

Council has used 2016 year valuations provided by the NSW Valuer General in calculating its rates.

#### **Accounting policy for rates and annual charges**

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.



## Berrigan Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 3. Income from continuing operations (continued)

\$ '000	2018	2017
<b>(b) User charges and fees</b>		
<b>Specific user charges</b> (per s.502 – specific 'actual use' charges)		
Domestic waste management services	166	158
Water supply services	1,075	955
Sewerage services	43	30
Waste management services (non-domestic)	1,785	964
<b>Total specific user charges</b>	<b>3,069</b>	<b>2,107</b>
<b>Other user charges and fees</b>		
<b>(i) Fees and charges – statutory and regulatory functions (per s.608)</b>		
Building regulation	189	214
Private works – section 67	60	357
Section 149 certificates (EPA Act)	26	23
Section 603 certificates	26	25
<b>Total fees and charges – statutory/regulatory</b>	<b>301</b>	<b>619</b>
<b>(ii) Fees and charges – other (incl. general user charges (per s.608))</b>		
Aerodrome	17	25
Cemeteries	86	109
Food control fees	4	3
Leaseback fees – Council vehicles	56	56
Library	4	4
Sewerage	12	23
Swimming centres	97	90
Water supply	64	56
Other	42	35
<b>Total fees and charges – other</b>	<b>382</b>	<b>401</b>
<b>TOTAL USER CHARGES AND FEES</b>	<b>3,752</b>	<b>3,127</b>

**Accounting policy for user charges and fees**

User charges and fees are recognised as revenue when the service has been provided.

## Berrigan Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 3. Income from continuing operations (continued)

\$ '000	2018	2017
<b>(c) Interest and investment revenue</b>		
<b>Interest</b>		
– Overdue rates and annual charges (incl. special purpose rates)	29	26
– Cash and investments	730	698
– Deferred debtors	2	1
<b>TOTAL INTEREST AND INVESTMENT REVENUE</b>	<b>761</b>	<b>725</b>
<b>Interest revenue is attributable to:</b>		
<b>Unrestricted investments/financial assets:</b>		
Overdue rates and annual charges (general fund)	29	26
General Council cash and investments	357	376
<b>Restricted investments/funds – external:</b>		
Water fund operations	187	174
Sewerage fund operations	188	149
<b>Total interest and investment revenue recognised</b>	<b>761</b>	<b>725</b>

#### Accounting policy for interest and investment revenue

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

#### (d) Other revenues

Rental income – other council properties	70	80
Fines	2	2
Legal fees recovery – rates and charges (extra charges)	23	43
Commissions and agency fees	5	–
Diesel rebate	68	69
Insurance rebate	29	35
Recycling income (non-domestic)	–	5
Sale of gravel	63	132
Sale of high security water	248	175
Sale of scrap metal	31	–
Sales – general	–	2
Workers compensation recovery	30	48
Other	51	36
<b>TOTAL OTHER REVENUE</b>	<b>620</b>	<b>627</b>

#### Accounting policy for other revenue

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.

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

Miscellaneous sales are recognised when physical possession has transferred to the customer which is deemed to be the point of transfer of risks and rewards.

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

## Berrigan Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 3. Income from continuing operations (continued)

\$ '000	2018 Operating	2017 Operating	2018 Capital	2017 Capital
<b>(e) Grants</b>				
<b>General purpose (untied)</b>				
<b>Current year allocation</b>				
Financial assistance – general component	1,578	2,979	–	–
Financial assistance – local roads component	676	1,281	–	–
<b>Payment in advance – future year allocation</b>				
Financial assistance – general component	1,620	1,542	–	–
Financial assistance – local roads component	691	656	–	–
<b>Other</b>				
Pensioners' rates subsidies – general component	99	98	–	–
<b>Total general purpose</b>	<b>4,664</b>	<b>6,556</b>	<b>–</b>	<b>–</b>
<b>Specific purpose</b>				
Pensioners' rates subsidies:				
– Water	46	46	–	–
– Sewerage	45	44	–	–
– Domestic waste management	39	40	–	–
Sewerage services	–	–	329	–
Aged care	–	6	–	–
Bushfire and emergency services	65	85	–	–
Community care	3	298	–	–
Community centres	–	5	–	–
Economic development	5	–	50	251
Environmental protection	–	–	62	62
ESPL implementation funds	18	31	–	–
Heritage and cultural	5	1	–	–
Library	2	2	283	–
Library – per capita	32	32	–	–
Library – special projects	8	7	–	–
LIRS subsidy	38	42	–	–
Public halls	–	–	2	–
Recreation and culture	–	–	161	186
Street lighting	49	48	–	–
Transport (roads to recovery)	1,222	1,217	–	–
Transport (other roads and bridges funding)	374	500	62	827
NSW Recycling Relief	17	–	–	–
<b>Total specific purpose</b>	<b>2,008</b>	<b>2,404</b>	<b>949</b>	<b>1,326</b>
<b>Total grants</b>	<b>6,672</b>	<b>8,960</b>	<b>949</b>	<b>1,326</b>
<b>Grant revenue is attributable to:</b>				
– Commonwealth funding	4,565	4,399	–	251
– State funding	2,107	4,561	949	1,075
	<b>6,672</b>	<b>8,960</b>	<b>949</b>	<b>1,326</b>

## Berrigan Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 3. Income from continuing operations (continued)

\$ '000	Notes	2018 Operating	2017 Operating	2018 Capital	2017 Capital
<b>(f) Contributions</b>					
<b>Developer contributions:</b>					
<b>(s7.4 &amp; s7.11 – EP&amp;A Act, s64 of the LGA):</b>					
<b>Cash contributions</b>					
S 7.11 – contributions towards amenities/services		–	–	21	4
S 64 – water supply contributions		–	–	58	93
S 64 – sewerage service contributions		–	–	3	6
Other developer contributions (assets)		–	–	18	–
<b>Total developer contributions – cash</b>		<b>–</b>	<b>–</b>	<b>100</b>	<b>103</b>
<b>Total developer contributions</b>	21	<b>–</b>	<b>–</b>	<b>100</b>	<b>103</b>
<b>Other contributions:</b>					
<b>Cash contributions</b>					
Drainage		–	–	–	284
Kerb and gutter		5	–	28	1
Paving		–	–	22	107
RMS contributions (regional roads, block grant)		998	980	613	127
Other		5	4	–	17
<b>Total other contributions – cash</b>		<b>1,008</b>	<b>984</b>	<b>663</b>	<b>536</b>
<b>Non-cash contributions</b>					
Recreation and culture		–	–	48	–
<b>Total other contributions – non-cash</b>		<b>–</b>	<b>–</b>	<b>48</b>	<b>–</b>
<b>Total other contributions</b>		<b>1,008</b>	<b>984</b>	<b>711</b>	<b>536</b>
<b>Total contributions</b>		<b>1,008</b>	<b>984</b>	<b>811</b>	<b>639</b>
<b>TOTAL GRANTS AND CONTRIBUTIONS</b>		<b>7,680</b>	<b>9,944</b>	<b>1,760</b>	<b>1,965</b>

**Accounting policy for contributions**

Control over grants and contributions is normally obtained upon their receipt (or acquittal) and is valued at the fair value of the granted or contributed asset 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 above.

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.

## Berrigan Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 3. Income from continuing operations (continued)

\$ '000	2018	2017
<b>(g) Unspent grants and contributions</b>		
<b>Certain grants and contributions are obtained by Council on condition that they be spent in a specified manner:</b>		
<b>Operating grants</b>		
Unexpended at the close of the previous reporting period	1,082	121
<b>Add:</b> operating grants recognised in the current period but not yet spent	5	1,011
<b>Less:</b> operating grants recognised in a previous reporting period now spent	(1,082)	(50)
<b>Unexpended and held as restricted assets (operating grants)</b>	<u>5</u>	<u>1,082</u>
<b>Capital grants</b>		
<b>Add:</b> capital grants recognised in the current period but not yet spent	505	–
<b>Unexpended and held as restricted assets (capital grants)</b>	<u>505</u>	<u>–</u>
<b>Contributions</b>		
<b>Add:</b> contributions recognised in the current period but not yet spent	255	–
<b>Unexpended and held as restricted assets (contributions)</b>	<u>255</u>	<u>–</u>

## Berrigan Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 4. Expenses from continuing operations

\$ '000	Notes	2018	2017
<b>(a) Employee benefits and on-costs</b>			
Salaries and wages		6,313	6,177
Travel expenses		206	208
Employee leave entitlements (ELE)		1,091	649
ELE on-costs		221	159
Superannuation – defined contribution plans		463	459
Superannuation – defined benefit plans		178	178
Workers' compensation insurance		146	118
Fringe benefit tax (FBT)		32	37
Training costs (other than salaries and wages)		215	145
Protective clothing		37	29
Other		26	49
<b>Total employee costs</b>		<b>8,928</b>	<b>8,208</b>
Less: capitalised costs		(1,187)	(1,137)
<b><u>TOTAL EMPLOYEE COSTS EXPENSED</u></b>		<b><u>7,741</u></b>	<b><u>7,071</u></b>

#### Accounting policy for employee benefits and on-costs

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

#### Retirement benefit obligations

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

#### Superannuation plans

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

Council participates in a Defined Benefit Plan under the Local Government Superannuation Scheme, however, when sufficient information to account for the plan as a defined benefit is not available and therefore Council accounts for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans, i.e. as an expense when it becomes payable – refer to Note 16 for more information.

(b) Borrowing costs	2018	2017
<b>(i) Interest bearing liability costs</b>		
Interest on loans	53	62
<b>Total interest bearing liability costs expensed</b>	<b>53</b>	<b>62</b>
<b>(ii) Other borrowing costs</b>		
Discount adjustments relating to movements in provisions (other than ELE)		
– Remediation liabilities	6	10
<b>Total other borrowing costs</b>	<b>6</b>	<b>10</b>
<b><u>TOTAL BORROWING COSTS EXPENSED</u></b>	<b><u>59</u></b>	<b><u>72</u></b>

#### Accounting policy for borrowing costs

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

## Berrigan Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 4. Expenses from continuing operations (continued)

\$ '000	2018	2017
<b>(c) Materials and contracts</b>		
Raw materials and consumables	2,110	2,950
Contractor and consultancy costs	5	2
– Domestic waste and recycling collection contract	453	372
Auditors remuneration <sup>(1)</sup>	39	31
Legal expenses:		
– Legal expenses: planning and development	11	1
– Legal expenses: debt recovery	31	38
<b><u>TOTAL MATERIALS AND CONTRACTS</u></b>	<b><u>2,649</u></b>	<b><u>3,394</u></b>

#### 1. Auditor remuneration

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

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

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

Audit and review of financial statements	39	31
<b>Remuneration for audit and other assurance services</b>	<b>39</b>	<b>31</b>
<b>Total Auditor-General remuneration</b>	<b>39</b>	<b>31</b>
<b>Total Auditor remuneration</b>	<b>39</b>	<b>31</b>

## Berrigan Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 4. Expenses from continuing operations (continued)

\$ '000	Notes	2018	2017
<b>(d) Depreciation, amortisation and impairment</b>			
<b>Depreciation and amortisation</b>			
Plant and equipment		767	705
Office equipment		45	46
Land improvements (depreciable)		30	25
<b>Infrastructure:</b>			
– Buildings – non-specialised		10	15
– Buildings – specialised		575	667
– Roads		2,551	2,451
– Bridges		107	107
– Footpaths		68	67
– Stormwater drainage		235	232
– Water supply network		615	645
– Sewerage network		548	656
– Swimming pools		61	61
– Other open space/recreational assets		113	111
<b>Other assets:</b>			
– Heritage collections		1	1
– Library books		39	20
– Other		86	55
<b>Reinstatement, rehabilitation and restoration assets:</b>			
– Tip assets		6	9
– Quarry assets		4	–
<b>Total depreciation and amortisation costs</b>	9 & 11	<b>5,861</b>	<b>5,873</b>
<b>Impairment / revaluation decrement of IPP&amp;E</b>			
Infrastructure		–	(78)
<b>Total IPP&amp;E impairment / revaluation decrement costs / (reversals)</b>		<b>–</b>	<b>(78)</b>
<b>TOTAL DEPRECIATION, AMORTISATION AND IMPAIRMENT / REVALUATION DECREMENT COSTS EXPENSED</b>			
		<b>5,861</b>	<b>5,795</b>

**Accounting policy for depreciation, amortisation and impairment expenses****Depreciation and amortisation**

Depreciation and amortisation are calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives. Useful lives are included in Note 9 for IPPE assets.

**Impairment of non-financial 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 an impairment are reviewed for possible reversal of the impairment at each reporting date.

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



## Berrigan Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 4. Expenses from continuing operations (continued)

\$ '000	2018	2017
<b>(e) Other expenses</b>		
Advertising	83	43
Bad and doubtful debts	–	1
Bank charges	36	40
Cleaning	5	4
Contributions/levies to other levels of government		
– Emergency services levy (includes FRNSW, SES, and RFS levies)	13	16
– NSW fire brigade levy	48	48
– NSW rural fire service levy	111	154
– Other contributions/levies – Kurrajong Therapy Plus	59	–
Councillor expenses – mayoral fee	25	25
Councillor expenses – councillors' fees	90	91
Councillors' expenses (incl. mayor) – other (excluding fees above)	86	63
Donations, contributions and assistance to other organisations (Section 356)		
– Central Murray County Council	126	122
– Heritage and cultural programs	23	21
– Public halls and community facilities	24	23
– Riverina and Murray Regional Organisation of Councils	15	14
– Sporting grounds	65	62
– Swimming pools	98	98
– Tourism and area promotion	71	64
– Other	3	–
Election expenses	2	58
Electricity and heating	351	304
Insurance	322	369
Street lighting	193	194
Subscriptions and publications	40	26
Telephone and communications	60	58
Valuation fees	–	40
Other	174	153
<b><u>TOTAL OTHER EXPENSES</u></b>	<b><u>2,123</u></b>	<b><u>2,091</u></b>

#### Accounting policy for other expenses

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

## Berrigan Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 5. Gains or losses from the disposal of assets

\$ '000	Notes	2018	2017
<b>Property</b> (excl. investment property)	9		
Proceeds from disposal – property		260	–
Less: carrying amount of property assets sold/written off		(111)	–
<b>Net gain/(loss) on disposal</b>		<b>149</b>	<b>–</b>
<b>Plant and equipment</b>	9		
Proceeds from disposal – plant and equipment		462	369
Less: carrying amount of plant and equipment assets sold/written off		(123)	(226)
<b>Net gain/(loss) on disposal</b>		<b>339</b>	<b>143</b>
<b>Infrastructure</b>	9		
Less: carrying amount of infrastructure written off		(7)	(188)
<b>Net gain/(loss) on disposal</b>		<b>(7)</b>	<b>(188)</b>
<b>Real estate assets held for sale</b>	8		
Proceeds from disposal – real estate assets		–	48
<b>Net gain/(loss) on disposal</b>		<b>–</b>	<b>48</b>
<b>Remediation assets</b>			
Less: carrying amount of Remediation assets assets sold/written off		(3)	–
<b>Net gain/(loss) on disposal</b>		<b>(3)</b>	<b>–</b>
<b><u>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</u></b>		<b><u>478</u></b>	<b><u>3</u></b>

**Accounting policy for disposal of assets**

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

## Berrigan Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 6(a). Cash and cash equivalent assets

\$ '000	2018	2017
<b>Cash and cash equivalents</b>		
Cash on hand and at bank	5,967	5,730
<b>Total cash and cash equivalents</b>	<b>5,967</b>	<b>5,730</b>

#### Accounting policy for cash and cash equivalents

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

#### Note 6(b). Investments

\$ '000	2018		2017	
	Current	Non-current	Current	Non-current
<b>Investments</b>				
'Held to maturity'	26,000	-	23,000	-
<b>Total investments</b>	<b>26,000</b>	<b>-</b>	<b>23,000</b>	<b>-</b>
<b>TOTAL CASH ASSETS, CASH EQUIVALENTS AND INVESTMENTS</b>	<b>31,967</b>	<b>-</b>	<b>28,730</b>	<b>-</b>
<b>Held to maturity investments</b>				
Long term deposits	26,000	-	23,000	-
<b>Total</b>	<b>26,000</b>	<b>-</b>	<b>23,000</b>	<b>-</b>

#### Accounting policy for investments

##### Classification

Council classifies its financial assets in the following categories: loans and receivables; held-to-maturity investments.

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.

##### 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. Assets in this category are measured at amortised cost.

##### 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. Investments 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.

