

Berrigan Shire Council

GENERAL PURPOSE FINANCIAL REPORT
for the year ended 30 June 2008

“Heart of the Southern Riverina”



Berrigan Shire Council

General Purpose Financial Report for the financial year ended 30 June 2008

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Overview

- (i) This Financial Report covers the consolidated operations for Berrigan Shire Council.
- (ii) Berrigan Shire Council is a body corporate of NSW, Australia - being constituted as a Local Government area by proclamation and is duly empowered by the Local Government Act (LGA) 1993 of NSW.

Council's Statutory Charter is specified in Section 8 of the LGA and includes;

- carrying out activities and providing goods, services & facilities appropriate to the current & future needs of the Local community and of the wider public
- responsibility for administering regulatory requirements under the LGA and other applicable legislation, &
- a role in the management, improvement and development of the resources of the local government area.

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

- (iii) All figures presented in this Financial Report represent Australian Currency.
- (iv) This Financial Report was authorised for issue by the Council on 15th October 2008
Council has the power to amend and reissue the financial report.
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Berrigan Shire Council

General Purpose Financial Report

for the financial year ended 30 June 2008

Statement by Councillors and Management

made pursuant to Section 413(2)(c) of the Local Government Act 1993 (as amended)

The attached General Purpose Financial Report has been prepared in accordance with:

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

To the best of our knowledge and belief, this Report:

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

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

Signed in accordance with a resolution of Council made on 15th October 2008.

Cr John Bruce
MAYOR

Cr Bernard Curtin
COUNCILLOR

Rowan Perkins
GENERAL MANAGER

Angela Slater
RESPONSIBLE ACCOUNTING OFFICER

Berrigan Shire Council

Income Statement

for the financial year ended 30 June 2008

Budget ⁽¹⁾			Actual	Actual
2008	\$ '000	Notes	2008	2007
Income from Continuing Operations				
Revenue:				
6,095	Rates & Annual Charges	3a	6,187	5,915
1,823	User Charges & Fees	3b	1,756	2,042
405	Interest & Investment Revenue	3c	747	772
235	Other Revenues	3d	953	1,399
4,513	Grants & Contributions provided for Operating Purposes	3e,f	4,802	4,547
1,239	Grants & Contributions provided for Capital Purposes	3e,f	1,743	874
Other Income:				
70	Net gains from the disposal of assets	5	-	104
-	Share of interests in Joint Ventures & Associated Entities using the Equity Method	19	-	-
14,380	Total Income from Continuing Operations		16,188	15,653
Expenses from Continuing Operations				
4,609	Employee Benefits & On-Costs	4a	5,074	4,828
90	Borrowing Costs	4b	279	447
3,049	Materials & Contracts	4c	2,941	3,307
2,755	Depreciation & Amortisation	4d	4,299	3,782
	Impairment	4d	930	-
1,232	Other Expenses	4e	1,665	1,567
	Interest & Investment Losses	3c	-	-
	Net Losses from the Disposal of Assets	5	10	-
	Share of interests in Joint Ventures & Associates using the Equity Method	19	-	-
11,735	Total Expenses from Continuing Operations		15,198	13,931
2,645	Operating Result from Continuing Operations		990	1,722
Discontinued Operations				
	Net Profit/(Loss) from Discontinued Operations	24	-	-
2,645	Net Operating Result for the Year		990	1,722
2,645	Net Operating Result attributable to Council		990	1,722
-	Net Operating Result attributable to Minority Interests		-	-
1,406	Net Operating Result for the year before Grants and Contributions provided for Capital Purposes		(753)	848

(1) Original Budget as approved by Council - refer Note 16

Berrigan Shire Council

Balance Sheet

as at 30 June 2008

\$ '000	Notes	Actual 2008	Actual 2007
ASSETS			
Current Assets			
Cash & Cash Equivalents	6a	7,632	7,905
Investments	6b	3,300	2,900
Receivables	7	935	7,057
Inventories	8	393	400
Other	8	140	123
Non-current assets classified as "held for sale"	22	-	548
Total Current Assets		12,400	18,933
Non-Current Assets			
Investments	6b	-	-
Receivables	7	20	20
Inventories	8	-	-
Infrastructure, Property, Plant & Equipment	9	164,369	150,369
Non-current assets classified as "held for sale"	22	-	-
Other	8	-	-
Total Non-Current Assets		164,389	150,389
TOTAL ASSETS		176,789	169,322
LIABILITIES			
Current Liabilities			
Payables	10	1,045	1,123
Borrowings	10	165	6,494
Provisions	10	1,626	1,460
Liabilities associated with assets classified as "held for sale"	22	-	-
Total Current Liabilities		2,836	9,077
Non-Current Liabilities			
Payables	10	-	-
Borrowings	10	837	1,002
Provisions	10	181	125
Liabilities associated with assets classified as "held for sale"	22	-	-
Total Non-Current Liabilities		1,018	1,127
TOTAL LIABILITIES		3,854	10,204
Net Assets		172,935	159,118
EQUITY			
Retained Earnings	20	86,383	85,393
Revaluation Reserves	20	86,552	73,725
Council Equity Interest		172,935	159,118
Total Equity		172,935	159,118

Berrigan Shire Council

Statement of Changes in Equity
for the financial year ended 30 June 2008

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Equity Interest	Minority Interest	Total Equity
2008						
Opening Balance (as per Last Year's Audited Accounts)		84,572	73,725	158,297	-	158,297
a. Correction of Prior Period Errors	20 (c)	821	-	821	-	821
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
Revised Opening Balance (as at 1/7/07)		85,393	73,725	159,118	-	159,118
c. Current Year Income & Expenses Recognised direct to Equity						
- Transfers to/(from) Asset Revaluation Reserve	20b (ii)	-	12,827	12,827	-	12,827
- Transfers to/(from) Other Reserves	20b (ii)	-	-	-	-	-
- Other Income/Expenses recognised	20b (ii)	-	-	-	-	-
- Other Adjustments	20b (ii)	-	-	-	-	-
Net Income Recognised Directly in Equity		-	12,827	12,827	-	12,827
d. Net Operating Result for the Year		990	-	990	-	990
Total Recognised Income & Expenses (c&d)		990	12,827	13,817	-	13,817
e. Distributions to/(Contributions from) Minority Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
Equity - Balance at end of the reporting period		86,383	86,552	172,935	-	172,935
2007						
Opening Balance (as per Last Year's Audited Accounts)		82,850	54,682	137,532	-	137,532
a. Correction of Prior Period Errors	20 (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
Revised Opening Balance (as at 1/7/06)		82,850	54,682	137,532	-	137,532
c. Current Year Income & Expenses Recognised direct to Equity						
- Transfers to/(from) Asset Revaluation Reserve	20b (ii)	-	19,043	19,043	-	19,043
- Transfers to/(from) Other Reserves	20b (ii)	-	-	-	-	-
- Other Income/Expenses recognised	20b (ii)	-	-	-	-	-
- Other Adjustments	20b (ii)	-	-	-	-	-
Net Income Recognised Directly in Equity		-	19,043	19,043	-	19,043
d. Net Operating Result for the Year		1,722	-	1,722	-	1,722
Total Recognised Income & Expenses (c&d)		1,722	19,043	20,765	-	20,765
e. Distributions to/(Contributions from) Minority Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
Equity - Balance at end of the reporting period		84,572	73,725	158,297	-	158,297

Berrigan Shire Council

Cash Flow Statement

for the financial year ended 30 June 2008

Budget 2008	\$ '000	Notes	Actual 2008	Actual 2007
Cash Flows from Operating Activities				
Receipts:				
6,229	Rates & Annual Charges		6,165	5,959
1,823	User Charges & Fees		1,913	2,149
404	Interest & Investment Revenue Received		740	744
4,513	Grants & Contributions		6,949	5,449
235	Other		7,485	1,412
Payments:				
(4,609)	Employee Benefits & On-Costs		(4,923)	(4,754)
(3,049)	Materials & Contracts		(3,841)	(3,626)
(90)	Borrowing Costs		(258)	(464)
(1,232)	Other		(1,770)	(2,254)
	Net Cash from Boundary Adjustments		-	
4,224	Net Cash provided (or used in) Operating Activities	11b	12,460	4,615
Cash Flows from Investing Activities				
Receipts:				
	Sale of Investment Securities		-	4,400
	Sale of Investment Property		-	-
195	Sale of Real Estate Assets		34	143
323	Sale of Infrastructure, Property, Plant & Equipment		887	353
	Sale of Interests in Joint Ventures & Associates		-	-
	Sale of Shares in Companies		-	-
	Deferred Debtors Receipts		7	5
	Sale of Interests in Joint Ventures & Associates		-	-
	Sale of Disposal Groups		-	-
	Distributions Received from Joint Ventures & Associates		-	-
	Other Investing Activity Receipts		-	-
Payments:				
	Purchase of Investment Securities		(400)	-
	Purchase of Investment Property		-	-
(6,179)	Purchase of Infrastructure, Property, Plant & Equipment		(6,756)	(7,036)
	Purchase of Real Estate Assets		(3)	(9)
	Purchase of Shares in Companies		-	-
	Deferred Debtors & Advances Made		(8)	(25)
	Purchase of Interests in Joint Ventures & Associates		-	-
	Contributions Paid to Joint Ventures & Associates		-	-
	Other Investing Activity Payments		-	-
(5,661)	Net Cash provided (or used in) Investing Activities		(6,239)	(2,169)

Berrigan Shire Council

Cash Flow Statement

for the financial year ended 30 June 2008

Budget 2008	\$ '000	Notes	Actual 2008	Actual 2007
Cash Flows from Financing Activities				
Receipts:				
			-	1,750
			-	-
Payments:				
(536)			(6,494)	(447)
			-	-
			-	-
			-	-
<u>(536)</u>			<u>(6,494)</u>	<u>1,303</u>
<u>(1,973)</u>			<u>(273)</u>	<u>3,749</u>
11,500	plus: Cash & Cash Equivalents - beginning of year	11a	7,905	4,156
<u><u>9,527</u></u>	Cash & Cash Equivalents - end of the year	11a	<u><u>7,632</u></u>	<u><u>7,905</u></u>

Please refer to Note 11 for information on the following:

- Non Cash Financing & Investing Activities.
- Financing Arrangements.
- Net cash flow disclosures relating to any Discontinued Operations

Berrigan Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

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Berrigan Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 1. Summary of Significant Accounting Policies

The principal accounting policies adopted by Berrigan Shire Council (Council) in the preparation of this financial report are set out below in order to assist in its general understanding.

Under Australian Equivalents to International Financial Reporting Standards (AIFRS), accounting policies are defined as those specific principles, bases, conventions, rules and practices applied by a reporting entity (in this case Council) in preparing and presenting its financial reports.

(a) Basis of preparation

(i) Background

This financial report is a general purpose financial report which has been prepared in accordance with;

- applicable Australian equivalents to International Financial Reporting Standards (AIFRSs),
- other authoritative pronouncements of the Australian Accounting Standards Board,
- Urgent Issues Group Interpretations,
- the Local Government Act (1993) and Regulations and
- the Local Government Code of Accounting Practice and Financial Reporting.

(ii) Compliance with International Financial Reporting Standards (IFRSs)

Australian Accounting Standards (AASB's) include Australian equivalents to International Financial Reporting Standards (IFRS's).

Because AASB's are sector neutral, some standards either (i) have local Australian content and prescription that is specific to the Not-For-Profit sector (including Local Government) which are not in compliance with IFRS's or (ii) specifically exclude application by Not for Profit entities.

Examples include;

- excluding Local Government from applying AASB 120 (IAS 20) for Grant Accounting and AASB 118 (IAS 18) for Segment Reporting, &

- different requirements on (a) Impairment of Assets relating to Not-For-Profit AASB 136 (IAS 36) and (b) IAS 116 (IAS 16) regarding accounting for the Revaluation of Assets.

Accordingly in preparing this Financial Report and Accompanying Notes, Council has been unable to comply fully with International Accounting Standards, but has complied fully with Australian Accounting Standards.

Under the Local Government Act, Regulations and Local Government Code of Accounting Practice & Financial Reporting, it should be noted that Councils in NSW only have a requirement to comply with Australian Accounting Standards.

(iii) Application of AAS 27

Council is required to comply with AAS 27 – "Financial Reporting by Local Government", and where AAS 27 conflicts with AIFRS, the requirements of AAS 27 have been applied.

Where AAS 27 makes reference to another Australian accounting standard, the new Australian IFRS equivalent standards will apply and in particular any specific "not for profit" reporting requirements.

(iv) Basis of Accounting

These financial statements have been prepared on an historical cost basis except for (i) financial assets and liabilities at fair value through profit or loss, available-for-sale financial assets and investment properties which are all valued at fair value, (ii) the write down of any Asset on the basis of Impairment (if warranted) and (iii) certain classes of Infrastructure, property, plant & equipment.

The accrual basis of accounting has also been applied in their preparation.

(v) Changes in Accounting Policies

Council's accounting policies have been consistently applied to all the years presented, unless otherwise stated.

Unless otherwise stated, there have also been no changes in accounting policies when compared with previous financial reports.

Berrigan Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 1. Summary of Significant Accounting Policies (continued)

(vi) Critical Accounting Estimates

The preparation of this financial report (and financial statements) in conformity with AIFRS 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.

(b) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Revenue is measured on major income categories as follows:

(i) Rates, Annual Charges, Grants and Contributions

Rates, annual charges, grants and contributions (including developer contributions) are recognised as revenues when the Council obtains control over the assets comprising these receipts.

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.

As unpaid rates represent a charge against the rateable property an impairment on rates is only established where the amount unpaid exceeds the amount that will be recovered when the property is next sold.

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

Income from Contributions is recognised when the Council either obtains control of the contribution or the right to receive it, and (i) it is probable that the economic benefits comprising the contribution will flow to the Council and (ii) the amount of the contribution can be measured reliably.

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 undischarged at balance date, the unused grant or contribution is disclosed in Note 3(g).

Note 3(g) also discloses the amount of unused grant or contribution from prior years that was expended on Council's operations during the current year.

The Council has obligations to provide facilities from contributions required from developers under the provisions of S94 of the EPA Act 1991.

Whilst Council generally incorporates these amounts as part of Development Consent Orders, such developer contributions are only recognised as income upon their physical receipt by Council, due to the possibility that individual Development Consents may not be acted upon by the applicant or payable to Council.

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.

A detailed Note relating to developer contributions can be found at Note 17.

(ii) User Charges, Fees and Other Income

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

A provision for doubtful debt is recognised when collection in full is no longer probable.

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

(iii) Sale of Infrastructure, Property, Plant and Equipment

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

Berrigan Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 1. Summary of Significant Accounting Policies (continued)

(iv) Interest and Rents

Rents are recognised as revenue on a proportional basis when the payment is due, the value of the payment is notified, or the payment is received, whichever first occurs.

Interest Income from Cash & Investments is accounted for using the Effective Interest method in accordance with AASB 139.

(c) Principles of Consolidation

These Financial Reports incorporate **(i)** the assets and liabilities of Council and any entities (or operations) that it controls (as at 30/6/08) and **(ii)** all the related operating results (for the financial year ended the 30th June 2008).

In the process of reporting on Council's activities as a single unit, all inter-entity year end balances and reporting period transactions have been eliminated in full between Council and its controlled entities.

(i) The Consolidated Fund

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

The consolidated fund and other entities through which the Council controls resources to carry on its functions have been included in the financial statements forming part of this report.

The following entities have been included as part of the Consolidated fund:

- General Purpose Operations
- Water supply
- Sewerage service
- Finley Livestock Exchange

Due to their immaterial value and nature, the following Committees & Operations have been excluded from Consolidation:

- Barooga Advancement Group
- Barooga Community Botanical Gardens
- Barooga Friends of Library
- Barooga Recreation Reserve

- Berrigan Conservation & Tidy Towns
- Berrigan Sports Ground
- Berrigan War Memorial Hall
- Berrigan War Memorial Swimming Pool
- Berriquin Toy Library
- Boomanoomana Landcare Group
- Finley Community Help Group
- Finley Friends of Library
- Finley Log Cabin
- Finley Pioneer Rail
- Finley Recreation Reserve
- Finley Showground and Sporting Complex
- Finley Swimming Pool
- Finley Tidy Towns
- Finley War Memorial Hall & School of Arts
- Mary Lawson Wayside Rest
- Fullers Rd Landcare
- Native Dog Landcare Group
- Retreat Public Hall
- Tocumwal Foreshore
- Tocumwal Friends of Library
- Tocumwal Historic Aerodrome Museum
- Tocumwal Rail Preservation
- Tocumwal Recreation Reserve
- Tocumwal Swimming Pool
- Tocumwal War Memorial Hall

(ii) Joint Venture Entities

Jointly Controlled Assets

Council does not have any Jointly Controlled Assets.

Jointly Controlled Entities

Council does not have any Jointly Controlled Entities.

(iii) Associated Entities

Council does not have any Associated Entities.

(iv) County Councils

Council is a member the Central Murray County Council which is responsible for noxious weed management.

(d) Leases

Council does not have any Finance or Operating Leases.

Berrigan Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 1. Summary of Significant Accounting Policies (continued)

(e) Cash and Cash Equivalents

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.

(f) Investments and Other Financial Assets

Council (in accordance with AASB 139) classifies each of its investments into one of the following categories for measurement purposes:

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

Each classification depends on the purpose/intention for which the investment was acquired.

Management determines each Investment classification at the time of initial recognition and re-evaluates this designation at each reporting date.