## Berrigan Shire Council

Notes to the Financial Statements  
for the year ended 30 June 2018

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

\$ '000	2018		2017	
	Current	Non-current	Current	Non-current
Total cash, cash equivalents and investments	31,967	–	28,730	–
<b>attributable to:</b>				
External restrictions (refer below)	19,247	–	17,263	–
Internal restrictions (refer below)	4,627	–	4,367	–
Unrestricted	8,093	–	7,100	–
	<b>31,967</b>	<b>–</b>	<b>28,730</b>	<b>–</b>

\$ '000	2018		2017	
<b>Details of restrictions</b>				
<b>External restrictions</b>				
Developer contributions – general			255	173
Specific purpose unexpended grants			510	909
Water supplies			8,462	7,532
Sewerage services			5,913	6,009
Domestic waste management			4,107	2,501
Other			–	139
<b>Total external restrictions</b>			<b>19,247</b>	<b>17,263</b>
<b>Internal restrictions</b>				
Plant and vehicle replacement			1,087	1,559
Employees leave entitlement			389	389
Aerodrome			215	165
Capital works reserve			1,848	1,230
Finley saleyard			99	99
Information technology			400	350
Levee bank construction			270	298
Risk management			267	217
Tourism events			52	60
<b>Total internal restrictions</b>			<b>4,627</b>	<b>4,367</b>
<b>TOTAL RESTRICTIONS</b>			<b>23,874</b>	<b>21,630</b>

## Berrigan Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 7. Receivables

\$ '000	2018		2017	
	Current	Non-current	Current	Non-current
<b>Purpose</b>				
Rates and annual charges	335	–	367	–
User charges and fees	1,247	–	900	–
Accrued revenues				
– Interest on investments	277	–	193	–
– Other income accruals	959	–	340	–
Net GST receivable	15	–	62	–
<b>Total</b>	<b>2,833</b>	<b>–</b>	<b>1,862</b>	<b>–</b>
<b>Less: provision for impairment</b>				
Nil				
<b>TOTAL NET RECEIVABLES</b>	<b>2,833</b>	<b>–</b>	<b>1,862</b>	<b>–</b>
<b>Externally restricted receivables</b>				
<b>Water supply</b>				
– Rates and availability charges	233	–	38	–
– Other	14	–	254	–
<b>Sewerage services</b>				
– Rates and availability charges	90	–	76	–
– Other	89	–	2	–
<b>Total external restrictions</b>	<b>426</b>	<b>–</b>	<b>370</b>	<b>–</b>
<b>Unrestricted receivables</b>	<b>2,407</b>	<b>–</b>	<b>1,492</b>	<b>–</b>
<b>TOTAL NET RECEIVABLES</b>	<b>2,833</b>	<b>–</b>	<b>1,862</b>	<b>–</b>
<b>Movement in provision for impairment of receivables</b>			<b>2018</b>	<b>2017</b>
Balance at the beginning of the year			–	18
– amounts already provided for and written off this year			–	(18)
<b>Balance at the end of the year</b>			<b>–</b>	<b>–</b>

## Berrigan Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 7. Receivables (continued)

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##### **Accounting policy for receivables**

##### **Recognition and measurement**

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 are classified as non-current assets. Loans and receivables are included in 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.

##### **Impairment**

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.

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 120 days overdue) are considered indicators that the receivable is impaired. When a receivable for which an impairment allowance had been recognised becomes uncollectable 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.

## Berrigan Shire Council

Notes to the Financial Statements  
for the year ended 30 June 2018

## Note 8. Inventories and other assets

\$ '000	2018		2017	
	Current	Non-current	Current	Non-current
<b>(a) Inventories</b>				
<b>Inventories at cost</b>				
Real estate for resale (refer below (i))	93	185	–	185
Stores and materials	194	–	218	–
<b>Total inventories at cost</b>	<b>287</b>	<b>185</b>	<b>218</b>	<b>185</b>
<b><u>TOTAL INVENTORIES</u></b>	<b><u>287</u></b>	<b><u>185</u></b>	<b><u>218</u></b>	<b><u>185</u></b>
<b>(b) Other assets</b>				
Prepayments	65	–	60	–
<b><u>TOTAL OTHER ASSETS</u></b>	<b><u>65</u></b>	<b><u>–</u></b>	<b><u>60</u></b>	<b><u>–</u></b>
<b>Externally restricted assets</b>				
<b>Water</b>				
Stores and materials	68	–	59	–
<b>Total water</b>	<b>68</b>	<b>–</b>	<b>59</b>	<b>–</b>
<b>Sewerage</b>				
Stores and materials	3	–	3	–
<b>Total sewerage</b>	<b>3</b>	<b>–</b>	<b>3</b>	<b>–</b>
<b>Total externally restricted assets</b>	<b>71</b>	<b>–</b>	<b>62</b>	<b>–</b>
<b>Total unrestricted assets</b>	<b>281</b>	<b>185</b>	<b>216</b>	<b>185</b>
<b><u>TOTAL INVENTORIES AND OTHER ASSETS</u></b>	<b><u>352</u></b>	<b><u>185</u></b>	<b><u>278</u></b>	<b><u>185</u></b>

## Berrigan Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 8. Inventories and other assets (continued)

\$ '000	2018		2017	
	Current	Non-current	Current	Non-current
<b>(i) Details for real estate development</b>				
Residential	–	12	–	185
Industrial/commercial	93	173	–	–
<b>Total real estate for resale</b>	<b>93</b>	<b>185</b>	<b>–</b>	<b>185</b>
(Valued at the lower of cost and net realisable value)				
<b>Represented by:</b>				
Acquisition costs	–	185	–	185
Development costs	93	–	–	–
<b>Total real estate for resale</b>	<b>93</b>	<b>185</b>	<b>–</b>	<b>185</b>
<b>Movements:</b>				
Real estate assets at beginning of the year	–	185	–	185
– Purchases and other costs	93	–	–	–
<b>Total real estate for resale</b>	<b>93</b>	<b>185</b>	<b>–</b>	<b>185</b>

#### Accounting policy

##### Raw materials and stores

Raw materials and stores are stated at the lower of cost and net realisable value.

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.

##### Inventory held for distribution

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

##### 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.



## Berrigan Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 9. Infrastructure, property, plant and equipment

Asset class \$ '000	as at 30/6/2017			Asset movements during the reporting period								as at 30/6/2018		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions renewals	Additions new assets	Carrying value of disposals	Depreciation expense	WIP transfers	Adjustments and transfers	Revaluation decrements to equity (ARR)	Revaluation increments to equity (ARR)	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
Capital work in progress	2,317	–	2,317	1,477	840	–	–	(3,451)	–	–	–	1,183	–	1,183
Plant and equipment	7,214	4,751	2,463	1,660	–	(123)	(767)	(72)	–	–	–	7,492	4,331	3,161
Office equipment	989	859	130	40	–	–	(45)	–	–	–	–	1,029	904	125
<b>Land:</b>														
– Operational land	6,869	–	6,869	125	–	(111)	–	–	(120)	(156)	2,692	9,299	–	9,299
– Community land	320	–	320	–	–	–	–	–	–	(50)	–	270	–	270
– Land under roads (post 30/6/08)	30	–	30	–	–	–	–	–	142	–	62	234	–	234
Land improvements – depreciable	663	163	500	–	–	–	(30)	–	28	–	74	765	193	572
<b>Infrastructure:</b>														
– Buildings – non-specialised	774	261	513	–	–	–	(10)	–	–	–	134	680	43	637
– Buildings – specialised	37,205	19,765	17,440	24	282	–	(575)	10	–	–	13,131	41,704	11,392	30,312
– Roads	153,426	42,071	111,355	1,965	–	(7)	(2,551)	3,668	(166)	(1,354)	–	157,312	44,402	112,910
– Bridges	7,975	4,354	3,621	4	–	–	(107)	–	–	(2)	–	7,969	4,453	3,516
– Footpaths	4,323	1,111	3,212	15	–	–	(68)	–	166	–	14	4,518	1,179	3,339
– Bulk earthworks (non-depreciable)	2,976	–	2,976	283	–	–	–	–	–	–	–	3,259	–	3,259
– Stormwater drainage	22,431	4,430	18,001	8	339	–	(235)	–	(50)	(831)	–	21,863	4,631	17,232
– Water supply network	46,750	18,973	27,777	264	–	–	(615)	(254)	–	(962)	–	47,638	21,428	26,210
– Sewerage network	42,522	25,187	17,335	56	–	–	(548)	237	–	–	1,965	41,215	22,170	19,045
– Swimming pools	2,901	1,287	1,614	51	–	–	(61)	–	–	–	–	2,952	1,348	1,604
– Other open space/recreational assets	7,625	4,108	3,517	599	–	–	(113)	(35)	–	–	–	8,189	4,221	3,968
<b>Other assets:</b>														
– Heritage collections	70	1	69	–	–	–	(1)	–	–	–	–	70	2	68
– Library books	905	695	210	26	–	–	(39)	–	–	–	–	931	734	197
– Other	8,437	5,787	2,650	278	–	–	(86)	(103)	–	–	–	8,596	5,857	2,739
<b>Reinstatement, rehabilitation and restoration assets (refer Note 11):</b>														
– Tip assets	246	62	184	–	–	–	(6)	–	–	–	78	324	68	256
– Quarry assets	50	23	27	–	–	(3)	(4)	–	–	–	–	47	27	20
<b>TOTAL INFRASTRUCTURE, PROPERTY, PLANT AND EQUIP.</b>	<b>357,018</b>	<b>133,888</b>	<b>223,130</b>	<b>6,875</b>	<b>1,461</b>	<b>(244)</b>	<b>(5,861)</b>	<b>–</b>	<b>–</b>	<b>(3,355)</b>	<b>18,150</b>	<b>367,539</b>	<b>127,383</b>	<b>240,156</b>

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

## Berrigan Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 9. Infrastructure, property, plant and equipment (continued)

##### Accounting policy for infrastructure, property, plant and equipment

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

Water and sewerage network assets are indexed at each reporting period in accordance with the Rates Reference Manual issued by Crown Lands and Water (CLAW).

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.

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

<b>Plant and equipment</b>	<b>Years</b>	<b>Other equipment</b>	<b>Years</b>
Office equipment	5 to 10	Playground equipment	5 to 15
Office furniture	10 to 20	Benches, seats etc.	10 to 20
Computer equipment	4		
Vehicles	5 to 8	<b>Buildings</b>	
Heavy plant/road making equipment	5 to 8	Buildings: masonry	50 to 100
Other plant and equipment	5 to 15	Buildings: other	20 to 40
<b>Water and sewer assets</b>		<b>Stormwater assets</b>	
Dams and reservoirs	80 to 100	Drains	80 to 100
Bores	20 to 40	Culverts	50 to 80
Reticulation pipes: PVC	70 to 80	Flood control structures	80 to 100
Reticulation pipes: other	25 to 75		
Pumps and telemetry	15 to 20		
<b>Transportation assets</b>		<b>Other infrastructure assets</b>	
Sealed roads: surface	20	Bulk earthworks	20
Sealed roads: structure	50	Swimming pools	50
Unsealed roads	20	Unsealed roads	20
Bridge: concrete	100	Other open space/recreational assets	20
Bridge: other	50	Other infrastructure	20
Road pavements	60		
Kerb, gutter and footpaths	40	Library Books	10

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.

## Berrigan Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 9. Infrastructure, property, plant and equipment (continued)

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##### **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.

##### **Crown reserves**

Crown Reserves under Council's care and control are recognised as assets of the Council. While ownership of the reserves remains with the Crown, Council retains operational control of the reserves and is responsible for their maintenance and use in accordance with the specific purposes to which the reserves are dedicated. Improvements on Crown Reserves are also recorded as assets, while maintenance costs incurred by Council and revenues relating to the reserves are recognised within Council's Income Statement.

##### **Rural Fire Service assets**

Under section 119 of the *Rural Fire Services 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".

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

## Berrigan Shire Council

Notes to the Financial Statements  
for the year ended 30 June 2018

## Note 10. Payables and borrowings

\$ '000	2018		2017	
	Current	Non-current	Current	Non-current
<b>Payables</b>				
Goods and services – operating expenditure	719	–	320	–
Accrued expenses:				
– Salaries and wages	337	–	154	–
– Other expenditure accruals	2	–	25	–
Security bonds, deposits and retentions	60	–	34	–
<b>Total payables</b>	<b>1,118</b>	<b>–</b>	<b>533</b>	<b>–</b>
<b>Income received in advance</b>				
Payments received in advance	211	–	191	–
<b>Total income received in advance</b>	<b>211</b>	<b>–</b>	<b>191</b>	<b>–</b>
<b>Borrowings</b>				
Loans – secured <sup>1</sup>	155	995	148	1,149
<b>Total borrowings</b>	<b>155</b>	<b>995</b>	<b>148</b>	<b>1,149</b>
<b>TOTAL PAYABLES AND BORROWINGS</b>	<b>1,484</b>	<b>995</b>	<b>872</b>	<b>1,149</b>

## (a) Payables and borrowings relating to restricted assets

	2018		2017	
	Current	Non-current	Current	Non-current
<b>Externally restricted assets</b>				
Water	15	–	–	–
Payables and borrowings relating to externally restricted assets	15	–	–	–
<b>Total payables and borrowings relating to restricted assets</b>	<b>15</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total payables and borrowings relating to unrestricted assets</b>	<b>1,469</b>	<b>995</b>	<b>872</b>	<b>1,149</b>
<b>TOTAL PAYABLES AND BORROWINGS</b>	<b>1,484</b>	<b>995</b>	<b>872</b>	<b>1,149</b>

<sup>1</sup> 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 17.

## Berrigan Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 10. Payables and borrowings (continued)

\$ '000

**(b) Changes in liabilities arising from financing activities**

Class of borrowings	2017		Non-cash changes			2018
	Opening balance as at 1/7/17	Cash flows	Acquisition	Fair value changes	Other non-cash movements	Closing balance as at 30/6/18
Loans – secured	1,297	(147)	–	–	–	1,150
<b>TOTAL</b>	<b>1,297</b>	<b>(147)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1,150</b>

**Accounting policy for payables and borrowings****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.

**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. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

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.

## Berrigan Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 11. Provisions

\$ '000	2018		2017	
	Current	Non-current	Current	Non-current
<b>Provisions</b>				
<b>Employee benefits:</b>				
Annual leave	773	–	981	–
Long service leave	1,495	31	1,565	71
Other leave	40	–	24	–
<b>Sub-total – aggregate employee benefits</b>	<b>2,308</b>	<b>31</b>	<b>2,570</b>	<b>71</b>
<b>Asset remediation/restoration:</b>				
Asset remediation/restoration (future works)	34	340	34	334
<b>Sub-total – asset remediation/restoration</b>	<b>34</b>	<b>340</b>	<b>34</b>	<b>334</b>
<b><u>TOTAL PROVISIONS</u></b>	<b><u>2,342</u></b>	<b><u>371</u></b>	<b><u>2,604</u></b>	<b><u>405</u></b>

\$ '000	2018	2017
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**(a) Current provisions not anticipated to be settled within the next twelve months**

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

Provisions – employees benefits	1,682	1,845
	<b>1,682</b>	<b>1,845</b>

**(b) Description of and movements in provisions**

2018	Other provisions	
	Asset remediation	Total
At beginning of year	368	368
<b>Changes to provision:</b>		
Unwinding of discount	6	6
<b>Total other provisions at end of year</b>	<b>374</b>	<b>374</b>
<b>2017</b>		
At beginning of year	282	282
<b>Changes to provision:</b>		
Remeasurement effects	76	76
Unwinding of discount	10	10
<b>Total other provisions at end of year</b>	<b>368</b>	<b>368</b>

## Berrigan Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 11. Provisions (continued)

##### **Nature and purpose of non-employee benefit provisions**

###### **Asset remediation**

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

###### **Accounting policy for 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.

##### **Employee benefits**

###### **Short-term obligations**

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

###### **Other long-term employee benefit obligations**

The liability for long service leave and annual leave that is not expected to be wholly settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method.

Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

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.

## Berrigan Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 11. Provisions (continued)

##### **Provisions for close-down and restoration, and environmental clean-up costs – tips and quarries**

###### **Restoration**

Close down and restoration costs include the dismantling and demolition of infrastructure and the removal of residual materials and remediation of disturbed areas. Estimated close down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, whether this occurs during the development or during the operation phase, based on the net present value of estimated future costs.

Provisions for close down and restoration costs do not include any additional obligations which are expected to arise from future disturbance. The costs are estimated on the basis of a closure plan. The cost estimates are calculated annually during the life of the operation to reflect known developments, eg updated cost estimates and revisions to the estimated lives of operations, and are subject to formal review at regular intervals

###### **Rehabilitation**

Where rehabilitation is conducted systematically over the life of the operation, rather than at the time of closure, provision is made for the estimated outstanding continuous rehabilitation work at each reporting date and the cost is charged to the Income Statement.

Provision is made for the estimated present value of the costs of environmental clean up obligations outstanding at the reporting date. These costs are charged to the Income Statement. Movements in the environmental clean up provisions are presented as an operating cost, except for the unwinding of the discount which is shown as a borrowing cost.

Remediation procedures generally commence soon after the time the damage, remediation process and estimated remediation costs become known, but may continue for many years depending on the nature of the disturbance and the remediation techniques.