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

Financial assets at fair value through profit or loss are financial assets held for trading.

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term.

Derivatives are classified as held for trading unless they are designated as hedges.

Assets in this category are classified as current assets as they are primarily held for trading &/or are

expected to be realised within 12 months of the balance sheet date.

(ii) Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market.

They arise when the Council provides money, goods or services directly to a debtor with no intention (or in some cases ability) of selling the resulting receivable.

They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Council's management has the positive intention and ability to hold to maturity.

In contrast to the "Loans & Receivables" classification, these investments are generally quoted in an active market.

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

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

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

Accordingly, this classification principally comprises marketable equity securities.

They are generally included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date or the term to maturity from the reporting date is less than 12 months.

Berrigan Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 1. Summary of Significant Accounting Policies (continued)

General Accounting & Measurement of Financial Instruments:

(i) Initial Recognition

Investments are initially recognised (and measured) at fair value, plus in the case of investments not at "fair value through profit or loss", directly attributable transactions costs.

Purchases and sales of investments are recognised on trade-date - the date on which the Council commits to purchase or sell the asset.

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

(ii) Subsequent Measurement

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value.

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

Realised and unrealised gains and losses arising from changes in the fair value of the financial assets classified as "fair value through profit or loss" category are included in the income statement in the period in which they arise.

Unrealised gains and losses arising from changes in the fair value of non monetary securities classified as available-for-sale are recognised in equity in the available-for-sale investments revaluation reserve.

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

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Council establishes fair value by using valuation techniques.

These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are

substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

Council assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired.

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired.

If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss - is removed from equity and recognised in the income statement.

Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

(iii) Types of Investments

Council has an approved Investment Policy in order to undertake its investment of money in accordance with Section 625 of the Local Government Act and S212 of the LG (General) Regulations 2005.

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

Council maintains its Investment Policy in compliance with the Act and ensures that it or its representatives exercise care, diligence and skill that a prudent person would exercise in investing Council funds.

(g) Fair value estimation

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

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

Berrigan Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 1. Summary of Significant Accounting Policies (continued)

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques.

Council uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date.

Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held.

Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

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

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

(h) Receivables

Receivables are initially recognised at fair value and subsequently measured at amortised cost, less provision for doubtful debts.

Receivables (excluding Rates & Annual Charges) are generally due for settlement no more than 30 days from the date of recognition.

The collectibility of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off in accordance with Council's policy.

An impairment is recognised when there is objective evidence that the Council will not be able to collect all amounts due according to the original terms of each receivable.

The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

(i) Inventories

(i) Raw Materials and Stores, Work in Progress and Finished Goods

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

Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity.

Costs are assigned to individual items of inventory on the basis of weighted average costs.

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.

Inventories held in respect of non-business undertakings have been valued at cost subject to adjustment for loss of service potential.

(ii) 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 financial year ended 30 June 2008

Note 1. Summary of Significant Accounting Policies (continued)

(j) Infrastructure, property, plant and Equipment (I,PP&E)

(i) Acquisition of assets

Council's non current assets are being progressively revalued to fair value in accordance with a staged implementation as advised by the Department of Local Government.

At balance date, the following classes of I,PP&E were stated at their Fair Value;

- Investment Properties which are valued at Fair Value – refer Note 1(k), and
- Water and Sewerage Networks which are carried at Fair Value (generally based upon Depreciated Replacement Cost).
- Operational Land (External Valuation)
- Buildings – Specialised/Non Specialised (External Valuation)
- Plant and Equipment (as approximated by depreciated historical cost)

The remaining asset classes to be revalued in future reporting periods include;

- 2008/09: Roads, bridges, footpaths and drainage, land improvements, other structures and other assets
- 2009/10: Community land

Until these designated future reporting periods, the above asset classes are stated at cost (or deemed cost) less accumulated depreciation and any accumulated impairment losses.

(ii) Initial Recognition

On initial recognition, an asset's cost is measured at its fair value, plus all expenditure that is directly attributable to the acquisition.

Where settlement of any part of an asset's cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of recognition to arrive at fair value.

The discount rate used is the Council's incremental borrowing rate, being the rate at which a similar

borrowing could be obtained from an independent financier under comparable terms and conditions.

Where infrastructure, property, plant and equipment assets are acquired for no cost or for an amount other than cost, the assets are recognised in the financial report at their fair value at acquisition date - being the amount that the asset could have been exchanged between knowledgeable willing parties in an arm's length transaction.

The difference between the cost of acquisition and the fair value is included in Council's Income Statement in the year the asset is recognised.

(iii) Subsequent costs

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.

(iv) Asset Revaluations

In accounting for Asset Revaluations relating to Infrastructure, Property, Plant & Equipment:

- 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, the increase is first recognised in profit or loss.
- Decreases that reverse previous increases of the same asset are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset, with all other decreases charged to the Income statement.

(v) Capitalisation Thresholds

Items of infrastructure, property, plant and equipment are not capitalised unless their cost of acquisition exceeds the following;

Berrigan Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 1. Summary of Significant Accounting Policies (continued)

Land			
- Council land	100% Capitalised		
- open space	100% Capitalised		
Plant & Equipment			
Office Furniture	> \$1,000		
Office Equipment	> \$1,000		
Other Plant & Equipment	> \$1,000		
Buildings & Land Improvements			
Park Furniture & Equipment	> \$2,000		
Building			
- construction/extensions	100% Capitalised		
- renovations	> \$10,000		
Other Structures	> \$2,000		
Water & Sewer Assets			
Reticulation extensions	> \$5,000		
Other	> \$5,000		
Stormwater Assets			
Drains & Culverts	> \$5,000		
Other	> \$5,000		
Transport Assets			
Road construction & reconstruction	> \$10,000		
Reseal/Re-sheet & major repairs:	> \$10,000		
Bridge construction & reconstruction	> \$10,000		
Other Equipment			
- Playground equipment	5 to 15 years		
- Benches, seats etc	10 to 20 years		
Buildings			
- Buildings – Masonry	50 to 100 years		
- Other	20 to 40 years		
Stormwater Drainage			
- Drains	80 to 100 years		
- Culverts	50 to 80 years		
Transportation Assets			
- Sealed Roads: Surface	20 years		
- Sealed Roads: Structure	50 years		
- Unsealed roads	20 years		
- Bridge: Concrete	100 years		
- Bridge: Other	50 years		
- Road Pavements	60 years		
- Kerb, Gutter & Paths	40 years		
Water & Sewer Assets			
- Dams and reservoirs	80 to 100 years		
- Bores	20 to 40 years		
- Reticulation pipes: PVC	80 years		
- Reticulation pipes: Other	25 to 75 years		
- Pumps and telemetry	15 to 20 years		
Other Infrastructure Assets			
- Bulk earthworks	Infinite		

(vi) Depreciation

Depreciation on Council's infrastructure, property, plant and equipment assets is calculated using the straight line method in order to allocate an assets cost (net of their residual values) over its estimated useful life.

Land is not depreciated.

The range of estimated useful lives for Council's assets include:

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

All asset residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount – refer Note 1 (r) on Asset Impairment.

(vii) Disposal and De-recognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the

Berrigan Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 1. Summary of Significant Accounting Policies (continued)

asset) is included in Council's Income Statement in the year the asset is derecognised.

(k) Intangible Assets

(i) IT development and software

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems.

Costs capitalised include external direct costs of materials and service, direct payroll and payroll related costs of employees' time spent on the project.

Amortisation is calculated on a straight line basis over periods generally ranging from 3 to 5 years.

IT development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where Council has an intention and ability to use the asset.

(l) 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 the reserves are recognised within Council's Income Statement.

A working party of interested representatives from both State and Local Government is being formed to consider the accounting issues related to the Crown Reserves, with the intention of developing a consistent approach to their recognition and future accounting treatment across both tiers of government.

(m) Rural Fire Service assets

Under section 119 of the Rural Fire Services Act 1997, "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".

At present, the accounting for such fire fighting equipment is not treated in a consistent manner across all Councils.

Until such time as discussions on this matter have concluded and the legislation changed, Council will continue to account for these assets as it has been doing in previous years, which is to incorporate the assets, their values and depreciation charges within these Financial Reports.

(n) Land

Land in accordance with Part 2 of Chapter 6 of the Local Government Act (1993) is classified on purchase as either Operational or Community.

This classification of Land is disclosed in Note 9(a).

(o) Land under roads

Council has elected not to recognise land under roads in accordance with the deferral arrangements available to it under AASB 1045.

These provisions allow deferral of recognition until the new Standard for land under roads (AASB 1051) becomes applicable (1 July 2008).

(p) Provisions for close down, restoration and environmental clean up costs – including Tips and Quarries

Close down, restoration and remediation costs include the dismantling and demolition of infrastructure, the removal of residual materials and the 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.

Berrigan Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 1. Summary of Significant Accounting Policies (continued)

Provisions for close down and restoration costs do not include any additional obligations which are expected to arise from future disturbance.

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.

Close down, restoration and remediation 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.

The amortisation or 'unwinding' of the discount applied in establishing the net present value of provisions is charged to the income statement in each accounting period.

This amortisation of the discount is shown as a borrowing cost.

Other movements in the provisions for close down, restoration and remediation 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.

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 balance sheet 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 balance sheet 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.

Specific Information relating to Councils provisions relating to close down, restoration and remediation costs can be found at Note 21.

(q) Non-current assets held for sale

Non-current assets are classified as held for sale and stated at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

The exception to this is plant and motor vehicles which are turned over on a regular basis.

Plant and motor vehicles are retained in Non Current Assets under the classification of Infrastructure, Property, Plant and Equipment - unless the assets are to be traded in after 30 June and the replacement assets were already purchased and accounted for as at 30 June.

For any assets classified as "Non Current Assets Held for Sale", an impairment loss is recognised

Berrigan Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 1. Summary of Significant Accounting Policies (continued)

where the assets carrying value is greater than its fair value less costs to sell.

Non-current assets are not depreciated or amortised while they are classified as held for sale.

Non-current assets classified as held for sale are presented separately from the other assets in the balance sheet.

(r) Impairment of assets

Assets that are subject to amortisation are reviewed 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 non-cash generating assets of Council such as roads, drains, public buildings etc - value in use is represented by the "deprival value" of the asset which is approximated as its written down replacement cost.

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment.

(s) Payables

These amounts represent liabilities and include goods and services provided to the Council prior to the end of financial year which are unpaid.

The amounts for goods and services are unsecured and are usually paid within 30 days of recognition.

(t) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred.

Borrowings are subsequently measured at amortised cost.

Amortisation results in any difference between the proceeds (net of transaction costs) and the redemption amount being recognised in the Income Statement over the period of the borrowings using the effective interest method.

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

(u) 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.

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Council's outstanding borrowings during the year.

(v) Provisions

Provisions for legal claims and service warranties are recognised when:

- Council has a present legal or constructive obligation as a result of past events;
- it is more likely than not that an outflow of resources will be required to settle the obligation; and
- the amount has been reliably estimated.

Provisions are not recognised for future operating losses.

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.

Berrigan Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 1. Summary of Significant Accounting Policies (continued)

(w) Employee benefits

(i) Wages & salaries, annual leave and sick leave

Liabilities for wages and salaries (including non-monetary benefits), annual leave and vesting sick leave, are recognised in the provision for employee benefits in respect of employees' services up to the reporting date.

These provisions are measured at the amounts expected to be paid when the liabilities are settled.

Calculations therefore incorporate (where the leave is expected to be paid more than 12 months after the reporting date) the use of discounted cash flows.

Liabilities for non vesting sick leave are recognised at the time when the leave is taken and measured at the rates paid or payable, and accordingly no Liability has been recognised in these reports.

Wages & salaries, annual leave and vesting sick leave are all classified as Current Liabilities.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits in respect of services provided by employees up to the reporting date.

Long Service Leave is measured at the present value of the expected future payments to be made 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 reporting date on national government bonds with terms to maturity and currency that match as closely as possible, the estimated future cash outflows.

Due to the nature of when and how Long Service Leave can be taken, all Long Service Leave for employees with 4 or more years of service has been classified as Current, as it has been deemed that Council does not have the unconditional right to defer settlement beyond 12 months – even though it

is not anticipated that all employees with more than 4 years service (as at reporting date) will apply for and take their leave entitlements in the next 12 months.

(iii) Retirement benefit obligations

All employees of the Council are entitled to benefits on retirement, disability or death.

Council contributes to various defined benefit plans and defined contribution plans on behalf of its employees.

A liability or asset in respect of defined benefit superannuation plans would ordinarily be recognised in the balance sheet, and measured as the present value of the defined benefit obligation at the reporting date plus unrecognised actuarial gains (less unrecognised actuarial losses) less the fair value of the superannuation fund's assets at that date and any unrecognised past service cost.

The present value of the defined benefit obligation is based on expected future payments which arise from membership of the fund to the reporting date, calculated annually by independent actuaries using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

However, when this information is not reliably available, Council can account for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans.

Council is party to an Industry Defined Benefit Plan under the Local Government Superannuation Scheme, named the "Local Government Superannuation Scheme – Pool B"

This Scheme has been deemed to be a "multi employer fund" for the purposes of AASB 119.

Sufficient information is not available to account for the Scheme as a defined benefit plan (in accordance with AASB 119) because the assets to the scheme are pooled together for all Councils.

Accordingly, Councils contributions to the scheme have been recognised as an expense and disclosed as part of Superannuation Expenses at Note 4(a).

Berrigan Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 1. Summary of Significant Accounting Policies (continued)

The financial position of the Scheme is monitored annually.

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.

(iv) Employee Benefit On-Costs

Council has recognised at year end the aggregate on-cost liabilities arising from employee benefits, and in particular those arising from the payment of employee benefits in future periods – including Superannuation and Workers Compensation expenses which will be payable upon the future payment of some Leave Liabilities accrued as at 30/6/08.

(x) Allocation between current and non-current

In the determination of whether an asset or liability is classified as current or non-current, consideration is given to the time when each asset or liability is expected to be settled.

The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Council's operational cycle.

(i) Exceptions

In the case of liabilities where Council does not have the unconditional right to defer settlement beyond 12 months (such as vested long service leave), the liability is classified as current even if not expected to be settled within the next 12 months.

In the case of inventories that are "held for trading", these are classified as current even if not expected to be realised in the next 12 months.

(y) Taxes

The Council is exempt from both Commonwealth Income Tax and Capital Gains Tax.

Council does however have to comply with both Fringe Benefits Tax and Goods and Services Tax (GST).

(i) Goods & Services Tax (GST)

Income, expenses and assets are all recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO).

In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables within the Balance Sheet are stated inclusive of any applicable GST.

The net amount of GST recoverable from or payable to the ATO is included as a current asset or current liability in the Balance Sheet.

Operating cash flows within the Statement of Cash Flows are on a gross basis, ie. they are inclusive of GST where applicable.

Investing and Financing cash flows are treated on a net basis (where recoverable from the ATO), ie. they are exclusive of GST.

Accordingly, the GST component of investing and financing activity cash flows which are recoverable from or payable to the ATO are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(z) New accounting standards and UIG interpretations

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory for reporting periods ending 30 June 2008.

Council's assessment of the impact of these new standards and interpretations is set out below.

Applicable to Local Government with the implications:

- Revised AASB 101 Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101 and AASB 2007-10 Further

Berrigan Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 1. Summary of Significant Accounting Policies (continued)

<p>Amendments to Australian Accounting Standards arising from AASB 101,</p> <ul style="list-style-type: none"> - AASB 1051 Land Under Roads, <p>AASB 1051 will allow Council to recognise or not recognise land under roads acquired before 30 June 2008.</p> <p>Council will be required to nominate whether to recognise Land under roads (acquired after 30 June 2008) or to exclude these Assets from recognition.</p> <p>This Standard could have a significant impact on the Council's Balance Sheet depending on Council's accounting policy choice.</p> <ul style="list-style-type: none"> - AASB 1052 Disaggregated Disclosures, <p>AASB 1052 requires disclosure of financial information by function or activity.</p> <p>Council already provides this information in Note 2(a) so there will be no additional impact on the financial statements.</p> <ul style="list-style-type: none"> - AASB 1004 Contributions (revised), <p>AASB 1004 requires contributions made to Council to be recognised at fair value when they are controlled and to be appropriately disclosed.</p> <p>Council already accounts for contributions in this manner so there will be no additional impact on the financial statements.</p> <ul style="list-style-type: none"> - AASB 2007-9 Amendments to Australian Accounting Standards arising from the review of AAS 27, AAS 29 and AAS 31, <p>Council will no longer apply AAS 27 from 1 July 2008 due to its withdrawal. Council currently applies AIFRS (but with AAS 27 taking precedence).</p> <p>The withdrawal of AAS 27 will see specific paragraphs transferred to existing AIFRS, and accordingly there is little impact from its withdrawal.</p>	<p>Applicable to Local Government but no implications for Council;</p> <ul style="list-style-type: none"> - Revised AASB 123 Borrowing Costs and AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12] <p>Applicable to Local Government but not relevant to Council at this stage;</p> <ul style="list-style-type: none"> - AASB-I 12 Service Concession Arrangements, AASB 2007-1 Amendments to Australian Accounting Standards arising from AASB Interpretation 12, revised UIG 4 Determining whether an Arrangement contains a Lease and revised UIG 129 Service Concession Arrangements: Disclosures - AASB-I 13 Customer Loyalty Programmes - AASB-I 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction <p>Not applicable to Local Government per se;</p> <ul style="list-style-type: none"> - AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8 - AASB 1049 Whole of Government and General Government Sector Financial Reporting - AASB 1050 Administered Items - Interpretation 1038 Contributions by Owners Made to Wholly-Owned Public Sector Entities (revised) <p>Council has not adopted any of these standards early.</p> <p>(aa) Rounding of amounts</p> <p>Unless otherwise indicated, amounts in the financial report have been rounded off to the nearest thousand dollars.</p>
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Berrigan Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 1. Summary of Significant Accounting Policies (continued)

(ab) Comparative Figures

To ensure comparability with the current reporting period's figures, some comparative period line items and amounts may have been reclassified or individually reported for the first time within this Financial Report and/or the Notes.