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

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

Close down and restoration costs are a normal consequence of tip and quarry operations, and the majority of close down and restoration expenditure is incurred at the end of the life of the operations. Although the ultimate cost to be incurred is uncertain, Council estimates the respective costs based on feasibility and engineering studies using current restoration standards and techniques.

#### Note 12. Accumulated surplus, revaluation reserves, changes in accounting policies, changes in accounting estimates and errors

##### 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 2018

## Note 13. Statement of cash flows – additional information

\$ '000	Notes	2018	2017
<b>(a) Reconciliation of cash assets</b>			
Total cash and cash equivalent assets	6a	5,967	5,730
<b>Balance as per the Statement of Cash Flows</b>		<b>5,967</b>	<b>5,730</b>
<b>(b) Reconciliation of net operating result to cash provided from operating activities</b>			
<b>Net operating result from Income Statement</b>		<b>6,351</b>	<b>7,430</b>
<b>Adjust for non-cash items:</b>			
Depreciation and amortisation		5,861	5,873
Net losses/(gains) on disposal of assets		(478)	(3)
Reversal of prior year IPP&E revaluation decrements / impairment previously costed direct to the P&L		–	(78)
Unwinding of discount rates on reinstatement provisions		6	86
<b>+/- Movement in operating assets and liabilities and other cash items:</b>			
Decrease/(increase) in receivables		(971)	(693)
Increase/(decrease) in provision for doubtful debts		–	(18)
Decrease/(increase) in inventories		24	5
Decrease/(increase) in other assets		(5)	(33)
Increase/(decrease) in payables		399	(315)
Increase/(decrease) in other accrued expenses payable		160	83
Increase/(decrease) in other liabilities		46	27
Increase/(decrease) in employee leave entitlements		(302)	(72)
<b>Net cash provided from/(used in) operating activities from the Statement of Cash Flows</b>		<b>11,043</b>	<b>12,292</b>
<b>(c) Non-cash investing and financing activities</b>			
Other - Committee constructed buildings		48	–
<b>Total non-cash investing and financing activities</b>		<b>48</b>	<b>–</b>

## Berrigan Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 14. Interests in other entities

##### (a) Associates

##### (i) County Councils

Council is a member of the Central Murray Council, a body corporate established under the *Local Government Act 1993 (NSW)* responsible for noxious weed management. Council is one of 3 constituent members and does not have significant influence over the County Council. Accordingly, the County Council has not been consolidated in the financial statements.

Council has been proclaimed as part of the Riverina and Murray Joint Organisation.

#### Note 15. Commitments for expenditure

\$ '000	2018	2017
<b>(a) Capital commitments (exclusive of GST)</b>		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
<b>Property, plant and equipment</b>		
Plant and equipment	54	837
Water infrastructure	–	20
Roadworks	1,148	1,260
Sewer Infrastructure	20	67
Drainage	–	10
<b>Total commitments</b>	<b>1,222</b>	<b>2,194</b>
<b>These expenditures are payable as follows:</b>		
Within the next year	1,222	2,194
<b>Total payable</b>	<b>1,222</b>	<b>2,194</b>
<b>Sources for funding of capital commitments:</b>		
Unrestricted general funds	53	108
Future grants and contributions	1,085	1,452
Externally restricted reserves	84	584
Internally restricted reserves	–	50
<b>Total sources of funding</b>	<b>1,222</b>	<b>2,194</b>

## Berrigan Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 16. Contingencies and other liabilities/assets not recognised

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.

While the scheme's most recent full actuarial review indicated that the net assets of the scheme were sufficient to meet the accrued benefits of the scheme's defined benefit member category, member councils are required to make contributions in future years where the scheme goes into deficit (as has occurred in previous years).

The Local Government Superannuation Scheme however is unable to provide Council with an accurate estimate of any share of the net deficit and accordingly Council has not recorded any net liability from its defined benefit scheme obligations in accordance with AASB 119.

Future planned contributions being made to the defined benefit scheme to rectify past (and projected) deficit positions will be recognised as an expense when they become payable – similar to the accounting for defined contributions plans.

Member councils are treated as Pooled Employers for the purposes of AASB119. Pooled Employers are required to pay standard employer contributions and additional lump sum contributions to the Fund.

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

Division B	1.9 times employee contributions
Division C	2.5% salaries
Division D	1.64 times employee contributions

The additional lump sum contribution for each Pooled Employer is a share of the total additional contributions of \$40.0 million per annum from 1 July 2017 for 4 years to 30 June 2021, apportioned according to each employer's share of the accrued liabilities as at 30 June 2017. These additional lump sum contributions are used to fund the deficit of assets to accrued liabilities as 30 June 2017.

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

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

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

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

## Berrigan Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 16. Contingencies and other liabilities/assets not recognised (continued)

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

There is no provision for the allocation of any surplus which may be present at the date of withdrawal of an employer.

The plan is a defined benefit plan. However, each sponsoring employer is exposed to the actuarial risks associated with current and former employees of other sponsoring employers and hence shares in the associated gains and losses (to the extent that they are not borne by members). As such, there is not sufficient reliable information to allow each sponsoring employer to account for its proportionate share of the defined benefit obligation, sub-group assets and costs associated with the sub-group in the same way as it would for a single employer sponsored defined benefit plan.

The amount of Council employer contributions to the defined benefit section of the Fund and recognised as an expense and disclosed as part of superannuation expenses at Note 4 (a) for the year ending 30 June 2018 was **\$161,874**

The last valuation of the Fund was by the Actuary, Mr Richard Boyfield, FIAA on 12 December 2017, relating to the period ended 30 June 2017.

Council's expected contributions to the Fund for the next annual reporting period is **\$140,731**.

The estimated employer reserves financial position for the Pooled Employers at 30 June 2018 is:

Employer reserves only *	\$ millions	Asset Coverage
Assets	1,817.8	
Past Service Liabilities	1,787.5	101.7%
Vested Benefits	1,778.0	102.2%

\* excluding member accounts and reserves in both assets and liabilities.

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

Investment return	6.0% per annum
Salary inflation *	3.5% per annum
Increase in CPI	2.5% per annum

\* Plus promotional increases

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

Please note that the estimated employer reserves financial position above is a preliminary calculation and once all the relevant information has been received by the Funds Actuary, the 2018 triennial review will be completed around December 2018.

Council's additional lump sum contribution is around **0.14%** of the total additional lump sum contributions for all Pooled Employers (of \$40m each year from 1 July 2017 to 30 June 2021) provides an indication of the level of participation of Council compared with other employers in the Pooled Employer sub-group.

## Berrigan Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 16. Contingencies and other liabilities/assets not recognised (continued)

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##### **(ii) Statewide Limited**

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

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

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

##### **(iii) StateCover Limited**

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

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

## **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) Other guarantees**

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

## **ASSETS NOT RECOGNISED (continued):**

### **(i) Land under roads**

As permitted under AASB 1051, Council has elected not to bring to account land under roads that it owned or controlled up to and including 30 June 2008.

## Berrigan Shire Council

### Notes to the Financial Statements for the year ended 30 June 2018

#### Note 17. Financial risk management

\$ '000

##### Risk management

Council's activities expose it to a variety of financial risks including price risk, credit risk, liquidity risk and 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	
	2018	2017	2018	2017
<b>Financial assets</b>				
Cash and cash equivalents	5,967	5,730	5,967	5,730
Investments				
– 'Held to maturity'	26,000	23,000	26,000	23,000
Receivables	2,833	1,862	2,835	1,862
<b>Total financial assets</b>	<b>34,800</b>	<b>30,592</b>	<b>34,802</b>	<b>30,592</b>
<b>Financial liabilities</b>				
Payables	1,118	533	1,118	533
Loans/advances	1,150	1,297	1,150	1,297
<b>Total financial liabilities</b>	<b>2,268</b>	<b>1,830</b>	<b>2,268</b>	<b>1,830</b>

Fair value is determined as follows:

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

## Berrigan Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 17. 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's finance area manages the cash and Investments portfolio with the assistance of independent advisors.

Council has an investment policy which complies with the *Local Government Act 1993* and Ministerial Investment Order 625. This policy is regularly reviewed by Council and its staff and a monthly Investment report is provided to Council setting out the make-up and performance of the portfolio as required by Local Government regulations.

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.

#### (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 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
<b>2018</b>				
Possible impact of a 1% movement in interest rates	319	(319)	(319)	319
<b>2017</b>				
Possible impact of a 1% movement in interest rates	287	(287)	(287)	287

## Berrigan Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 17. 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:

	2018 Rates and annual charges	2018 Other receivables	2017 Rates and annual charges	2017 Other receivables
<b>(i) Ageing of receivables – %</b>				
Current (not yet overdue)	71%	44%	64%	31%
Overdue	29%	56%	36%	69%
	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>(ii) Ageing of receivables – value</b>				
<b>Rates and annual charges</b>				
Current	238		263	
< 1 year overdue	50		25	
1 – 2 years overdue	27		34	
2 – 5 years overdue	14		41	
> 5 years overdue	6		4	
	<b>335</b>		<b>367</b>	
<b>Other receivables</b>				
Current		1,087		465
0 – 30 days overdue		909		670
31 – 60 days overdue		13		111
61 – 90 days overdue		120		23
> 91 days overdue		369		226
		<b>2,498</b>		<b>1,495</b>



## Berrigan Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 17. 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.

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 by borrowing long term and fixing the interest rate on a 4-year renewal basis. The Finance Section regularly reviews interest rate movements to determine if it would be advantageous to refinance or renegotiate part or all of the loan portfolio.

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

\$ '000	Weighted average interest rate	Subject to no maturity	payable in:			Total cash outflows	Actual carrying values
			≤ 1 Year	1 – 5 Years	> 5 Years		
<b>2018</b>							
Trade/other payables	0.00%	60	1,058	–	–	1,118	1,118
Loans and advances	4.26%	200	200	634	116	1,150	1,150
<b>Total financial liabilities</b>		<b>260</b>	<b>1,258</b>	<b>634</b>	<b>116</b>	<b>2,268</b>	<b>2,268</b>
<b>2017</b>							
Trade/other payables	0.00%	34	499	–	–	533	533
Loans and advances	4.26%	200	200	800	97	1,297	1,297
<b>Total financial liabilities</b>		<b>234</b>	<b>699</b>	<b>800</b>	<b>97</b>	<b>1,830</b>	<b>1,830</b>

## Berrigan Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 18. Material budget variations

\$ '000

Council's original financial budget for 17/18 was adopted by the Council on 21 June 2017 and is not required to be audited.

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	2018 Budget	2018 Actual	2018 ----- Variance* -----		
<b>REVENUES</b>					
Rates and annual charges	9,586	9,733	147	2%	<b>F</b>
User charges and fees	1,675	3,752	2,077	124%	<b>F</b>
Fees from use of the Berrigan landfill for clean-up of major regional projects have significantly increased the fees collected from council waste management facilities.					
Interest and investment revenue	705	761	56	8%	<b>F</b>
Other revenues	509	620	111	22%	<b>F</b>
Council budgets conservatively for income.					
Operating grants and contributions	6,250	7,680	1,430	23%	<b>F</b>
The federal government has continued payment of the Financial Assistance Grant in advance, council budgeted conservatively and did not anticipate the payment.					
Capital grants and contributions	2,491	1,760	(731)	(29%)	<b>U</b>
Anticipated funds from successful grant applications will be paid on milestones rather than in advance.					
Net gains from disposal of assets	–	478	478	0%	<b>F</b>
Council does not presume a profit on sale from plant sent to auction, or property inventory sales.					

## Berrigan Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 18. Material budget variations (continued)

\$ '000	2018 Budget	2018 Actual	2018 ----- Variance* -----		
<b>EXPENSES</b>					
<b>Employee benefits and on-costs</b>	<b>7,781</b>	<b>7,741</b>	<b>40</b>	1%	<b>F</b>
<b>Borrowing costs</b>	<b>52</b>	<b>59</b>	<b>(7)</b>	(13%)	<b>U</b>
Cost on remediation are included in borrowing costs but not budgeted.					
<b>Materials and contracts</b>	<b>2,124</b>	<b>2,649</b>	<b>(525)</b>	(25%)	<b>U</b>
Council continues to be successful in grant applications. There is a disconnect between funding, payments and budgets due to variable milestone timelines.					
<b>Depreciation and amortisation</b>	<b>5,935</b>	<b>5,861</b>	<b>74</b>	1%	<b>F</b>
<b>Other expenses</b>	<b>1,962</b>	<b>2,123</b>	<b>(161)</b>	(8%)	<b>U</b>

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

<b>Cash flows from operating activities</b>	<b>9,169</b>	<b>11,043</b>	<b>1,874</b>	20.4%	<b>F</b>
Council continues to receive Financial Assistance Grant payments in advance, which were not budgeted. Also Stronger Country Communities Grant Funding was not known, and hence not included in the budget.					
<b>Cash flows from investing activities</b>	<b>(9,511)</b>	<b>(10,659)</b>	<b>(1,148)</b>	12.1%	<b>U</b>
Stronger than anticipated overall performance resulted in a stronger cash position, which was invested in Term Deposited which were not budgeted.					
<b>Cash flows from financing activities</b>	<b>(148)</b>	<b>(147)</b>	<b>1</b>	(0.7%)	<b>F</b>

## Berrigan Shire Council

### Notes to the Financial Statements

for the year ended 30 June 2018

#### Note 19. 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:

2018	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	
<b>Recurring fair value measurements</b>					
<b>Infrastructure, property, plant and equipment</b>					
Plant and equipment	30/06/13	–	–	3,161	3,161
Office equipment	30/06/14	–	–	125	125
Operational land	30/06/18	–	–	9,298	9,298
Community land	30/06/18	–	–	270	270
Land under roads (post 30/06/08)	30/06/18	–	–	234	234
Land improvements – depreciable	30/06/14	–	–	572	572
Buildings – non-specialised	30/06/18	–	–	637	637
Buildings – specialised	30/06/18	–	–	30,312	30,312
Roads	30/06/18	–	–	112,910	112,910
Bridges	30/06/18	–	–	3,516	3,516
Footpaths	30/06/18	–	–	3,339	3,339
Bulk earthworks	30/06/18	–	–	3,259	3,259
Stormwater drainage	30/06/18	–	–	17,233	17,233
Water supply network	30/06/17	–	–	26,210	26,210
Sewer network	30/06/17	–	–	19,045	19,045
Swimming pools	30/06/17	–	–	1,604	1,604
Heritage collections	30/06/16	–	–	68	68
Library books	30/06/18	–	–	197	197
Other assets	30/06/16	–	–	2,739	2,739
Tip assets	30/06/18	–	–	256	256
Quarry assets	30/06/18	–	–	20	20
Open Space	30/06/13	–	–	3,968	3,968
<b>Total infrastructure, property, plant and equipment</b>		<b>–</b>	<b>–</b>	<b>238,973</b>	<b>238,973</b>

## Berrigan Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 19. Fair value measurement (continued)

\$ '000

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

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	
<b>Recurring fair value measurements</b>					
<b>Infrastructure, property, plant and equipment</b>					
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
<b>Total infrastructure, property, plant and equipment</b>		<b>—</b>	<b>—</b>	<b>220,813</b>	<b>220,813</b>

## (2) Transfers between levels of the fair value hierarchies

During the year, there were no transfers between levels of the 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:

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#### 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.

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#### 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 APV Valuers and Asset Management Pty Ltd, a registered valuer

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

Valuation technique – “Market approach”  
Inputs used (Level 3) – Land area, rate per square metre, zoning, geographical location, sales of comparable land

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

Council's community land was valued using the unimproved land value provided by the NSW Valuer General in accordance with Office of Local Government guidance for infrastructure assets, as well as input from APV Valuers and Asset Management Pty Ltd.

**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 APV Valuers and Asset Management 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 APV Valuers and Asset Management 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 APV Valuers and Asset Management Pty Ltd, a registered valuer.

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

Valuation technique – “Cost approach”

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

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

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

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

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.

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## 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.