(ac) Disclaimer

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

Berrigan Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 2(a). Functions / Activities - Financial Disclosures

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 & Non-current)	
	Original Budget 2008	Actual 2008	Actual 2007	Original Budget 2008	Actual 2008	Actual 2007	Original Budget 2008	Actual 2008	Actual 2007	Actual 2008	Actual 2007	Actual 2008	Actual 2007
Governance	-	1	1	491	706	1,687	(491)	(705)	(1,686)	20	-	1,626	200
Administration	130	325	1,182	529	37	67	(399)	288	1,115	27	32	11,007	15,886
Public Order & Safety	239	132	138	363	423	374	(124)	(291)	(236)	114	88	645	568
Health	8	4	8	193	190	187	(185)	(186)	(179)	-	-	195	46
Community Services & Education	327	464	378	372	372	344	(45)	92	34	406	310	57	31
Housing & Community Amenities	1,152	1,237	1,069	1,422	1,439	1,352	(270)	(202)	(283)	277	66	8,795	7,862
Water Supplies	2,208	2,612	2,477	1,389	2,165	1,926	819	447	551	41	136	30,076	29,770
Sewerage Services	1,260	1,848	1,316	755	1,530	1,174	505	318	142	40	40	19,407	18,985
Recreation & Culture	203	234	172	1,162	1,340	1,303	(959)	(1,106)	(1,131)	49	50	11,220	5,777
Fuel & Energy	-	-	-	-	-	-	-	-	-	-	-	-	-
Mining, Manufacturing & Construction	35	14	39	214	229	242	(179)	(215)	(203)	-	-	350	111
Transport & Communication	2,551	1,805	1,510	4,098	5,698	4,258	(1,547)	(3,893)	(2,748)	371	537	90,226	87,943
Economic Affairs	273	336	452	747	1,069	1,017	(474)	(733)	(565)	-	3	3,022	2,029
Total Functions & Activities	8,386	9,012	8,742	11,735	15,198	13,931	(3,349)	(6,186)	(5,189)	1,345	1,262	176,626	169,208
Share of gains/(losses) in Associates & Joint Ventures (using the Equity Method)													
General Purpose Income ¹	5,994	7,176	6,911	-	-	-	5,994	7,176	6,911	3,275	3,089	163	114
Operating Result from Continuing Operations	14,380	16,188	15,653	11,735	15,198	13,931	2,645	990	1,722	4,620	4,351	176,789	169,322

1. Includes: Rates & Annual Charges (incl. Ex-Gratia), Non-Capital General Purpose Grants & Unrestricted Interest & Investment Income.

Berrigan Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 2(b). Components of Functions / Activities

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

GOVERNANCE

Costs relating to the Council's role as a component of democratic government, including elections, members fees and expenses, subscriptions to local authority associations, meetings of council and policy making committees, area representation and public disclosure and compliance, together with related administration costs.

ADMINISTRATION

Costs not otherwise attributed to other functions / activities.

PUBLIC ORDER & SAFETY

Fire protection, animal control, beach control, enforcement of local government regulations, emergency services, other.

HEALTH

Administration and inspection, immunisations, food control, insect/vermin control, noxious plants, other.

COMMUNITY SERVICES & EDUCATION

Administration, youth services, other family and children, aged and disabled, other community services, education.

HOUSING & COMMUNITY AMENITIES

Housing, town planning, domestic waste management services, other waste management services, street cleaning, other sanitation and garbage, urban stormwater drainage, environmental protection, public cemeteries, public conveniences, other community amenities.

WATER SUPPLIES

Reticulated treated water supply

SEWERAGE SERVICES

Sewerage collection and treatment

RECREATION & CULTURE

Public libraries, museums, art galleries, community centres, public halls, other cultural services, swimming pools, sporting grounds, parks and gardens (lakes), other sport and recreation.

FUEL & ENERGY - Nil

MINING, MANUFACTURING & CONSTRUCTION

Building control, quarries and pits, other.

TRANSPORT & COMMUNICATION

Urban roads, sealed rural roads, unsealed rural roads, bridges, footpaths, aerodromes, parking areas, bus shelters and services, water transport, RTA works, street lighting, other.

ECONOMIC AFFAIRS

Camping areas, caravan parks, tourism and area promotion, industrial development promotion, saleyards & markets, real estate development, other business undertakings.

Berrigan Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2008

Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2008	Actual 2007
(a). Rates & Annual Charges			
Ordinary Rates			
Residential		1,770	1,488
Farmland		1,334	1,433
Business		397	399
Total Ordinary Rates		3,501	3,320
Special Rates			
Nil			
Annual Charges (pursuant to s.496 & s.501)			
Domestic Waste Management Services		492	459
Stormwater Management Services		70	69
Water Supply Services		1,001	975
Sewerage Services		1,076	1,048
Waste Management Services (non-domestic)		47	44
Total Annual Charges		2,686	2,595
TOTAL RATES & ANNUAL CHARGES		6,187	5,915

Council has used 2006 year valuations provided by the NSW Valuer General in calculating its rates.

Berrigan Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2008

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2008	Actual 2007
(b). User Charges & Fees			
Specific User Charges (per s.502 - Specific "actual use" charges)			
Domestic Waste Management Services		37	35
Water Supply Services		697	927
Sewerage Services		10	12
Drainage Services		-	-
Waste Management Services (non-domestic)		73	66
Other		-	-
Total User Charges		817	1,040
Other User Charges & Fees			
(i) Fees & Charges - Statutory & Regulatory Functions (per s608, 610A & 611)			
Planning & Building Regulation		163	202
Private Works - Section 67		231	210
Total Fees & Charges - Statutory/Regulatory		394	412
(ii) Fees & Charges - Other (incl. General User Charges (per s.610C))			
Aged Care		55	65
Cemeteries		67	68
RTA Charges (State Roads not controlled by Council)		-	10
Saleyards		139	162
Swimming Centres		93	83
Water Supply		65	62
Aerodrome		31	13
Sewerage		11	17
Rent & Hire of Council Property		52	49
Other		32	61
Total Fees & Charges - Other		545	590
TOTAL USER CHARGES & FEES		1,756	2,042

Berrigan Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2008	Actual 2007
(c). Interest & Investment Revenue (incl. losses)			
Interest on Overdue Rates & Annual Charges		27	25
Interest earned on Investments (interest & coupon payment income)		720	747
<u>TOTAL INTEREST & INVESTMENT REVENUE</u>		<u>747</u>	<u>772</u>
Interest Revenue is attributable to:			
Unrestricted Investments/Financial Assets:			
Overdue Rates & Annual Charges		27	25
General Council Cash & Investments		400	457
Restricted Investments/Funds - External:			
Water Fund Operations		165	131
Sewerage Fund Operations		155	159
<u>Total Interest & Investment Revenue Recognised</u>		<u>747</u>	<u>772</u>
(d). Other Revenues			
Rental Income - Other Council Properties		44	49
Reversal of prior period revaluation decrements (applicable to I,PP&E)	9(a)	-	-
Fines		5	8
Legal Fees Recovery - Rates & Charges (Extra Charges)		51	41
Insurance Rebate		69	85
Sale of High Security Water		-	204
Sale of Gravel		10	33
HIH Rescue Package		-	855
Workers Compensation		60	49
Fair Value Adjustment - Infrastructure, Property, Plant and Equipment		651	-
Other		63	75
<u>TOTAL OTHER REVENUE</u>		<u>953</u>	<u>1,399</u>

Berrigan Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2008

Note 3. Income from Continuing Operations (continued)

\$ '000	2008 Operating	2007 Operating	2008 Capital	2007 Capital
(e). Grants				
General Purpose (Untied)				
Financial Assistance - General Component	2,196	2,061	-	-
Financial Assistance - Local Roads Component	991	943	-	-
Pensioners' Rates Subsidies - General Component	88	85	-	-
Total General Purpose	3,275	3,089	-	-
Specific Purpose				
Pensioners' Rates Subsidies:				
- Water	41	41	-	-
- Sewerage	40	40	-	-
- Domestic Waste Management	30	31	-	-
Water Supplies	-	-	-	95
Sewerage Services	-	-	151	-
Aged Care	184	235	-	-
Bushfire & Emergency Services	99	83	15	6
Community Care	222	72	-	3
Employment & Training Programs	4	7	-	-
Environmental Protection	-	-	95	-
Library	38	38	-	-
Recreation & Culture	10	12	-	-
Street Lighting	33	32	-	-
Transport (Roads to Recovery)	-	-	359	490
Transport (Other Roads & Bridges Funding)	24	24	-	-
Other	-	53	-	-
Total Specific Purpose	725	668	620	594
Total Grants	4,000	3,757	620	594
Grant Revenue is attributable to:				
- Commonwealth Funding	3,188	3,028	86	-
- State Funding	790	722	408	594
- Other Funding	22	7	126	-
	4,000	3,757	620	594

Berrigan Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2008

Note 3. Income from Continuing Operations (continued)

\$ '000	2008 Operating	2007 Operating	2008 Capital	2007 Capital
(f). Contributions				
Developer Contributions:				
(s93 & s94 - EP&A Act, s64 of the NSW LG Act):				
S 94 - Contributions towards amenities/services	-	-	2	78
S 64 - Water Supply Contributions	-	-	79	39
S 64 - Sewerage Service Contributions	-	-	6	-
Other Developer Contributions (Assets)	-	-	822	-
Total Developer Contributions	17	-	909	117
Other Contributions:				
Kerb & Gutter	-	-	7	37
Paving	-	-	3	9
RTA Contributions (Regional/Local, Block Grant)	775	756	156	116
Other	27	34	48	1
Total Other Contributions	802	790	214	163
Total Contributions	802	790	1,123	280
TOTAL GRANTS & CONTRIBUTIONS	4,802	4,547	1,743	874

Berrigan Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2008

Note 3. Income from Continuing Operations (continued)

\$ '000	Actual 2008	Actual 2007
(g). Restrictions relating to Grants and Contributions		
Certain grants & contributions are obtained by Council on condition that they be spent in a specified manner:		
Unexpended at the Close of the Previous Reporting Period	711	1,001
add: Grants and contributions recognised in the current period which have not been spent:	247	131
less: Grants and contributions recognised in a previous reporting period which have been spent in the current reporting period:	(352)	(421)
Net Increase (Decrease) in Restricted Assets during the Current Reporting Period	(105)	(290)
Unexpended at the Close of this Reporting Period and held as Restricted Assets	606	711
Comprising:		
- Specific Purpose Unexpended Grants	363	555
- Developer Contributions	243	156
	606	711

Berrigan Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2008

Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2008	Actual 2007
(a) Employee Benefits & On-Costs			
Salaries and Wages		4,429	4,299
Travelling		259	223
Employee Leave Entitlements (ELE)		481	467
Superannuation - Defined Contribution Plans		273	264
Superannuation - Defined Benefit Plans		84	74
Workers' Compensation Insurance		110	215
Fringe Benefit Tax (FBT)		32	46
Payroll Tax		-	-
Training Costs (other than Salaries & Wages)		68	83
Other		36	33
Total Employee Costs		5,772	5,704
less: Capitalised Costs		(698)	(876)
TOTAL EMPLOYEE COSTS EXPENSED		5,074	4,828
Number of "Equivalent Full Time" Employees at year end		82	87
(b) Borrowing Costs			
(i) Interest Bearing Liability Costs			
Interest on Loans		83	75
Interest on Advances		191	364
Total Interest Bearing Liability Costs Expensed		274	439
(ii) Other Borrowing Costs			
Discount adjustments relating to movements in Provisions (other than ELE)			
- Remediation Liabilities	21	5	8
Total Other Borrowing Costs		5	8
TOTAL BORROWING COSTS EXPENSED		279	447
(c) Materials & Contracts			
Raw Materials & Consumables		2,784	2,372
Auditors Remuneration			
i. Audit Services		19	15
Legal Expenses - Planning & Development		71	10
Legal Expenses - Other		67	910
Total Materials & Contracts		2,941	3,307
TOTAL MATERIALS & CONTRACTS		2,941	3,307
		-	-

Berrigan Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2008

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Depreciation/Amortisation		Impairment Costs	
	Actual 2008	Actual 2007	Actual 2008	Actual 2007
(d) Depreciation, Amortisation & Impairment				
Plant and Equipment	794	710	-	-
Office Equipment	92	105	-	-
Land Improvements (depreciable)	9	-	-	-
Buildings - Non Specialised	5	5	-	-
Buildings - Specialised	286	329	-	-
Other Structures	31	18	-	-
Infrastructure:				
- Roads, Bridges & Footpaths	1,684	1,583	897	-
- Stormwater Drainage	95	95	-	-
- Water Supply Network	504	499	33	-
- Sewerage Network	701	400	-	-
Other Assets				
- Heritage Collections	-	-	-	-
- Library Books	64	30	-	-
- Other	25	-	-	-
Asset Reinstatement Costs	9	8	-	-
	9 & 22			
<u>TOTAL DEPRECIATION & IMPAIRMENT COSTS EXPENSED</u>	<u>4,299</u>	<u>3,782</u>	<u>930</u>	<u>-</u>

Berrigan Shire Council

Notes to the Financial Statements for the financial year ended 30 June 2008

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2008	Actual 2007
(e) Other Expenses			
Other Expenses for the year include the following:			
Advertising		45	51
Bad & Doubtful Debts		(11)	20
Contributions to Other Levels of Government			
- NSW Fire Brigade Levy		41	39
- NSW Rural Fire Service Levy		75	68
Councillor Expenses - Mayoral Fee		19	17
Councillor Expenses - Councillors Fees		67	65
Councillors Expenses (incl. Mayor) - Other (excluding fees above)		48	45
Donations, Contributions & Assistance to other organisations (Section 356)			
- Central Murray County Council		87	82
- Tourism & Area Promotion		136	117
- Sporting Grounds		152	101
- Land & Water Management Plan		27	27
- Swimming Pools		85	78
- Other		64	70
Electricity & Heating		185	192
Insurance		261	261
Street Lighting		156	141
Subscriptions & Publications		29	26
Telephone & Communications		55	55
Valuation Fees		24	24
Other		120	88
Total Other Expenses		1,665	1,567
TOTAL OTHER EXPENSES		1,665	1,567

Berrigan Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2008

Note 5. Gains or Losses on Disposal of Assets

\$ '000	Notes	Actual 2008	Actual 2007
Property (excl. Investment Property)			
Proceeds from Disposal		-	-
less: Carrying Amount of Property Assets Sold		(140)	-
Net Gain/(Loss) on Disposal		(140)	-
Plant & Equipment			
Proceeds from Disposal		296	353
less: Carrying Amount of P&E Assets Sold		(236)	(273)
Net Gain/(Loss) on Disposal		60	80
Infrastructure			
Proceeds from Disposal		-	-
less: Carrying Amount of Infrastructure Assets Sold		-	-
Net Gain/(Loss) on Disposal		-	-
Real Estate Assets Held For Sale			
Proceeds from Disposal		34	143
less: Carrying Amount of Real Estate Assets Sold		(29)	(119)
Net Gain/(Loss) on Disposal		5	24
Non Current Assets Classified as "Available for Sale"			
Proceeds from Disposal		591	-
less: Carrying Amount of "Available for Sale" Assets Sold		(526)	-
Net Gain/(Loss) on Disposal		65	-
NET GAIN/(LOSS) ON DISPOSAL OF ASSETS		(10)	104

Berrigan Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2008

Note 6a. - Cash Assets and Note 6b. - Investment Securities

\$ '000	2008	2008	2007	2007
	Actual Current	Actual Non Current	Actual Current	Actual Non Current
Cash & Cash Equivalents (Note 6a)				
Cash on Hand and at Bank	352	-	132	-
Cash-Equivalent Assets ¹				
- Deposits at Call	255	-	4,373	-
- Managed Funds	4,025	-	-	-
- Short Term Deposits	3,000	-	3,400	-
Total Cash & Cash Equivalents	7,632	-	7,905	-
Investment Securities (Note 6b)				
- Long Term Deposits	3,300	-	2,900	-
Total Investment Securities	3,300	-	2,900	-
TOTAL CASH ASSETS, CASH EQUIVALENTS & INVESTMENTS	10,932	-	10,805	-

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

**Cash, Cash Equivalents & Investments were
classified at year end in accordance with
AASB 139 as follows:**

Cash & Cash Equivalents

a. "At Fair Value through the Profit & Loss"

	7,632	-	7,905	-
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Investments

a. "Held to Maturity"

6(b-ii)	3,300	-	2,900	-
Investments	3,300	-	2,900	-

Berrigan Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2008

Note 6b. Investments (continued)