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## Berrigan Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 19. 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.**

	Operational land	Community land	Depreciable land impro- vements	Land under roads	Total
<b>Opening balance – 1/7/16</b>	6,869	320	498	21	7,708
Purchases (GBV)	–	–	27	9	36
Depreciation and impairment	–	–	(25)	–	(25)
<b>Closing balance – 30/6/17</b>	<b>6,869</b>	<b>320</b>	<b>500</b>	<b>30</b>	<b>7,719</b>
Transfers from/(to) another asset class	(120)	–	28	142	50
Purchases (GBV)	125	–	–	–	125
Disposals (WDV)	(111)	–	–	–	(111)
Depreciation and impairment	–	–	(30)	–	(30)
Revaluation	2,536	(50)	74	62	2,622
<b>Closing balance – 30/6/18</b>	<b>9,299</b>	<b>270</b>	<b>572</b>	<b>234</b>	<b>10,375</b>
	Building non specialised	Buildings specialised	Plant and equipment	Office equipment	Total
<b>Opening balance – 1/7/16</b>	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)
<b>Closing balance – 30/6/17</b>	<b>513</b>	<b>17,440</b>	<b>2,463</b>	<b>130</b>	<b>20,546</b>
Purchases (GBV)	–	316	1,588	40	1,944
Disposals (WDV)	–	–	(123)	–	(123)
Depreciation and impairment	(10)	(575)	(767)	(45)	(1,397)
Revaluation	134	13,131	–	–	13,265
<b>Closing balance – 30/6/18</b>	<b>637</b>	<b>30,312</b>	<b>3,161</b>	<b>125</b>	<b>34,235</b>
	Roads	Bridges	Footpaths	Bulk Earth	Total
<b>Opening balance – 1/7/16</b>	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)
<b>Closing balance – 30/6/17</b>	<b>111,355</b>	<b>3,621</b>	<b>3,212</b>	<b>2,976</b>	<b>121,164</b>
Transfers from/(to) another asset class	(166)	–	166	–	–
Purchases (GBV)	5,633	4	15	283	5,935
Disposals (WDV)	(7)	–	–	–	(7)
Depreciation and impairment	(2,551)	(107)	(68)	–	(2,726)
Revaluation	(1,354)	(2)	14	–	(1,342)
<b>Closing balance – 30/6/18</b>	<b>112,910</b>	<b>3,516</b>	<b>3,339</b>	<b>3,259</b>	<b>123,024</b>

## Berrigan Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 19. 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)

	Stormwater drainage	Water supply network	Sewerage network	Swimming pools	Total
<b>Opening balance – 1/7/16</b>	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
<b>Closing balance – 30/6/17</b>	<b>18,001</b>	<b>27,777</b>	<b>17,335</b>	<b>1,614</b>	<b>64,727</b>
Transfers from/(to) another asset class	(50)	–	–	–	(50)
Purchases (GBV)	347	10	293	51	701
Depreciation and impairment	(235)	(615)	(548)	(61)	(1,459)
Revaluation	(831)	(962)	1,965	–	172
<b>Closing balance – 30/6/18</b>	<b>17,232</b>	<b>26,210</b>	<b>19,045</b>	<b>1,604</b>	<b>64,091</b>

	Heritage collection	Library books	Other assets	Tip and quarry assets	Total
<b>Opening balance – 1/7/16</b>	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
<b>Closing balance – 30/6/17</b>	<b>69</b>	<b>210</b>	<b>6,167</b>	<b>211</b>	<b>6,657</b>
Purchases (GBV)	–	26	739	–	765
Disposals (WDV)	–	–	–	(3)	(3)
Depreciation and impairment	(1)	(39)	(199)	(10)	(249)
Revaluation	–	–	–	78	78
<b>Closing balance – 30/6/18</b>	<b>68</b>	<b>197</b>	<b>6,707</b>	<b>276</b>	<b>7,248</b>

**(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.

<b>Class</b>	<b>Fair Value (30/6/18) \$'000</b>	<b>Valuation Techniques</b>	<b>Unobservable Inputs</b>	<b>Range of Inputs (incl probable)</b>	<b>Relationship of unobservable inputs to Fair Value</b>
Plant & Equipment		Cost Approach	<ul style="list-style-type: none"> <li>Gross Replacement Cost</li> <li>Remaining Useful Life</li> </ul>	<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"> <li>Gross Replacement Cost</li> <li>Remaining Useful Life</li> </ul>	<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"> <li>Price per square metre, Land area, zoning, geographical location, sales of comparable land</li> </ul>	\$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"> <li>Price per square metre, Land area, zoning, geographical location, sales of comparable land</li> </ul>	\$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

<b>Class</b>	<b>Fair Value</b> (30/6/18) \$'000	<b>Valuation Techniques</b>	<b>Unobservable Inputs</b>	<b>Range of Inputs</b> (incl probable)	<b>Relationship of unobservable inputs to Fair Value</b>
Land under Roads (post 30/06/08)		Market Approach	<ul style="list-style-type: none"> <li>Price per square metre, Land area, zoning, geographical location, sales of comparable land</li> <li>Alternate Uses</li> </ul>	\$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"> <li>Unit Rates</li> <li>Asset Condition</li> <li>Useful Life</li> </ul>	\$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"> <li>Unit Rates</li> <li>Asset Condition</li> <li>Useful Life</li> </ul>	\$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"> <li>Unit Rates</li> <li>Asset Condition</li> <li>Useful Life</li> </ul>	\$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

<b>Class</b>	<b>Fair Value</b> (30/6/18) \$'000	<b>Valuation Techniques</b>	<b>Unobservable Inputs</b>	<b>Range of Inputs</b> (incl probable)	<b>Relationship of unobservable inputs to Fair Value</b>
Roads		Cost Approach	<ul style="list-style-type: none"> <li>Unit Rates</li> <li>Asset Condition</li> <li>Useful Life</li> </ul>	\$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"> <li>Unit Rates</li> <li>Asset Condition</li> <li>Useful Life</li> </ul>	\$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"> <li>Unit Rates</li> <li>Asset Condition</li> <li>Useful Life</li> </ul>	\$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"> <li>Unit Rates</li> <li>Asset Condition</li> <li>Useful Life</li> </ul>	\$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

<b>Class</b>	<b>Fair Value</b> (30/6/18) \$'000	<b>Valuation Techniques</b>	<b>Unobservable Inputs</b>	<b>Range of Inputs</b> (incl probable)	<b>Relationship of unobservable inputs to Fair Value</b>
Stormwater Drainage		Cost Approach	<ul style="list-style-type: none"> <li>• Unit Rates</li> <li>• Asset Condition</li> <li>• Useful Life</li> </ul>	\$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"> <li>• Unit Rates</li> <li>• Asset Condition</li> <li>• Useful Life</li> </ul>	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"> <li>• Unit Rates</li> <li>• Asset Condition</li> <li>• Useful Life</li> </ul>	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"> <li>• Unit Rates</li> <li>• Asset Condition</li> <li>• Useful Life</li> </ul>	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"> <li>• Unit Rates</li> <li>• Asset Condition</li> <li>• Useful Life</li> </ul>	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"> <li>• Unit Rates</li> <li>• Asset Condition</li> <li>• Useful Life</li> </ul>	Various  Excellent to Poor  2-10 years	Any change in the component pricing and asset condition will have an impact on fair value



<b>Class</b>	<b>Fair Value</b> (30/6/18) \$'000	<b>Valuation Techniques</b>	<b>Unobservable Inputs</b>	<b>Range of Inputs</b> (incl probable)	<b>Relationship of unobservable inputs to Fair Value</b>
Other Assets		Cost Approach	<ul style="list-style-type: none"> <li>• Unit Rates</li> <li>• Asset Condition</li> <li>• Useful Life</li> </ul>	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"> <li>• Unit Rates</li> <li>• Asset Condition</li> <li>• Useful Life</li> </ul>	Various  Excellent to Poor  50-60 years	Any change in the component pricing and asset condition will have an impact on fair value

**(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 2018

#### Note 20. Related party transactions

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\$ '000

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##### 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.

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

<b>Compensation:</b>	<b>2018</b>	<b>2017</b>
Short-term benefits	984	937
Post-employment benefits	146	137
<b>Total</b>	<b>1,130</b>	<b>1,074</b>

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

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

## Berrigan Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 21. Statement of developer contributions

\$ '000

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

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

## 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					
Community facilities	–	18	–	–	(18)	–	–	–
<b>S7.11 contributions – under a plan</b>	–	<b>18</b>	–	–	<b>(18)</b>	–	–	–
<b>Total S7.11 and S7.12 revenue under plans</b>	–	<b>18</b>	–	–	<b>(18)</b>	–	–	–
S7.11 not under plans	74	21	–	–	–	–	<b>95</b>	–
S64 contributions	99	61	–	–	–	–	<b>160</b>	–
<b>Total contributions</b>	<b>173</b>	<b>100</b>	<b>–</b>	<b>–</b>	<b>(18)</b>	<b>–</b>	<b>255</b>	<b>–</b>

## Berrigan Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 21. Statement of developer contributions (continued)

\$ '000

## S7.11 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	2	15	–	–	–	–	17	–
Parking	3	4	–	–	–	–	7	–
Open space	69	2	–	–	–	–	71	–
<b>Total</b>	<b>74</b>	<b>21</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>95</b>	<b>–</b>

## 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	58	–	–	–	–	151	–
Sewer	6	3	–	–	–	–	9	–
<b>Total</b>	<b>99</b>	<b>61</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>160</b>	<b>–</b>

## Berrigan Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 22. Financial result and financial position by fund

Income Statement by fund			
\$ '000	2018	2018	2018
<b>Continuing operations</b>	<b>Water</b>	<b>Sewer</b>	<b>General<sup>1</sup></b>
<b>Income from continuing operations</b>			
Rates and annual charges	1,957	1,932	5,844
User charges and fees	1,151	61	2,540
Interest and investment revenue	187	188	386
Other revenues	298	45	277
Grants and contributions provided for operating purposes	–	–	7,680
Grants and contributions provided for capital purposes	58	332	1,370
<b>Other income</b>			
Net gains from disposal of assets	–	–	478
<b>Total income from continuing operations</b>	<b>3,651</b>	<b>2,558</b>	<b>18,575</b>
<b>Expenses from continuing operations</b>			
Employee benefits and on-costs	389	297	7,055
Borrowing costs	–	–	59
Materials and contracts	1,392	1,049	208
Depreciation and amortisation	642	590	4,629
Other expenses	401	165	1,557
<b>Total expenses from continuing operations</b>	<b>2,824</b>	<b>2,101</b>	<b>13,508</b>
<b>Operating result from continuing operations</b>	<b>827</b>	<b>457</b>	<b>5,067</b>
<b>Net operating result attributable to each council fund</b>	<b>827</b>	<b>457</b>	<b>5,067</b>
<b>Net operating result for the year before grants and contributions provided for capital purposes</b>	<b>769</b>	<b>125</b>	<b>3,697</b>

<sup>1</sup> 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 2018

## Note 22. Financial result and financial position by fund (continued)

Statement of Financial Position by fund			
\$ '000	2018	2018	2018
<b>ASSETS</b>	<b>Water</b>	<b>Sewer</b>	<b>General<sup>1</sup></b>
<b>Current assets</b>			
Cash and cash equivalents	2,462	1,913	1,592
Investments	6,000	4,000	16,000
Receivables	247	179	2,407
Inventories	68	3	216
Other	–	–	65
<b>Total current assets</b>	<b>8,777</b>	<b>6,095</b>	<b>20,280</b>
<b>Non-current assets</b>			
Inventories	–	–	185
Infrastructure, property, plant and equipment	27,481	20,614	192,061
<b>Total non-current assets</b>	<b>27,481</b>	<b>20,614</b>	<b>192,246</b>
<b>TOTAL ASSETS</b>	<b>36,258</b>	<b>26,709</b>	<b>212,526</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	15	–	1,103
Income received in advance	–	–	211
Borrowings	–	–	155
Provisions	–	–	2,342
<b>Total current liabilities</b>	<b>15</b>	<b>–</b>	<b>3,811</b>
<b>Non-current liabilities</b>			
Borrowings	–	–	995
Provisions	–	–	371
<b>Total non-current liabilities</b>	<b>–</b>	<b>–</b>	<b>1,366</b>
<b>TOTAL LIABILITIES</b>	<b>15</b>	<b>–</b>	<b>5,177</b>
<b>Net assets</b>	<b>36,243</b>	<b>26,709</b>	<b>207,349</b>
<b>EQUITY</b>			
Accumulated surplus	23,399	10,914	79,995
Revaluation reserves	12,844	15,795	127,354
<b>Total equity</b>	<b>36,243</b>	<b>26,709</b>	<b>207,349</b>

<sup>1</sup> 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 2018

## Note 23(a). Statement of performance measures – consolidated results

\$ '000	Amounts 2018	Indicator 2018	Prior periods		Benchmark
			2017	2016	
<b>Local government industry indicators – consolidated</b>					
<b>1. Operating performance ratio</b>					
Total continuing operating revenue <sup>(1)</sup> excluding capital grants and contributions less operating expenses	<u>4,113</u>	<b>18.24%</b>	22.54%	14.68%	> 0.00%
Total continuing operating revenue <sup>(1)</sup> excluding capital grants and contributions	<u>22,546</u>				
<b>2. Own source operating revenue ratio</b>					
Total continuing operating revenue <sup>(1)</sup> excluding all grants and contributions	<u>14,866</u>	<b>61.16%</b>	53.93%	55.34%	> 60.00%
Total continuing operating revenue <sup>(1)</sup>	<u>24,306</u>				
<b>3. Unrestricted current ratio</b>					
Current assets less all external restrictions <sup>(2)</sup>	<u>15,408</u>	<b>7.24x</b>	8.08x	7.05x	> 1.5x
Current liabilities less specific purpose liabilities <sup>(3, 4)</sup>	<u>2,129</u>				
<b>4. Debt service cover ratio</b>					
Operating result <sup>(1)</sup> before capital excluding interest and depreciation/impairment/amortisation	<u>10,033</u>	<b>48.70x</b>	34.86x	25.63x	> 2x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)	<u>206</u>				
<b>5. Rates, annual charges, interest and extra charges outstanding percentage</b>					
Rates, annual and extra charges outstanding	<u>335</u>	<b>3.30%</b>	3.72%	3.53%	< 10% regional & rural
Rates, annual and extra charges collectible	<u>10,152</u>				
<b>6. Cash expense cover ratio</b>					
Current year's cash and cash equivalents plus all term deposits	<u>31,967</u>	<b>27.97 mths</b>	24.0 mths	20.0 mths	> 3 mths
Monthly payments from cash flow of operating and financing activities	<u>1,143</u>				

## Notes

<sup>(1)</sup> 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.

<sup>(2)</sup> Refer Notes 6-8 inclusive.

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

<sup>(3)</sup> Refer to Notes 10 and 11.

<sup>(4)</sup> Refer to Note 11(a) – excludes all payables and provisions not expected to be paid in the next 12 months (incl. ELE).

## Berrigan Shire Council

## Notes to the Financial Statements

for the year ended 30 June 2018

## Note 23(b). Statement of performance measures – by fund

\$ '000	General indicators <sup>5</sup>		Water indicators		Sewer indicators		Benchmark
	2018	2017	2018	2017	2018	2017	
<b>Local government industry indicators – by fund</b>							
<b>1. Operating performance ratio</b>							
Total continuing operating revenue <sup>(1)</sup> excluding capital grants and contributions less operating expenses	<b>19.33%</b>	25.95%	<b>21.40%</b>	16.82%	<b>4.99%</b>	1.43%	> 0.00%
Total continuing operating revenue <sup>(1)</sup> excluding capital grants and contributions							
<b>2. Own source operating revenue ratio</b>							
Total continuing operating revenue <sup>(1)</sup> excluding capital grants and contributions	<b>50.49%</b>	42.45%	<b>97.15%</b>	95.89%	<b>85.26%</b>	97.62%	> 60.00%
Total continuing operating revenue <sup>(1)</sup>							
<b>3. Unrestricted current ratio</b>							
Current assets less all external restrictions <sup>(2)</sup>	<b>7.24x</b>	8.08x	<b>585.13x</b>	No liabilities	<b>No liabilities</b>	No liabilities	> 1.5x
Current liabilities less specific purpose liabilities <sup>(3,4)</sup>							

## Notes

(1) - (4) Refer to Notes at Note 23a 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 2018

## Note 23(b). Statement of performance measures – by fund (continued)

\$ '000	General indicators <sup>5</sup>		Water indicators		Sewer indicators		Benchmark
	2018	2017	2018	2017	2018	2017	
Local government industry indicators – by fund (continued)							
<b>4. Debt service cover ratio</b>							
Operating result <sup>(1)</sup> before capital excluding interest and depreciation/impairment/amortisation	<b>38.45x</b>	29.24x	<b>0.00x</b>	401.40x	<b>0.00x</b>	0.00x	> 2x
Principal repayments (Statement of Cash Flows) plus borrowing costs (Income Statement)							
<b>5. Rates, annual charges, interest and extra charges outstanding percentage</b>							
Rates, annual and extra charges outstanding	<b>0.19%</b>	4.12%	<b>11.91%</b>	2.02%	<b>4.66%</b>	4.10%	< 10% regional & rural
Rates, annual and extra charges collectible							
<b>6. Cash expense cover ratio</b>							
Current year's cash and cash equivalents plus all term deposits	<b>33.09</b>	27.67	<b>13.54</b>	8.86	<b>15.05</b>	17.48	> 3 months
Monthly payments from cash flow of operating and financing activities	<b>months</b>	months	<b>months</b>	months	<b>months</b>	months	

## Notes

(1) Refer to Notes at Note 23a above.

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

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

To the Councillors of the Berrigan Shire Council

**Opinion**

I have audited the accompanying financial report of Berrigan Shire Council (the Council), which comprise the Income Statement and Statement of Comprehensive Income for the year ended 30 June 2018, the Statement of Financial Position as at 30 June 2018, the 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 report:
  - has been presented, in all material respects, in accordance with the requirements of this Division
  - is consistent with the Council's accounting records
  - presents fairly, in all material respects, the financial position of the Council as at 30 June 2018, 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 report 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 Report' 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 Information**

Other information comprises the information included in the Council's annual report for the year ended 30 June 2018, other than the financial report and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the special purpose financial statements and Special Schedules (the Schedules).