	2008	2008	2007	2007
\$ '000	Actual Current	Actual Non Current	Actual Current	Actual Non Current
Note 6(b-i)				
Reconciliation of Investments classified as "At Fair Value through the Profit & Loss"				
Balance at the Beginning of the Year	-	-	4,000	-
Adjustment on adoption of AASB 132/139	-	-	-	-
Revaluations (through the Income Statement)	-	-	264	-
Additions	-	-	-	-
Disposals (sales & redemptions)	-	-	(4,264)	-
Transfers between Current/Non Current	-	-	-	-
Transfers from/(to) "Held to Maturity"	-	-	-	-
Transfers from/(to) "Loans/Receivables"	-	-	-	-
Transfers from/(to) "Available for Sale"	-	-	-	-
Balance at End of Year	-	-	-	-
Comprising:				
- Managed Funds	-	-	-	-
- Other Long Term Maturity Financial Assets	-	-	-	-
Total	-	-	-	-
Note 6(b-ii)				
Reconciliation of Investments classified as "Held to Maturity"				
Balance at the Beginning of the Year	2,900	-	3,300	-
Adjustment on adoption of AASB 132/139	-	-	-	-
Amortisation of Premiums & Discounts	-	-	-	-
Additions	400	-	-	-
Disposals (sales & redemptions)	-	-	(400)	-
Transfers between Current/Non Current	-	-	-	-
Transfers from/(to) "At Fair Value"	-	-	-	-
Transfers from/(to) "Available for Sale"	-	-	-	-
Balance at End of Year	3,300	-	2,900	-
Comprising:				
- Long Term Deposits	3,300	-	2,900	-
- Other Long Term Maturity Financial Assets	-	-	-	-
Total	3,300	-	2,900	-

Berrigan Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2008

Note 6c. Restricted Cash, Cash Equivalents & Investments

\$ '000	2008	2008	2007	2007
	Actual Current	Actual Non Current	Actual Current	Actual Non Current
Total Cash, Cash Equivalents and Investment Securities	10,932	-	10,805	-
attributable to:				
External Restrictions (refer below)	5,501	-	6,537	-
Internal Restrictions (refer below)	2,168	-	1,935	-
Unrestricted	3,263	-	2,333	-
	10,932	-	10,805	-

2008	Opening	Transfers to	Transfers from	Closing
\$ '000	Balance	Restrictions	Restrictions	Balance

Details of Restrictions

External Restrictions - Included in Liabilities

Nil

External Restrictions - Other

Developer Contributions - General (D)	82	2	-	84
Developer Contributions - Water Fund (D)	74	79	-	153
Developer Contributions - Sewer Fund (D)	-	6	-	6
Specific Purpose Unexpended Grants (F)	555	-	(192)	363
Water Supplies (G)	2,930	-	(200)	2,730
Sewerage Services (G)	2,437	-	(955)	1,482
Domestic Waste Management (G)	361	68	-	429
Other	98	156	-	254
External Restrictions - Other	6,537	311	(1,347)	5,501
Total External Restrictions	6,537	311	(1,347)	5,501

Berrigan Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2008

Note 6c. Restricted Cash, Cash Equivalents & Investments (continued)

2008 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
Internal Restrictions				
Plant & Vehicle Replacement	418	-	(64)	354
Capital Works Reserve	742	-	-	742
Employees Leave Entitlement	389	-	-	389
Other - Economic Development	365	297	-	662
Other - Cemeteries	21	-	-	21
Total Internal Restrictions	1,935	297	(64)	2,168
TOTAL RESTRICTIONS	8,472	608	(1,411)	7,669

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

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

G Water, Sewerage, Domestic Waste Management (DWM) & other Special Rates/Levies/Charges are externally restricted assets and must be applied for the purposes for which they were raised.

Berrigan Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2008

Note 7. Receivables

\$ '000	2008		2007	
	Current	Non Current	Current	Non Current
Purpose				
Rates & Annual Charges	288	-	284	-
User Charges & Fees	364	-	438	-
Accrued Revenues				
- Interest on Investments	110	-	103	-
- Other Income Accruals	122	-	35	-
Government Grants & Subsidies	12	-	140	-
Deferred Debtors	8	20	7	20
Net GST Receivable	93	-	80	-
Other Debtors - HIH Rescue Package	-	-	6,060	-
Total	997	20	7,147	20
less: Provision for Impairment				
Rates & Annual Charges	(16)	-	(34)	-
User Charges & Fees	(46)	-	(56)	-
Total Provision for Impairment - Receivables	(62)	-	(90)	-
TOTAL NET RECEIVABLES	935	20	7,057	20
Externally Restricted Receivables				
Water Supply				
- Rates & Availability Charges	183	-	192	-
- Other	4	-	130	-
Sewerage Services				
- Rates & Availability Charges	50	-	46	-
- Other	1	-	-	-
Total External Restrictions	238	-	368	-
Internally Restricted Receivables	-	-	-	-
Unrestricted Receivables	697	20	6,689	20
TOTAL NET RECEIVABLES	935	20	7,057	20

Notes on Debtors above:

- (i) Rates & Annual Charges Outstanding are secured against the property.
- (ii) Doubtful Rates Debtors are provided for where the value of the property is less than the debt outstanding.
An allowance for other doubtful debts is made when there is objective evidence that a receivable is impaired.
- (iii) Interest is charged on overdue rates & charges at 10.00% (2007 10.00%).
Generally all other receivables are non interest bearing.
- (iv) Please refer to Note 15 for issues concerning Credit Risk and Fair Value disclosures.

Berrigan Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2008

Note 8. Inventories & Other Assets

\$ '000	2008		2007	
	Current	Non Current	Current	Non Current
Inventories				
Real Estate for resale (refer below)	232	-	258	-
Stores & Materials	161	-	142	-
Total Inventories	393	-	400	-
Other Assets				
Prepayments	140	-	123	-
Total Other Assets	140	-	123	-
TOTAL INVENTORIES & OTHER ASSETS	533	-	523	-
Details for Real Estate Development				
Residential	223	-	249	-
Industrial/Commercial	9	-	9	-
Total Real Estate for Resale	232	-	258	-
(Valued at the lower of cost and net realisable value)				
Represented by:				
Acquisition Costs	-	-	-	-
Development Costs	232	-	258	-
Borrowing Costs	-	-	-	-
Total Real Estate for Resale	232	-	258	-
Movements:				
Real Estate assets at beginning of the year	258	-	369	-
- Purchases and other costs	3	-	8	-
- Transfers (in) from Note 9	-	-	-	-
- WDV of Sales (recognised as exp's)	(29)	-	(119)	-
- Transfer between Current/Non Current	-	-	-	-
- Other	-	-	-	-
Total Real Estate for Resale	232	-	258	-

Berrigan Shire Council

Notes to the Financial Statements

for the financial year ended 30 June 2008

Note 8. Inventories & Other Assets (continued)

\$ '000	2008		2007	
	Current	Non Current	Current	Non Current
(i) Externally Restricted Assets				
Water				
Stores & Materials	58	-	48	-
Total Water	58	-	48	-
Sewerage				
Stores & Materials	4	-	3	-
Total Sewerage	4	-	3	-
Domestic Waste Management				
Nil				
Other				
Nil				
Total Externally Restricted Assets	62	-	51	-
Total Internally Restricted Assets	-	-	-	-
Total Unrestricted Assets	471	-	472	-
TOTAL INVENTORIES & OTHER ASSETS	533	-	523	-

(ii) Other Disclosures**(a) Current Assets not anticipated to be settled within the next 12 months**

The following Inventories & Other Assets, even though classified as current are not expected to be recovered in the next 12 months;

	2008	2007
	\$ '000	\$ '000
Real Estate for Resale	232	258
Other	-	-
	232	258

(b) Inventories recognised as an expense for the year included:

- Real Estate for Resale	29	119
- Stores & Materials	601	541

(c) Inventory Write Downs

There were no amounts recognised as an expense relating to the write down of Inventory balances held during the year.