My opinion on the financial report does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information. However, as required by the *Local Government Act 1993*, I have separately expressed an opinion on the special purpose financial statements and Special Schedule 2 - Permissible income for general rates.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

### **The Councillors' Responsibilities for the Financial Report**

The Councillors are responsible for the preparation and fair presentation of the financial report 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 report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Councillors are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting except where the Council will be dissolved or amalgamated by an Act of Parliament, or otherwise cease operations.

### **Auditor's Responsibilities for the Audit of the Financial Report**

My objectives are to:

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

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

A description of my responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](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
- on the Original Budget information included in the Income Statement, Statement of Cash Flows, and Note 18 Material budget variations
- on the Special Schedules. A separate opinion has been provided on Special Schedule 2 - Permissible income for general rates
- about the security and controls over the electronic publication of the audited financial report on any website where it may be presented
- about any other information which may have been hyperlinked to/from the financial report.



Lawrissa Chan  
Director

17 October 2018  
SYDNEY

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

Contact: Lawrissa Chan  
Phone no: (02) 9275 7255  
Our ref: D1824586/1692

18 October 2018

Dear Cr Hannan

**Report on the Conduct of the Audit**  
**for the year ended 30 June 2018**  
**Berrigan Shire Council**




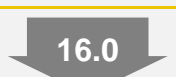
I have audited the general purpose financial statements of the Berrigan Shire Council (the Council) for the year ended 30 June 2018 as required by section 415 of the *Local Government Act 1993* (the Act).

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 2018 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**

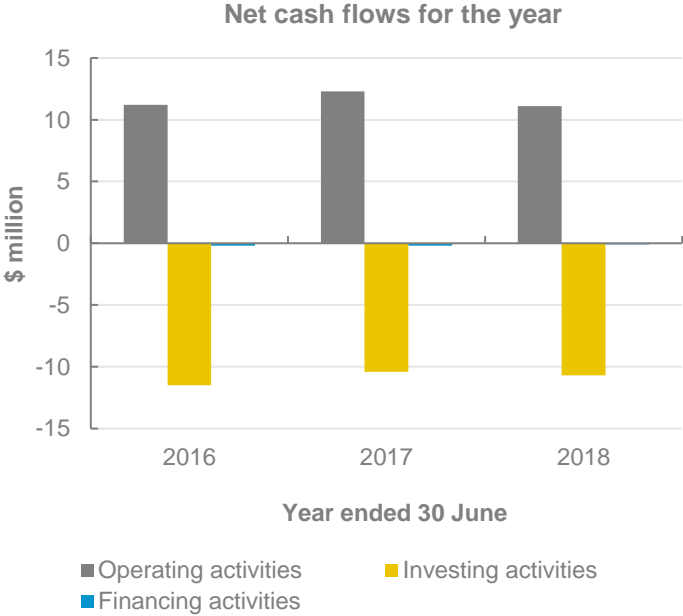
	<b>2018</b>	<b>2017</b>	<b>Variance</b>
	<b>\$m</b>	<b>\$m</b>	<b>%</b>
<b>Rates and annual charges revenue</b>	9,733	9,462	 2.8
<b>Grants and contributions revenue</b>	9,440	11,909	 20.7
<b>Operating result for the year</b>	6,351	7,430	 14.5
<b>Net operating result before capital amounts</b>	4,591	5,465	 16.0

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

- Rates and annual charges revenue was \$9.7 million (\$9.4 million for the year ended 30 June 2017). The movement is mainly attributed to the approved rate pegging increase of 1.5% granted by the Minister for Local Government and the rise in the total number of rateable properties.
- Grants and contributions revenue was \$9.4 million (\$11.9 million for the year ended 30 June 2017). The movement of \$2.5 million is mainly due to the decrease in financial assistance grants of \$2.0 million compared with the prior year.
- Operating result for the year was \$6.4 million (\$7.4 million for the year ended 30 June 2017). The movement of \$1.0 million is mainly due to reduction in financial assistance grants. The Council budgeted for a surplus of \$3.4 million.
- Net operating result before capital amounts was \$4.6 million (\$5.5 million for the year ended 30 June 2017). The movement is mainly due to the reduction in financial assistance grants. The Council budgeted for a surplus of \$871,000.

**STATEMENT OF CASH FLOWS**

- The level of cash flows for Council has remained steady over the past three years.
- Net cash providing by operating activities reduced by \$1.2 million. This is mainly due to the reduction in grants and contributions from lower Financial Assistance Grants received.
- Net cash used in investing activities has increased by \$0.27 million due to an increase in purchases of infrastructure, property, plant and equipment
- Net cash used in financing activities has decreased by \$0.1 million due to lower repayments of borrowings and advances. The Council has a low level of financing activities as borrowings are very low



## FINANCIAL POSITION

### Cash and Investments

Cash and Investments	2018	2017	Commentary
	\$m	\$m	
External restrictions	19,247	17,263	<ul style="list-style-type: none"><li>Externally restricted cash and investments are restricted in their use by externally imposed requirements. The increase in externally restricted cash of \$2.0 million is mainly attributable to domestic waste management of \$1.6 million and water supplies of \$0.9 million.</li></ul>
Internal restrictions	4,627	4,367	
Unrestricted	8,093	7,100	
<b>Cash and investments</b>	<b>31,967</b>	<b>28,730</b>	<ul style="list-style-type: none"><li>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. The slight increase is due to the capital works reserve.</li><li>Unrestricted cash and investments was \$8.1 million, which is available to provide liquidity for day-to-day operations of the Council. There was a slight increase in the unrestricted cash balance due to the early receipt of the 2018-19 Financial Assistance Grants.</li></ul>

### Debt

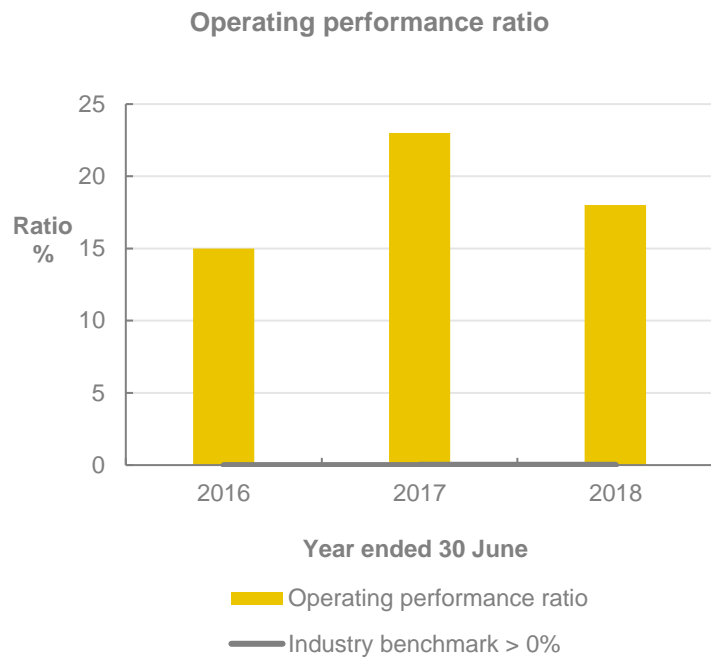
- Council has \$1.2 million of borrowings as at 30 June 2018 (2017: \$1.3 million). Berrigan Shire has one loan, obtained under the Local Infrastructure Renewal Scheme that is used to fund major stormwater drainage upgrades.
- Council does not have bank overdraft facilities.

## PERFORMANCE RATIOS

The definition of each ratio analysed below (except for the 'building and infrastructure renewals ratio') is included in Note 23 of the Council's audited general purpose financial statements. The 'building and infrastructure renewals ratio' is defined in Council's Special Schedule 7 which has not been audited.

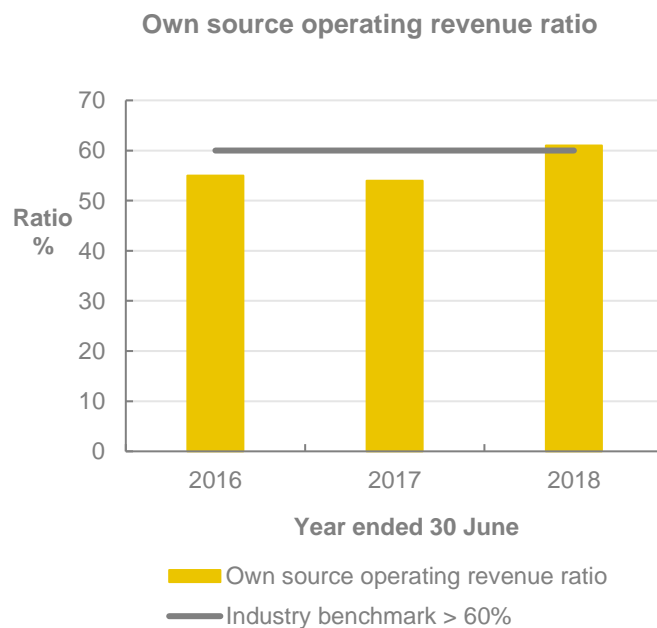
## Operating performance ratio

- The 'operating performance 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.
- Councils' operating performance ratio of 18% is above the industry benchmark of greater than 0%. This indicates the Council can contain operating expenditure within operating revenue.
- The operating performance ratio decreased to 18% (2017: 23%) mainly due to the reduction in grants and contributions provided for operating purposes.



## Own source operating revenue ratio

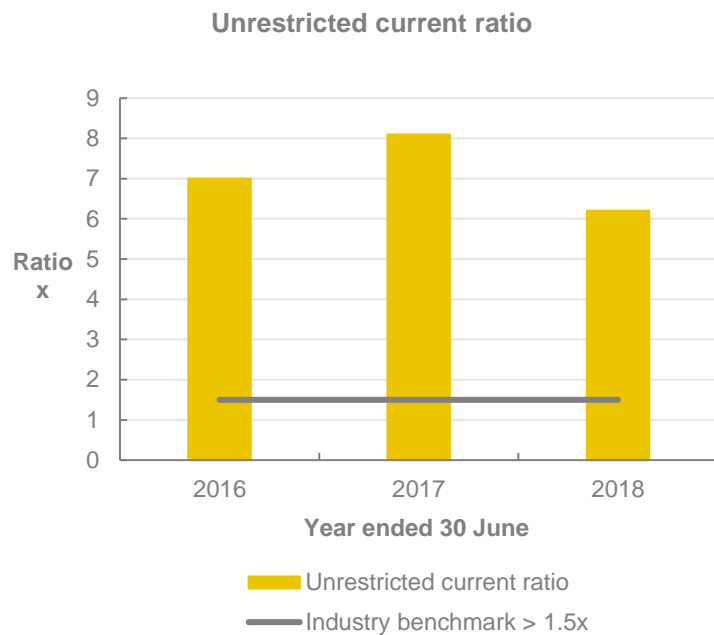
- The 'own source operating revenue ratio' measures council's fiscal flexibility and the degree to which it relies on external funding sources such as operating grants and contributions. The benchmark set by OLG is greater than 60 per cent.
- The Council's own source operating revenue ratio of 61% is below the industry benchmark of 60%.
- The Council's own source operating revenue ratio of 61% (2017: 54%) increased as the council received less funding from financial assistance grants. The ratio improved as the council is less reliant on external funding sources, such as grants and contributions.





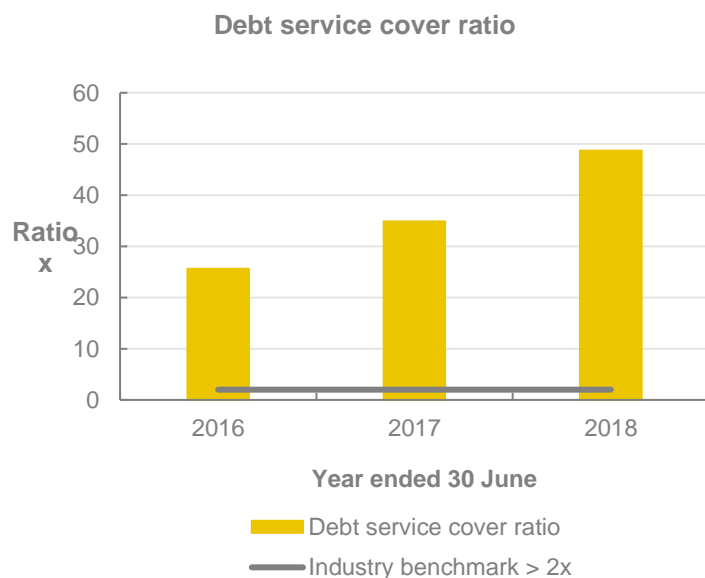
## Unrestricted current ratio

- 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 ratio excludes current assets and liabilities subject to external restrictions. The benchmark set by OLG is greater than 1.5 times.
- The Council's liquidity ratio of 6.2 times is greater than the industry benchmark minimum of greater than 1.5 times. This indicates that Council has sufficient liquidity to meet its current liabilities as and when they fall due.
- The Council's unrestricted current ratio of 6.2 times (2017: 8.1 times) decreased due to current liabilities, which have increased.



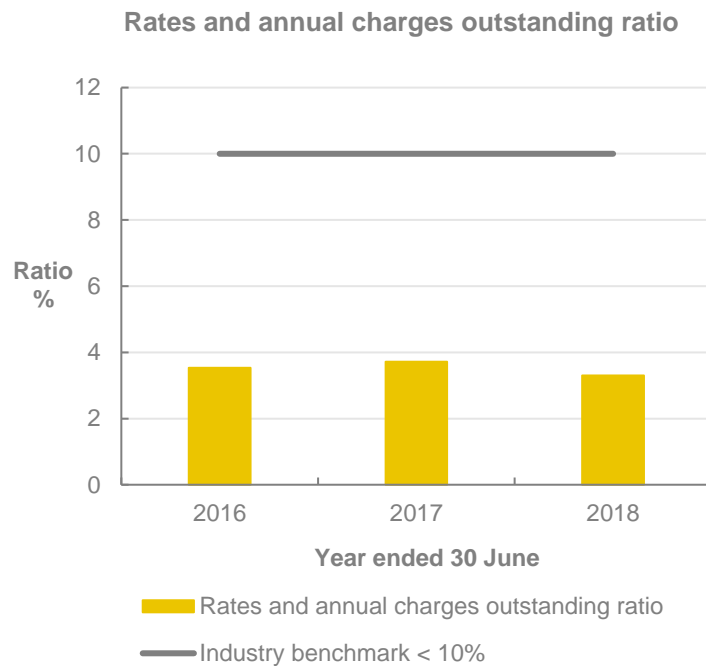
## Debt service cover ratio

- 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.
- The Council's debt service cover ratio of 48.7 times is greater than the industry benchmark of greater than 2 times. The ratio indicates that Council has adequate operating cash to fund its debt obligations.
- The Council's debt service cover ratio of 48.7 times (2017: 34.9 times) increased as the principal repayments and borrowing costs have reduced.



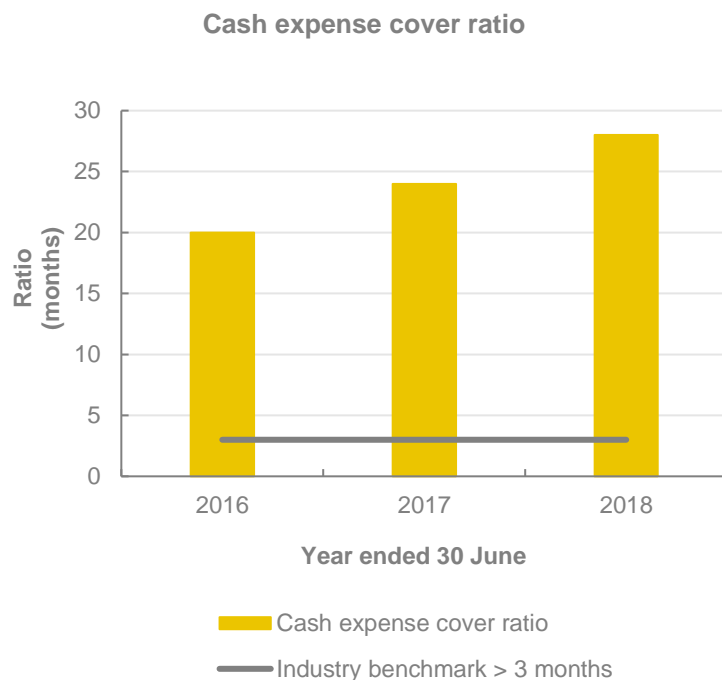
## Rates and annual charges outstanding ratio

- 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.
- The Council's rates and annual charges outstanding ratio of 3.3% is within the industry benchmark of less than 10% for rural councils.
- Council's high collection rates have remained steady across the three years and have remained well below the best practice benchmark of 10%. This is indicative of Council having effective debt management and collection processes in place.



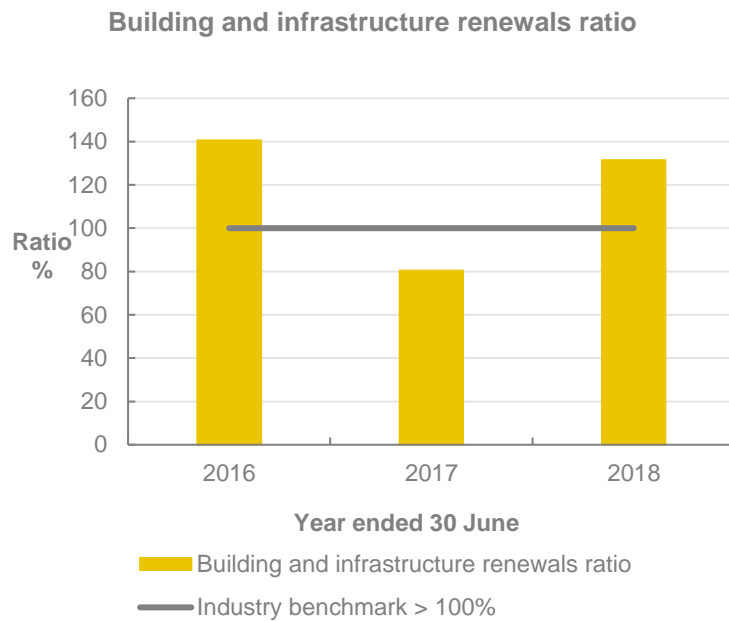
## Cash expense cover ratio

- The cash expense cover 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.
- The Council's cash expense cover ratio was 28 months, which is above the industry benchmark of greater than 3 months. This indicates that Council had the capacity to cover 28 months of operating cash expenditure without additional cash inflows at 30 June 2018.
- The Council's cash expense cover ratio increased to 28 months (2017: 24 months) due to the increase in cash and cash equivalents and a reduction in payments from cash flows of operating and financing activities.



## Building and infrastructure renewals ratio (unaudited)

- 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 council's Special Schedule 7 which has not been audited.
- The Council's building and infrastructure renewals ratio of 131% is above the industry benchmark of greater than 100%.
- The Council's building and infrastructure renewals ratio increased to 131% (2017: 80%) as the expenditure on asset renewals increased by \$1.5 million.



## OTHER MATTERS

### New accounting standards implemented

#### AASB 2016-2 'Disclosure Initiative – Amendments to AASB 107'

Effective for annual reporting periods beginning on or after 1 January 2017

This Standard requires entities to provide disclosures that enable users of financial statements to evaluate changes (both cash flows and non-cash changes) in liabilities arising from financing activities.

Council's disclosure of the changes in their liabilities arising from financing activities is disclosed in Note 10(b).

### 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

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

# Berrigan Shire Council

SPECIAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2018

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“Heart of the Southern Riverina”



## Berrigan Shire Council

### Special Purpose Financial Statements

for the year ended 30 June 2018

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Income Statement – Sewerage Business Activity	4
Statement of Financial Position – Water Supply Business Activity	5
Statement of Financial Position – Sewerage Business Activity	6
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<b>4. Auditor’s Report</b>	17

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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 2018

### 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 17 October 2018.**



Matthew Hannan  
Mayor  
17 October 2018



Denis Glanville  
Councillor  
17 October 2018



Rowan Perkins  
General manager  
17 October 2018



Carla von Brockhusen  
Responsible accounting officer  
17 October 2018

## Berrigan Shire Council

## Income Statement of Council's Water Supply Business Activity

for the year ended 30 June 2018

\$ '000	2018	2017
<b>Income from continuing operations</b>		
Access charges	1,957	1,880
User charges	1,087	954
Fees	64	56
Interest	187	174
Other income	298	224
<b>Total income from continuing operations</b>	<b>3,593</b>	<b>3,288</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	389	359
Borrowing costs	–	3
Materials and contracts	1,392	1,363
Depreciation, amortisation and impairment	642	660
Water purchase charges	100	77
Other expenses	301	273
<b>Total expenses from continuing operations</b>	<b>2,824</b>	<b>2,735</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>769</b>	<b>553</b>
Grants and contributions provided for capital purposes	58	93
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>827</b>	<b>646</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>827</b>	<b>646</b>
Less: corporate taxation equivalent (30%) [based on result before capital]	(231)	(166)
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>596</b>	<b>480</b>
Plus opening retained profits	22,572	21,860
Plus/less: other adjustments - prior year equity split	–	66
Plus adjustments for amounts unpaid:		
– Corporate taxation equivalent	231	166
<b>Closing retained profits</b>	<b>23,399</b>	<b>22,572</b>
<b>Return on capital %</b>	<b>2.8%</b>	<b>2.0%</b>
<b>Subsidy from Council</b>	<b>–</b>	<b>122</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	596	480
<b>Surplus for dividend calculation purposes</b>	<b>596</b>	<b>480</b>
<b>Potential dividend calculated from surplus</b>	<b>298</b>	<b>240</b>

## Berrigan Shire Council

Income Statement of Council's Sewerage Business Activity  
for the year ended 30 June 2018

\$ '000	2018	2017
<b>Income from continuing operations</b>		
Access charges	1,932	1,853
User charges	22	10
Fees	39	43
Interest	188	149
Other income	45	44
<b>Total income from continuing operations</b>	<b>2,226</b>	<b>2,099</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	297	303
Materials and contracts	1,049	928
Depreciation, amortisation and impairment	590	678
Loss on sale of assets	–	2
Calculated taxation equivalents	14	10
Other expenses	165	148
<b>Total expenses from continuing operations</b>	<b>2,115</b>	<b>2,069</b>
<b>Surplus (deficit) from continuing operations before capital amounts</b>	<b>111</b>	<b>30</b>
Grants and contributions provided for capital purposes	332	6
<b>Surplus (deficit) from continuing operations after capital amounts</b>	<b>443</b>	<b>36</b>
<b>Surplus (deficit) from all operations before tax</b>	<b>443</b>	<b>36</b>
Less: corporate taxation equivalent (30%) [based on result before capital]	(33)	(9)
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>410</b>	<b>27</b>
<b>Plus opening retained profits</b>	10,471	10,319
<b>Plus/less: other adjustments - prior year equity split</b>	–	116
<b>Plus adjustments for amounts unpaid:</b>		
– Taxation equivalent payments	14	10
– Corporate taxation equivalent	33	9
<b>Less:</b>		
– Tax equivalent dividend paid	(14)	(10)
<b>Closing retained profits</b>	<b>10,914</b>	<b>10,471</b>
<b>Return on capital %</b>	<b>0.5%</b>	<b>0.2%</b>
<b>Subsidy from Council</b>	<b>431</b>	<b>403</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	410	27
Less: capital grants and contributions (excluding developer contributions)	(329)	–
<b>Surplus for dividend calculation purposes</b>	<b>81</b>	<b>27</b>
<b>Potential dividend calculated from surplus</b>	<b>40</b>	<b>14</b>



## Berrigan Shire Council

Statement of Financial Position – Council's Water Supply Business Activity  
as at 30 June 2018

\$ '000	2018	2017
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	2,462	1,532
Investments	6,000	6,000
Receivables	247	281
Inventories	68	70
<b>Total current assets</b>	<b>8,777</b>	<b>7,883</b>
<b>Non-current assets</b>		
Infrastructure, property, plant and equipment	27,481	28,496
<b>Total non-current assets</b>	<b>27,481</b>	<b>28,496</b>
<b>TOTAL ASSETS</b>	<b>36,258</b>	<b>36,379</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	15	–
<b>Total current liabilities</b>	<b>15</b>	<b>–</b>
<b>Non-current liabilities</b>		
Nil		
<b>TOTAL LIABILITIES</b>	<b>15</b>	<b>–</b>
<b>NET ASSETS</b>	<b>36,243</b>	<b>36,379</b>
<b>EQUITY</b>		
Accumulated surplus	23,399	22,572
Revaluation reserves	12,844	13,807
Council equity interest	36,243	36,379
<b>TOTAL EQUITY</b>	<b>36,243</b>	<b>36,379</b>

## Berrigan Shire Council

Statement of Financial Position – Council's Sewerage Business Activity  
as at 30 June 2018

\$ '000	2018	2017
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	1,913	2,009
Investments	4,000	4,000
Receivables	179	78
Inventories	3	3
<b>Total current Assets</b>	<b>6,095</b>	<b>6,090</b>
<b>Non-current assets</b>		
Infrastructure, property, plant and equipment	20,614	18,212
<b>Total non-current assets</b>	<b>20,614</b>	<b>18,212</b>
<b>TOTAL ASSETS</b>	<b>26,709</b>	<b>24,302</b>
<b>LIABILITIES</b>		
Nil		
<b>NET ASSETS</b>	<b>26,709</b>	<b>24,302</b>
<b>EQUITY</b>		
Accumulated surplus	10,914	10,471
Revaluation reserves	15,795	13,831
Council equity interest	26,709	24,302
<b>TOTAL EQUITY</b>	<b>26,709</b>	<b>24,302</b>

## Berrigan Shire Council

### Special Purpose Financial Statements

for the year ended 30 June 2018

#### 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	12
3	Sewerage Business Best-Practice Management disclosure requirements	14

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.

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

### **National Competition Policy**

Council has adopted the principle of 'competitive neutrality' in its business activities as part of the National Competition Policy which is being applied throughout Australia at all levels of government.

The framework for its application is set out in the June 1996 NSW government policy statement titled 'Application of National Competition Policy to Local Government'.

The Pricing and Costing for Council Businesses, A Guide to Competitive Neutrality issued by the Office of Local Government in July 1997 has also been adopted.

The pricing and costing guidelines outline the process for identifying and allocating costs to activities and provide a standard for disclosure requirements.

These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents, Council subsidies, 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 Crown Lands and Water (CLAW), 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 \$629,000 of combined land values attracts **0%**. For the combined land values in excess of \$629,001 up to \$3,846,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$3,846,000 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 Crown Lands and Water (CLAW), 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**

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**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 2.63% at 30 June 2018.

*(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 2018 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.

**END OF AUDITED SPECIAL PURPOSE FINANCIAL STATEMENTS**

## Berrigan Shire Council

### Notes to the Special Purpose Financial Statements for the year ended 30 June 2018

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

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

2018

##### 1. Calculation and payment of tax-equivalents

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

(i)	Calculated tax equivalents	388
(ii)	Number of assessments multiplied by \$3/assessment	11,442
(iii)	Amounts payable for tax equivalents [lesser of (i) and (ii)]	388
(iv)	Amounts actually paid for tax equivalents	388

##### 2. Dividend from surplus

(i)	50% of surplus before dividends [calculated in accordance with Best-Practice Management for Water Supply and Sewerage Guidelines]	298,150
(ii)	Number of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment	114,032
(iii)	Cumulative surplus before dividends for the 3 years to 30 June 2018, less the cumulative dividends paid for the 2 years to 30 June 2017 and 30 June 2016	1,607,840

2018 Surplus	596,300	2017 Surplus	480,240	2016 Surplus	531,300
		2017 Dividend	-	2016 Dividend	-

(iv)	Maximum dividend from surplus [least of (i), (ii) and (iii) above]	114,032
(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? <sup>a</sup>	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 2018

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

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

2018

#### National Water Initiative (NWI) financial performance indicators

<b>NWI F1</b>	Total revenue (water) Total income (w13) – grants for the acquisition of assets (w11a) – interest income (w9) – Aboriginal Communities W&S Program income (w10a)	\$'000	3,464
<b>NWI F4</b>	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)]	%	38.22%
<b>NWI F9</b>	Written down replacement cost of fixed assets (water) Written down current cost of system assets (w47)	\$'000	27,481
<b>NWI F11</b>	Operating cost (OMA) (water) Management expenses (w1) + operational and maintenance expenses (w2)	\$'000	2,040
<b>NWI F14</b>	Capital expenditure (water) Acquisition of fixed assets (w16)	\$'000	396
<b>NWI F17</b>	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)]	%	2.85%
<b>NWI F26</b>	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

## Berrigan Shire Council

### Notes to the Special Purpose Financial Statements for the year ended 30 June 2018

#### Note 3. Sewerage business best-practice management disclosure requirements

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

2018

##### 1. Calculation and payment of tax-equivalents

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

(i)	Calculated tax equivalents	14,000
(ii)	Number of assessments multiplied by \$3/assessment	11,403
(iii)	Amounts payable for tax equivalents [lesser of (i) and (ii)]	11,403
(iv)	Amounts actually paid for tax equivalents	14,000

##### 2. Dividend from surplus

(i)	50% of surplus before dividends [calculated in accordance with Best-Practice Management for Water Supply and Sewerage Guidelines]	40,350
(ii)	Number of assessments x (\$30 less tax equivalent charges per assessment)	102,627
(iii)	Cumulative surplus before dividends for the 3 years to 30 June 2018, less the cumulative dividends paid for the 2 years to 30 June 2017 and 30 June 2016	286,300

2018 Surplus	80,700	2017 Surplus	27,000	2016 Surplus	178,600
		2017 Dividend	-	2016 Dividend	-

(iv)	Maximum dividend from surplus [least of (i), (ii) and (iii) above]	40,350
(v)	Dividend actually paid from surplus [refer below for required pre-dividend payment criteria]	-
(vi)	Are the overhead reallocation charges to the sewer business fair and reasonable? <sup>a</sup>	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)	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]	YES
	Complying charges (a) Residential [item 2 (c) in table 1]	NO
	(b) Non-residential [item 2 (c) in table 1]	NO
	(c) Trade waste [item 2 (d) in table 1]	NO
	DSP with commercial developer charges [item 2 (e) in table 1]	YES
	Liquid trade waste approvals and policy [item 2 (f) in table 1]	NO
(iii)	Complete performance reporting form (by 15 September each year)	NO
(iv)	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 2018Note 3. Sewerage business  
best-practice management disclosure requirements (continued)

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Dollars amounts shown below are in whole dollars (unless otherwise indicated) 2018


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**National Water Initiative (NWI) financial performance indicators**

<b>NWI F2</b>	Total revenue (sewerage) Total income (s14) – grants for acquisition of assets (s12a) – interest income (s10) – Aboriginal Communities W&S Program income (w10a)	\$'000	2,370
<b>NWI F10</b>	Written down replacement cost of fixed assets (sewerage) Written down current cost of system assets (s48)	\$'000	20,583
<b>NWI F12</b>	Operating cost (sewerage) Management expenses (s1) + operational and maintenance expenses (s2)	\$'000	1,346
<b>NWI F15</b>	Capital expenditure (sewerage) Acquisition of fixed assets (s17)	\$'000	325
<b>NWI F18</b>	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)]	%	2.11%
<b>NWI F27</b>	Capital works grants (sewerage) Grants for the acquisition of assets (12a)	\$'000	–

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

<b>NWI F3</b>	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	5,834
<b>NWI F8</b>	Revenue from community service obligations (water and sewerage) Community service obligations (NWI F25) x 100 divided by total income (NWI F3)	%	1.56%
<b>NWI F16</b>	Capital expenditure (water and sewerage) Acquisition of fixed assets (w16 + s17)	\$'000	721
<b>NWI F19</b>	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)]	%	2.53%
<b>NWI F20</b>	Dividend (water and sewerage) Dividend paid from surplus (2 (v) of Note 2 + 2 (v) of Note 3)	\$'000	–
<b>NWI F21</b>	Dividend payout ratio (water and sewerage) Dividend (NWI F20) x 100 divided by net profit after tax (NWI F24)	%	0.00%

## Berrigan Shire Council

Notes to the Special Purpose Financial Statements  
for the year ended 30 June 2018Note 3. Sewerage business  
best-practice management disclosure requirements (continued)

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

2018

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

<b>NWI F22</b>	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)]	%	-22.81%
<b>NWI F23</b>	Interest cover (water and sewerage) Earnings before interest and tax (EBIT) divided by net interest  Earnings before interest and tax (EBIT): 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: Interest expense (w4a + s4a) – interest income (w9 + s10)		> 100
			1,216
<b>NWI F24</b>	Net profit after tax (water and sewerage) Surplus before dividends (w15a + s16a) – tax equivalents paid (Note 2-1 (iv) + Note 3-1 (iv))	\$'000	1,256
<b>NWI F25</b>	Community service obligations (water and sewerage) Grants for pensioner rebates (w11b + s12b)	\$'000	91

- Notes:
- References to w (eg. s12) refer to item numbers within Special Schedules 5 and 6 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

**INDEPENDENT AUDITOR'S REPORT**  
**Report on the special purpose financial report**  
**Berrigan Shire Council**

To the Councillors of the Berrigan Shire Council

**Opinion**

I have audited the accompanying special purpose financial report (the financial report) of Berrigan Shire Council's (the Council) Declared Business Activities, which comprise the Income Statement of each Declared Business Activity for the year ended 30 June 2018, the Statement of Financial Position of each Declared Business Activity as at 30 June 2018, 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 report presents fairly, in all material respects, the financial position of the Council's declared Business Activities as at 30 June 2018, and its 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.

**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 Report' 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 the 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.

## **Emphasis of Matter - Basis of Accounting**

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

## **Other Information**

Other information comprises the information included in the Council's annual report for the year ended 30 June 2018, other than the financial report and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements and Special Schedules (the Schedules).

My opinion on the financial report does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information. However, as required by the *Local Government Act 1993*, I have separately expressed an opinion on the general purpose financial statements and Special Schedule 2 - Permissible income for general rates.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

## **The Councillors' Responsibilities for the Financial Report**

The Councillors are responsible for the preparation and fair presentation of the financial report and for determining that the accounting policies, described in Note 1 to the financial report, 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 report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Councillors are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless it is not appropriate to do so.

## **Auditor's Responsibilities for the Audit of the Financial Report**

My objectives are to:

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

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

A description of my responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](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
- on the best practice management disclosures in Notes 2 and 3 of the financial report
- about the security and controls over the electronic publication of the audited financial report on any website where it may be presented
- about any other information which may have been hyperlinked to/from the financial report.



Lawrissa Chan  
Director

17 October 2018  
SYDNEY

# Berrigan Shire Council

SPECIAL SCHEDULES  
for the year ended 30 June 2018

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“Heart of the Southern Riverina”





# Berrigan Shire Council

## Special Schedules for the year ended 30 June 2018

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<sup>1</sup> Special Schedules are not audited (with the exception of Special Schedule 2).

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### 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 2018

\$'000

Function or activity	Expenses from continuing operations	Income from continuing operations		Net cost of services
		Non-capital	Capital	
<b>Governance</b>	<b>719</b>	<b>4</b>	<b>–</b>	<b>(715)</b>
<b>Administration</b>	<b>157</b>	<b>602</b>	<b>18</b>	<b>463</b>
<b>Public order and safety</b>				
Fire service levy, fire protection, emergency services	206	65	–	(141)
Beach control	–	–	–	–
Enforcement of local government regulations	–	–	–	–
Animal control	128	33	–	(95)
Other	–	–	–	–
<b>Total public order and safety</b>	<b>334</b>	<b>98</b>	<b>–</b>	<b>(236)</b>
<b>Health</b>	<b>5</b>	<b>4</b>	<b>–</b>	<b>(1)</b>
<b>Environment</b>				
Noxious plants and insect/vermin control	135	–	–	(135)
Other environmental protection	79	–	62	(17)
Solid waste management	1,211	2,949	17	1,755
Street cleaning	259	–	–	(259)
Drainage	–	–	–	–
Stormwater management	435	110	525	200
<b>Total environment</b>	<b>2,119</b>	<b>3,059</b>	<b>604</b>	<b>1,544</b>
<b>Community services and education</b>				
Administration and education	5	3	–	(2)
Social protection (welfare)	–	–	–	–
Aged persons and disabled	189	–	–	(189)
Children's services	149	149	–	–
<b>Total community services and education</b>	<b>343</b>	<b>152</b>	<b>–</b>	<b>(191)</b>
<b>Housing and community amenities</b>				
Public cemeteries	132	86	–	(46)
Public conveniences	240	–	–	(240)
Street lighting	193	49	–	(144)
Town planning	229	218	–	(11)
Other community amenities	43	16	–	(27)
<b>Total housing and community amenities</b>	<b>837</b>	<b>369</b>	<b>–</b>	<b>(468)</b>
<b>Water supplies</b>	<b>2,824</b>	<b>3,592</b>	<b>58</b>	<b>826</b>
<b>Sewerage services</b>	<b>2,094</b>	<b>2,204</b>	<b>332</b>	<b>442</b>

## Berrigan Shire Council

Special Schedule 1 – Net Cost of Services (continued)  
for the year ended 30 June 2018

\$'000

Function or activity	Expenses from continuing operations	Income from continuing operations		Net cost of services
		Non-capital	Capital	
<b>Recreation and culture</b>				
Public libraries	569	242	91	(236)
Museums	–	–	–	–
Art galleries	–	–	–	–
Community centres and halls	200	2	–	(198)
Performing arts venues	–	–	–	–
Other performing arts	–	–	–	–
Other cultural services	28	9	–	(19)
Sporting grounds and venues	412	100	38	(274)
Swimming pools	415	97	9	(309)
Parks and gardens (lakes)	442	–	65	(377)
Other sport and recreation	–	–	–	–
<b>Total recreation and culture</b>	<b>2,066</b>	<b>450</b>	<b>203</b>	<b>(1,413)</b>
<b>Fuel and energy</b>	–	–	–	–
<b>Agriculture</b>	–	–	–	–
<b>Mining, manufacturing and construction</b>				
Building control	239	6	–	(233)
Other mining, manufacturing and construction	35	63	–	28
<b>Total mining, manufacturing and const.</b>	<b>274</b>	<b>69</b>	–	<b>(205)</b>
<b>Transport and communication</b>				
Urban roads (UR) – local	2,226	–	18	(2,208)
Urban roads – regional	–	–	–	–
Sealed rural roads (SRR) – local	1,742	–	–	(1,742)
Sealed rural roads (SRR) – regional	542	–	–	(542)
Unsealed rural roads (URR) – local	1,128	–	–	(1,128)
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	4	–	(3)
Footpaths	97	18	63	(16)
Aerodromes	122	17	217	112
Other transport and communication	194	2,551	242	2,599
<b>Total transport and communication</b>	<b>6,077</b>	<b>2,590</b>	<b>540</b>	<b>(2,947)</b>
<b>Economic affairs</b>				
Camping areas and caravan parks	14	32	–	18
Other economic affairs	570	(94)	5	(659)
<b>Total economic affairs</b>	<b>584</b>	<b>(62)</b>	<b>5</b>	<b>(641)</b>
<b>Totals – functions</b>	<b>18,433</b>	<b>13,131</b>	<b>1,760</b>	<b>(3,542)</b>
<b>General purpose revenues <sup>(1)</sup></b>		<b>9,893</b>		<b>9,893</b>
<b>Share of interests – joint ventures and associates using the equity method</b>	–	–		–
<b>NET OPERATING RESULT <sup>(2)</sup></b>	<b>18,433</b>	<b>23,024</b>	<b>1,760</b>	<b>6,351</b>

(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 – Permissible income for general rates

for the year ended 30 June 2019

\$'000		Calculation 2018/19	Calculation 2017/18
<b>Notional general income calculation <sup>(1)</sup></b>			
Last year notional general income yield	a	5,019	4,940
Plus or minus adjustments <sup>(2)</sup>	b	(3)	8
<b>Notional general income</b>	<b>c = (a + b)</b>	<b>5,016</b>	<b>4,948</b>
<b>Permissible income calculation</b>			
Special variation percentage <sup>(3)</sup>	d		
Or rate peg percentage	e	2.30%	1.50%
Or crown land adjustment (incl. rate peg percentage)	f		
Less expiring special variation amount	g	–	–
Plus special variation amount	h = d x (c – g)	–	–
Or plus rate peg amount	i = c x e	115	74
Or plus Crown land adjustment and rate peg amount	j = c x f	–	–
<b>Sub-total</b>	<b>k = (c + g + h + i + j)</b>	<b>5,131</b>	<b>5,022</b>
Plus (or minus) last year's carry forward total	l	3	0
Less valuation objections claimed in the previous year	m	–	–
<b>Sub-total</b>	<b>n = (l + m)</b>	<b>3</b>	<b>0</b>
<b>Total permissible income</b>	<b>o = k + n</b>	<b>5,135</b>	<b>5,022</b>
Less notional general income yield	p	5,135	5,019
<b>Catch-up or (excess) result</b>	<b>q = o – p</b>	<b>(0)</b>	<b>3</b>
Plus income lost due to valuation objections claimed <sup>(4)</sup>	r	–	–
Less unused catch-up <sup>(5)</sup>	s	–	–
<b>Carry forward to next year</b>	<b>t = q + r – s</b>	<b>(0)</b>	<b>3</b>

**Notes**

- (1) The notional general income will not reconcile with rate income in the financial statements in the corresponding year. The statements are reported on an accrual accounting basis which include amounts that relate to prior years' rates income.
- (2) Adjustments account for changes in the number of assessments and any increase or decrease in land value occurring during the year. The adjustments are called 'supplementary valuations' as defined in the *Valuation of Land Act 1916*.
- (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 2 in the financial data return (FDR) to administer this process.

## **INDEPENDENT AUDITOR'S REPORT**

### **Special Schedule 2 - Permissible Income for general rates**

#### **Berrigan Shire Council**

To the Councillors of Berrigan Shire Council

### **Opinion**

I have audited the accompanying Special Schedule 2 – Permissible Income for general rates (the Schedule) of Berrigan Shire Council (the Council) for the year ending 30 June 2019.

In my opinion, the Schedule of the Council for the year ending 30 June 2019 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.

### **Basis for Opinion**

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

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

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

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

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

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

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

## **Emphasis of Matter – Basis of Accounting**

Without modifying my opinion, I draw attention to the special purpose framework used to prepare the Schedule. The Schedule had been prepared for the purpose of fulfilling the Council's reporting obligations under the LG Code. As a result, the Schedule may not be suitable for another purpose.

## **Other Information**

Other information comprises the information included in the Council's annual report for the year ended 30 June 2018, other than the Schedule and my Independent Auditor's Report thereon. The Councillors are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the general purpose financial statements, special purpose financial statements and the Special Schedules excluding Special Schedule 2 (the other Schedules).

My opinion on the Schedule does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information. However, as required by the *Local Government Act 1993*, I have separately expressed an opinion on the general purpose financial statements and the special purpose financial statements.

In connection with my audit of the Schedule, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Schedule or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

## **The Councillors' Responsibilities for the Schedule**

The Councillors are responsible for the preparation of the Schedule in accordance with the LG Code. The Councillors' responsibility also includes such internal control as the Councillors determine is necessary to enable the preparation of the Schedule that is free from material misstatement, whether due to fraud or error.

In preparing the Schedule, the Councillors are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless it is not appropriate to do so.

## **Auditor's Responsibilities for the Audit of the Schedule**

My objectives are to:

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

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

A description of my responsibilities for the audit of the Schedule is located at the Auditing and Assurance Standards Board website at: [www.auasb.gov.au/auditors\\_responsibilities/ar8.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar8.pdf). The description forms part of my auditor's report.

My opinion does *not* provide assurance:

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



Lawrissa Chan  
Director

17 October 2018  
SYDNEY

## 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 2018

\$'000	2018	2017
<b>A Expenses and income</b>		
<b>Expenses</b>		
<b>1. Management expenses</b>		
a. Administration	247	247
b. Engineering and supervision	320	320
<b>2. Operation and maintenance expenses</b>		
– <b>dams and weirs</b>		
a. Operation expenses	–	–
b. Maintenance expenses	–	–
– <b>Mains</b>		
c. Operation expenses	426	372
d. Maintenance expenses	–	–
– <b>Reservoirs</b>		
e. Operation expenses	–	–
f. Maintenance expenses	–	–
– <b>Pumping stations</b>		
g. Operation expenses (excluding energy costs)	50	68
h. Energy costs	20	20
i. Maintenance expenses	–	–
– <b>Treatment</b>		
j. Operation expenses (excluding chemical costs)	831	764
k. Chemical costs	41	39
l. Maintenance expenses	–	–
– <b>Other</b>		
m. Operation expenses	25	14
n. Maintenance expenses	–	–
o. Purchase of water	80	77
<b>3. Depreciation expenses</b>		
a. System assets	642	648
b. Plant and equipment	–	–
<b>4. Miscellaneous expenses</b>		
a. Interest expenses	–	3
b. Revaluation decrements	–	–
c. Other expenses	142	150
d. Impairment – system assets	–	–
e. Impairment – plant and equipment	–	–
f. Aboriginal Communities Water and Sewerage Program	–	–
g. Tax equivalents dividends (actually paid)	–	–
<b>5. Total expenses</b>	<b>2,824</b>	<b>2,722</b>



## 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 2018

\$'000	2018	2017
<b>Income</b>		
<b>6. Residential charges</b>		
a. Access (including rates)	1,757	1,680
b. Usage charges	1,087	996
<b>7. Non-residential charges</b>		
a. Access (including rates)	202	200
b. Usage charges	225	14
<b>8. Extra charges</b>	–	–
<b>9. Interest income</b>	187	174
<b>10. Other income</b>	89	167
<b>10a. Aboriginal Communities Water and Sewerage Program</b>	–	–
<b>11. Grants</b>		
a. Grants for acquisition of assets	–	–
b. Grants for pensioner rebates	46	46
c. Other grants	–	–
<b>12. Contributions</b>		
a. Developer charges	58	93
b. Developer provided assets	–	–
c. Other contributions	–	–
<b>13. Total income</b>	<b>3,651</b>	<b>3,370</b>
<b>14. Gain (or loss) on disposal of assets</b>	–	–
<b>15. Operating result</b>	<b>827</b>	<b>648</b>
<b>15a. Operating result (less grants for acquisition of assets)</b>	<b>827</b>	<b>648</b>

## 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 2018

\$'000	2018	2017
<b>B Capital transactions</b>		
<b>Non-operating expenditures</b>		
<b>16. Acquisition of fixed assets</b>		
a. New assets for improved standards	–	–
b. New assets for growth	–	–
c. Renewals	396	86
d. Plant and equipment	–	–
<b>17. Repayment of debt</b>	–	–
<b>18. Totals</b>	<b>396</b>	<b>86</b>
<b>Non-operating funds employed</b>		
<b>19. Proceeds from disposal of assets</b>	–	–
<b>20. Borrowing utilised</b>	–	–
<b>21. Totals</b>	<b>–</b>	<b>–</b>
<b>C Rates and charges</b>		
<b>22. Number of assessments</b>		
a. Residential (occupied)	3,173	3,065
b. Residential (unoccupied, ie. vacant lot)	263	277
c. Non-residential (occupied)	311	330
d. Non-residential (unoccupied, ie. vacant lot)	67	63
<b>23. Number of ETs for which developer charges were received</b>	– ET	– ET
<b>24. Total amount of pensioner rebates (actual dollars)</b>	\$ -	\$ 83,977

## 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 2018

\$'000	Current	Non-current	Total
<b>ASSETS</b>			
<b>25. Cash and investments</b>			
a. Developer charges	–	–	–
b. Special purpose grants	–	–	–
c. Accrued leave	–	–	–
d. Unexpended loans	–	–	–
e. Sinking fund	–	–	–
f. Other	8,462	–	8,462
<b>26. Receivables</b>			
a. Specific purpose grants	–	–	–
b. Rates and availability charges	233	–	233
c. User charges	14	–	14
d. Other	–	–	–
<b>27. Inventories</b>	68	–	68
<b>28. Property, plant and equipment</b>			
a. System assets	–	27,481	27,481
b. Plant and equipment	–	–	–
<b>29. Other assets</b>	–	–	–
<b>30. Total assets</b>	<u>8,777</u>	<u>27,481</u>	<u>36,258</u>
<b>LIABILITIES</b>			
<b>31. Bank overdraft</b>	–	–	–
<b>32. Creditors</b>	–	–	–
<b>33. Borrowings</b>	15	–	15
<b>34. Provisions</b>			
a. Tax equivalents	–	–	–
b. Dividend	–	–	–
c. Other	–	–	–
<b>35. Total liabilities</b>	<u>15</u>	<u>–</u>	<u>15</u>
<b>36. NET ASSETS COMMITTED</b>	<u>8,762</u>	<u>27,481</u>	<u>36,243</u>
<b>EQUITY</b>			
<b>37. Accumulated surplus</b>			13,765
<b>38. Asset revaluation reserve</b>			22,478
<b>39. Other reserves</b>			–
<b>40. TOTAL EQUITY</b>			<u>36,243</u>
<b>Note to system assets:</b>			
<b>41. Current replacement cost</b> of system assets			49,021
<b>42. Accumulated current cost</b> depreciation of system assets			(21,540)
<b>43. Written down current cost</b> of system assets			<u>27,481</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 2018

\$'000	2018	2017
<b>A Expenses and income</b>		
<b>Expenses</b>		
<b>1. Management expenses</b>		
a. Administration	184	184
b. Engineering and supervision	278	277
<b>2. Operation and maintenance expenses</b>		
– mains		
a. Operation expenses	184	103
b. Maintenance expenses	–	–
– Pumping stations		
c. Operation expenses (excluding energy costs)	234	219
d. Energy costs	21	20
e. Maintenance expenses	–	–
– Treatment		
f. Operation expenses (excl. chemical, energy, effluent and biosolids management costs)	316	323
g. Chemical costs	7	4
h. Energy costs	87	83
i. Effluent management	–	–
j. Biosolids management	–	–
k. Maintenance expenses	–	–
– Other		
l. Operation expenses	35	9
m. Maintenance expenses	–	–
<b>3. Depreciation expenses</b>		
a. System assets	590	678
b. Plant and equipment	–	–
<b>4. Miscellaneous expenses</b>		
a. Interest expenses	–	–
b. Revaluation decrements	–	–
c. Other expenses	165	157
d. Impairment – system assets	–	–
e. Impairment – plant and equipment	–	–
f. Aboriginal Communities Water and Sewerage Program	–	–
g. Tax equivalents dividends (actually paid)	14	–
<b>5. Total expenses</b>	<b>2,115</b>	<b>2,057</b>

## 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 2018

\$'000	2018	2017
<b>Income</b>		
<b>6. Residential charges</b> (including rates)	1,800	1,731
<b>7. Non-residential charges</b>		
a. Access (including rates)	132	122
b. Usage charges	39	43
<b>8. Trade waste charges</b>		
a. Annual fees	–	–
b. Usage charges	22	10
c. Excess mass charges	–	–
d. Re-inspection fees	–	–
<b>9. Extra charges</b>	–	–
<b>10. Interest income</b>	188	149
<b>11. Other income</b>	–	–
<b>11a. Aboriginal Communities Water and Sewerage Program</b>	–	–
<b>12. Grants</b>		
a. Grants for acquisition of assets	–	–
b. Grants for pensioner rebates	45	44
c. Other grants	–	–
<b>13. Contributions</b>		
a. Developer charges	332	6
b. Developer provided assets	–	–
c. Other contributions	–	–
<b>14. Total income</b>	<u>2,558</u>	<u>2,105</u>
<b>15. Gain (or loss) on disposal of assets</b>	–	(2)
<b>16. Operating result</b>	<u>443</u>	<u>46</u>
<b>16a. Operating result (less grants for acquisition of assets)</b>	443	46

## 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 2018

\$'000	2018	2017
<b>B Capital transactions</b>		
<b>Non-operating expenditures</b>		
<b>17. Acquisition of fixed assets</b>		
a. New assets for improved standards	–	–
b. New assets for growth	–	–
c. Renewals	325	603
d. Plant and equipment	–	–
<b>18. Repayment of debt</b>	–	–
<b>19. Totals</b>	<b>325</b>	<b>603</b>
<b>Non-operating funds employed</b>		
<b>20. Proceeds from disposal of assets</b>	–	–
<b>21. Borrowing utilised</b>	–	–
<b>22. Totals</b>	<b>–</b>	<b>–</b>
<b>C Rates and charges</b>		
<b>23. Number of assessments</b>		
a. Residential (occupied)	3,160	2,856
b. Residential (unoccupied, ie. vacant lot)	263	304
c. Non-residential (occupied)	311	263
d. Non-residential (unoccupied, ie. vacant lot)	67	63
<b>24. Number of ETs for which developer charges were received</b>	– ET	– ET
<b>25. Total amount of pensioner rebates (actual dollars)</b>	\$ -	\$ 80,805

## 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 2018

\$'000	Current	Non-current	Total
<b>ASSETS</b>			
<b>26. Cash and investments</b>			
a. Developer charges	–	–	–
b. Special purpose grants	–	–	–
c. Accrued leave	–	–	–
d. Unexpended loans	–	–	–
e. Sinking fund	–	–	–
f. Other	5,913	–	5,913
<b>27. Receivables</b>			
a. Specific purpose grants	–	–	–
b. Rates and availability charges	90	–	90
c. User charges	–	–	–
d. Other	89	–	89
<b>28. Inventories</b>	3	–	3
<b>29. Property, plant and equipment</b>			
a. System assets	–	20,583	20,583
b. Plant and equipment	–	31	31
<b>30. Other assets</b>	–	–	–
<b>31. Total assets</b>	<b>6,095</b>	<b>20,614</b>	<b>26,709</b>
<b>LIABILITIES</b>			
<b>32. Bank overdraft</b>	–	–	–
<b>33. Creditors</b>	–	–	–
<b>34. Borrowings</b>	–	–	–
<b>35. Provisions</b>			
a. Tax equivalents	–	–	–
b. Dividend	–	–	–
c. Other	–	–	–
<b>36. Total liabilities</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>37. NET ASSETS COMMITTED</b>	<b>6,095</b>	<b>20,614</b>	<b>26,709</b>
<b>EQUITY</b>			
<b>38. Accumulated surplus</b>			10,914
<b>39. Asset revaluation reserve</b>			15,795
<b>40. Other reserves</b>			–
<b>41. TOTAL EQUITY</b>			<b>26,709</b>
<b>Note to system assets:</b>			
<b>42. Current replacement cost</b> of system assets			42,795
<b>43. Accumulated current cost</b> depreciation of system assets			(22,212)
<b>44. Written down current cost</b> of system assets			<b>20,583</b>

## Berrigan Shire Council

### Notes to Special Schedules 3 and 5 for the year ended 30 June 2018

#### Administration <sup>(1)</sup>

(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 <sup>(1)</sup>

(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).

**Aboriginal Communities Water and Sewerage Program** (item 4f of Special Schedules 3 and 5) is to be used when operation and maintenance work has been undertaken on behalf of the Aboriginal Communities Water and Sewerage Program. Similarly, income for item 11a of Special Schedule 3 and item 12a of Special Schedule 5 are for services provided to the Aboriginal Communities Water and Sewerage Program and is not part of Council's water supply and sewerage revenue.

**Residential charges** <sup>(2)</sup> (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** <sup>(2)</sup> (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:

<sup>(1)</sup> 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).

<sup>(2)</sup> 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 2018

\$'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	2017/18 Required maintenance <sup>a</sup>	2017/18 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			55	55	637	680	32%	68%	0%	0%	0%
	Buildings – specialised			440	440	30,312	41,704	55%	26%	16%	3%	0%
	<b>Sub-total</b>	<b>–</b>	<b>–</b>	<b>495</b>	<b>495</b>	<b>30,949</b>	<b>42,384</b>	<b>54.6%</b>	<b>26.7%</b>	<b>15.7%</b>	<b>3.0%</b>	<b>0.0%</b>
Roads	Sealed roads			1,101	1,204	101,496	121,498	94%	4%	1%	1%	0%
	Unsealed roads			611	644	11,414	35,814	82%	12%	3%	3%	0%
	Bridges			20	20	3,516	7,969	0%	100%	0%	0%	0%
	Footpaths			9	9	3,339	4,518	0%	25%	75%	0%	0%
	Bulk earthworks			28	28	3,259	3,259	100%	0%	0%	0%	0%
	<b>Sub-total</b>	<b>–</b>	<b>–</b>	<b>1,769</b>	<b>1,905</b>	<b>123,024</b>	<b>173,058</b>	<b>84.8%</b>	<b>10.5%</b>	<b>3.3%</b>	<b>1.3%</b>	<b>0.0%</b>
Water supply network	Water supply network			1,112	1,134	26,210	47,638	60%	40%	0%	0%	0%
	<b>Sub-total</b>	<b>–</b>	<b>–</b>	<b>1,112</b>	<b>1,134</b>	<b>26,210</b>	<b>47,638</b>	<b>60.0%</b>	<b>40.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
Sewerage network	Sewerage network			809	812	19,045	41,215	3%	97%	0%	0%	0%
	<b>Sub-total</b>	<b>–</b>	<b>–</b>	<b>809</b>	<b>812</b>	<b>19,045</b>	<b>41,215</b>	<b>3.0%</b>	<b>97.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
Stormwater drainage	Stormwater drainage			118	128	17,232	21,864	35%	65%	0%	0%	0%
	<b>Sub-total</b>	<b>–</b>	<b>–</b>	<b>118</b>	<b>128</b>	<b>17,232</b>	<b>21,864</b>	<b>35.0%</b>	<b>65.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
Open space/recreational assets	Swimming pools			82	82	1,348	2,952	15%	75%	10%	0%	0%
	Other			–	–	4,224	8,189	18%	72%	10%	0%	0%
	<b>Sub-total</b>	<b>–</b>	<b>–</b>	<b>82</b>	<b>82</b>	<b>5,572</b>	<b>11,141</b>	<b>17.2%</b>	<b>72.8%</b>	<b>10.0%</b>	<b>0.0%</b>	<b>0.0%</b>

## Berrigan Shire Council

## Special Schedule 7 – Report on Infrastructure Assets as at 30 June 2018 (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	2017/18 Required maintenance <sup>a</sup>	2017/18 Actual maintenance	Net carrying amount	Gross replacement cost (GRC)	Assets in condition as a percentage of gross replacement cost				
								1	2	3	4	5
	<b>TOTAL – ALL ASSETS</b>	–	–	<b>4,385</b>	<b>4,556</b>	<b>222,032</b>	<b>337,300</b>	<b>62.1%</b>	<b>32.9%</b>	<b>4.0%</b>	<b>1.0%</b>	<b>0.0%</b>

## Notes:

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

## Infrastructure asset condition assessment 'key'

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

## Berrigan Shire Council

Special Schedule 7 – Report on Infrastructure Assets (continued)  
for the year ended 30 June 2018

	Amounts 2018	Indicator 2018	Prior periods		Benchmark
			2017	2016	
<b>Infrastructure asset performance indicators * consolidated</b>					
<b>1. Buildings and infrastructure renewals ratio <sup>(1)</sup></b>					
Asset renewals <sup>(2)</sup>	<u>6,416</u>	<b>131.39%</b>	80.35%	140.51%	>= 100%
Depreciation, amortisation and impairment	<u>4,883</u>				
<b>2. Infrastructure backlog ratio <sup>(1)</sup></b>					
Estimated cost to bring assets to a satisfactory standard	<u>–</u>	<b>0.00%</b>	0.00%	0.00%	< 2.00%
Net carrying amount of infrastructure assets	<u>222,604</u>				
<b>3. Asset maintenance ratio</b>					
Actual asset maintenance	<u>4,556</u>	<b>103.90%</b>	114.73%	105.16%	> 100%
Required asset maintenance	<u>4,385</u>				

## Notes

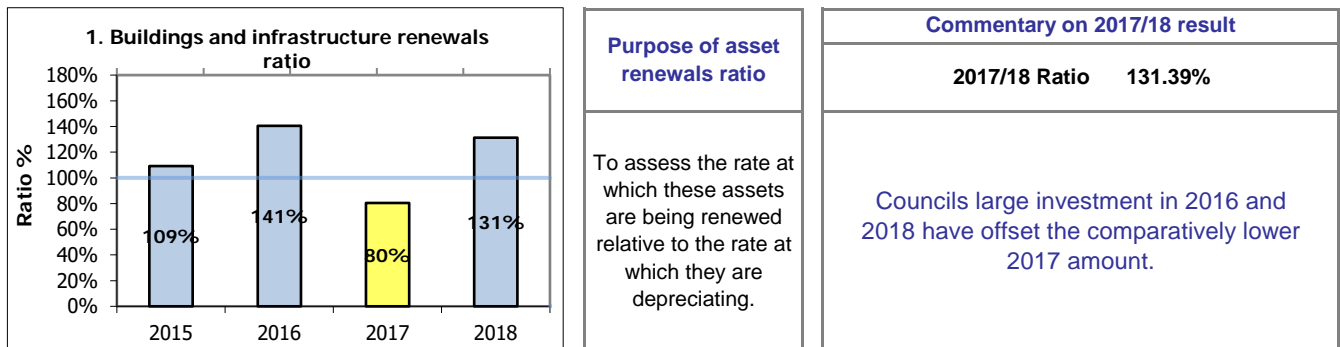
\* All asset performance indicators are calculated using the asset classes identified in the previous table.

<sup>(1)</sup> Excludes Work In Progress (WIP)

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

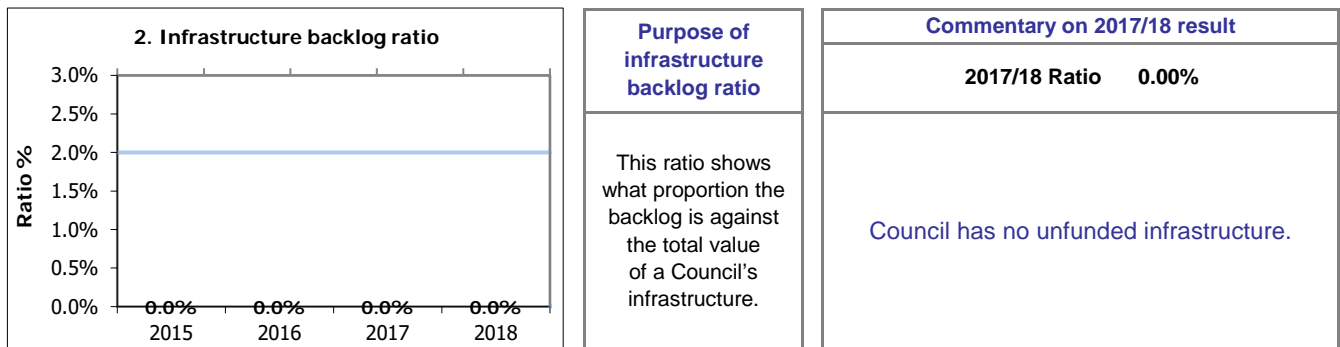
# Berrigan Shire Council

## Special Schedule 7 – Report on Infrastructure Assets (continued) for the year ended 30 June 2018



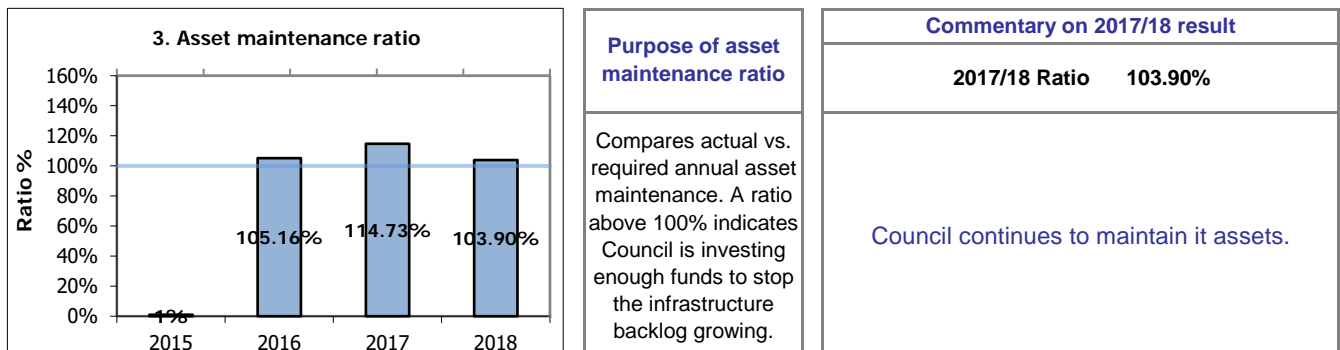
Benchmark: —— Minimum  $\geq 100.00\%$   
Source for benchmark: Code of Accounting Practice and Financial Reporting #26

■ Ratio achieves benchmark  
■ Ratio is outside benchmark



Benchmark: —— Maximum  $< 2.00\%$   
Source for benchmark: Code of Accounting Practice and Financial Reporting #26

■ Ratio achieves benchmark  
■ Ratio is outside benchmark



Benchmark: —— Minimum  $> 100.00\%$   
Source for benchmark: Code of Accounting Practice and Financial Reporting #26

■ Ratio achieves benchmark  
■ Ratio is outside benchmark

## Berrigan Shire Council

Special Schedule 7 – Report on Infrastructure Assets (continued)  
for the year ended 30 June 2018

	General indicators <sup>(1)</sup>		Water indicators		Sewer indicators		Benchmark
	2018	2017	2018	2017	2018	2017	
<b>Infrastructure asset performance indicators by fund</b>							
<b>1. Buildings and infrastructure renewals ratio <sup>(2)</sup></b>							
Asset renewals <sup>(3)</sup>	<b>160.54%</b>	92.40%	<b>43.90%</b>	13.49%	<b>31.75%</b>	77.90%	>= 100%
Depreciation, amortisation and impairment							
<b>2. Infrastructure backlog ratio <sup>(2)</sup></b>							
Estimated cost to bring assets to a satisfactory standard	<b>0.00%</b>	0.00%	<b>0.00%</b>	0.00%	<b>0.00%</b>	0.00%	< 2.00%
Net carrying amount of infrastructure assets							
<b>3. Asset maintenance ratio</b>							
Actual asset maintenance	<b>105.93%</b>	125.62%	<b>101.98%</b>	100.74%	<b>100.37%</b>	100.00%	> 100%
Required asset maintenance							
<b>4. Cost to bring assets to agreed service level</b>							
Estimated cost to bring assets to an agreed service level set by Council	<b>0.00%</b>	0.00%	<b>0.00%</b>	0.00%	<b>0.00%</b>	0.00%	
Gross replacement cost							

**Notes**

- (1) General fund refers to all of Council's activities except for its water and sewer activities which are listed separately.
- (2) Excludes Work In Progress (WIP)
- (3) 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.