Berrigan Shire Council

Notes to the Financial Statements
for the financial year ended 30 June 2008

Note 9a. Infrastructure, Property, Plant & Equipment

\$ '000	as at 30/6/2007					Asset Movements during the Reporting Period						as at 30/6/2008					
	At	At	Accumulated		Carrying	Asset Additions	WDV-Asset Disposals	Depreciation Expense	Adjustments & Transfers	Tfrs from/(to) "Held for Sale" category	Revaluation Increments to Equity (ARR)	At	At	Accumulated		Carrying	
	Cost	Fair Value	Deprec.	Impairment	Value							Cost	Fair Value	Dep'n	Impairment	Value	
Capital Work in Progress	1,658				1,658	1,502			(1,658)			1,502					1,502
Plant & Equipment	6,156		2,969		3,187	780	(229)	(794)			(241)		6,381	3,678			2,703
Office Equipment	572		377		195	149	(7)	(92)	35				752	472			280
Furniture & Fittings					-			-									-
Plant & Equipment (under Finance Lease)					-			-									-
Land:																	
- Operational	2,244				2,244	108	(251)		(588)	246	5,054		6,813				6,813
- Community	1,455				1,455		(95)		588			1,948					1,948
- Land under Roads					-												-
Land Improvements - non depreciable					-												-
Land Improvements - depreciable	20				20			(9)	152			189		26			163
Buildings - Non Specialised	265		102		163			(5)			232		553	163			390
Buildings - Specialised	16,804		10,922		5,882	1,040	(320)	(286)	(610)	274	7,782		29,259	15,497			13,762
Other Structures		271	108		163	6		(31)	423			530	277	246			561
Infrastructure:																	
- Roads, Bridges, Footpaths	16,782	94,369	23,746		87,405	2,240		(1,684)				17,011	95,759	24,809	897		87,064
- Bulk Earthworks (non-depreciable)	2,587				2,587							2,587					2,587
- Stormwater Drainage	6,346		1,681		4,665	185		(95)				6,531		1,776			4,755
- Water Supply Network		36,550	11,522		25,028	1,674		(504)					38,194	11,996	33		26,165
- Sewerage Network		36,816	21,663		15,153	656		(701)					37,466	22,358			15,108
Other Assets:																	
- Heritage Collections					-			-		28		70		42			28
- Library Books		603	329		274	28		(64)					631	393			238
- Other	249				249			(25)				249		25			224
Reinstatement, Rehabilitation & Restoration Assets (refer Note 21):																	
- Tip Asset	48		20		28	37		(8)				85		28			57
- Quarry Asset	16		3		13	9		(1)				25		4			21
- Other Assets					-			-									-
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIP.	55,202	168,609	73,442	-	150,369	8,414	(902)	(4,299)	(1,658)	548	12,827	30,727	216,085	81,513	930		164,369

**Independent auditor's report to Berrigan Shire Council
(Section 417(2) – report on the general purpose financial reports)**

Report on the financial report

We have audited the accompanying financial report of Berrigan Shire Council ('the Council'), which comprises the balance sheet as at 30 June 2008 and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes 1 to 25 and the Statement by Councillors and Management of the Council. The financial reports and Council's statement are in the approved form as required by Section 413(2)(c) of the Local Government Act, 1993. Our audit responsibilities do not extend to the Original Budget figures disclosed in the income statement, Notes 2(a) and 16 to the financial report nor the attached Special Schedules.

Council's responsibility for the financial report

The Councillors and management of the Council are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), Local Government Act 1993 (as amended) and the Regulations made there under and the Local Government Code of Accounting Practice and Financial Reporting. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.



We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Local Government Act 1993 (as amended) and the Regulations made there under and the Local Government Code of Accounting Practice and Financial Reporting and Australian Accounting Standards (including the Australian Accounting Interpretations), a view which is consistent with our understanding of the Council's financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

The audit opinion expressed in this report has been formed on the above basis.

Auditor's opinion

In our opinion:

- a) 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;
- b) the Council's financial reports:
 - have been properly prepared in accordance with the requirements of this Division;
 - are consistent with the Council's accounting records;
 - present fairly the Council's financial position and result of its operations; and
 - are in accordance with applicable Accounting Standards.
- c) all information relevant to the conduct of the audit has been obtained; and
- d) there are no material deficiencies in the accounting records or financial reports that have come to light during the course of the audit.

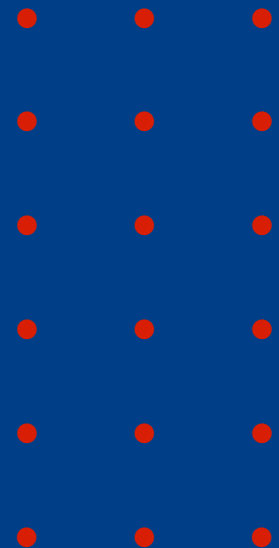
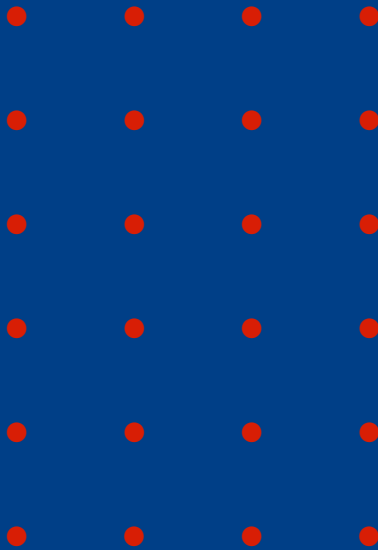
WHK Audit & Risk Assessment

Timothy S Frazer
Partner

Albury

15 October 2008

Berrigan Shire Council
Report on the Conduct of the Audit



14 October 2008
This report contains 12 Pages



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1 Operating Result

Berrigan Shire Council (the "Council") is a small regional Council in Southern New South Wales, whose affairs are governed by the:

- Local Government Act 1993;
- Local Government Regulations;
- Local Government Code of Accounting Practice and Financial Reporting; and
- Local Government Asset Accounting Manual Regulations.

The Council is responsible for the administration and implementation of the strategic policies voted on in Council.

The Council achieved a surplus operating result from continuing operations for the current year of \$990,000 (2007: \$1,722,000).

Significant income items in the current and prior year were:

	2008	2007
	\$'000	\$'000
Rates and annual charges	6,187	5,915
User charges and fees	1,756	2,042
Grants and contributions:		
For operating purposes	4,802	4,547
For capital purposes	1,743	874
Other	1,700	2,275
Total	16,188	15,653

Other revenue in 2007 included the HIH rescue package of \$855k and the insurance rebate of \$204K, this issue was finalised during 2007 and final payments disbursed during the 2008 financial year.

The user charges and fees decrease is directly related to the effect of the drought and heightened water restrictions. Water supply services decreased by \$230k when compared to 2007.



Significant expense items in the current year were:

	2008	2007
	\$'000	\$'000
Employee expenses	5,074	4,828
Materials and contracts	2,941	3,307
Depreciation and amortisation	4,299	3,782
Other	2,884	1,936
Total	15,198	13,931

Materials and contracts has decreased compared to the prior year due to the level of other legal expenses, decreasing from \$910,000 to \$67,000 in 2008.

The increase in depreciation and amortisation is a result of the revaluation of the Water and Sewer Networks (a net increase of \$19,043,000) by Council in the 2007 year.

The movement in other expenses is attributable to net losses from the disposal of assets of \$940,000. Note 5 to the general purpose financial report provides a breakdown of this amount.

The above significant items are based on the operational results from Council.

2 Financial Position

A measure of the Council's financial position is its unrestricted working capital. The following table sets out the unrestricted working capital position of the Council as at 30 June 2008.

	Year ended 30 June 2008	Year ended 30 June 2007
	\$'000	\$'000
Cash and Liquid Investments	10,932	10,805
External Restrictions - included in liabilities	-	-
- not included in liabilities	(5,501)	(6,537)
Internal Restrictions - included in liabilities	(389)	(389)
- not included in liabilities	(1,779)	(1,546)
Unrestricted Cash and Investments	3,263	2,333
Other Net Unrestricted Current Assets/(Liabilities) excluding LSL provision	(632)	(254)
Unrestricted Working Capital	2,631	2,079

The above represents the amount of working capital Council has available to meet its future spending requirements after making allowance for any restrictions in place over the use of such working capital. There is an increase in unrestricted working capital, when compared to the year ended 30 June 2007, which had unrestricted working capital of \$2,079k. The above result is consistent with the improvement of the unrestricted current ratio as reported in Note 13 to the financial statements.

Council has positive unrestricted cash and a sound unrestricted working capital level.

Council should consider implementing a Leave policy to ensure employees reduce their accrued leave days to an acceptable level, while at the same time ensuring that it has sufficient staff to continue with its operations.

We recommend that Council continue to monitor its unrestricted working capital position when reviewing its financial position. It is also recommended that Council continue to be mindful of its unrestricted working capital position when considering its future spending requirements.

3 Fair value of infrastructure, property, plant and equipment

Council's assets will be progressively revalued to fair value in accordance with a staged implementation as advised by the Department of Local Government. The staged process is as follows:

	Year	Net impact
• Water and sewerage	2006/07	\$19,043k
• Property, plant and equipment, land and buildings and others	2007/08	refer below
• Roads, bridges, footpaths and drainage	2008/09	n/a
• Other assets has been deferred	2008/09	n/a
• Community land has been deferred	2009/10	n/a

Details of the fair value adjustments for the current year are as follows:

	As at 30 June 2008 \$'000
Land - operational	5,054
Buildings – non specialised	232
Building - specialised	77,812
Plant & Equipment	(241)
Adjustment to asset revaluation reserve	<u>12,827</u>

AASB 116 Property plant and equipment was followed by Council in undertaking the revaluation.

The key elements of the Revaluation model are:

- An entire class of assets must be revalued at the same time
- Land and building assets fair value was estimated using the depreciated replacement cost approach
- Useful life estimates were established after considering
 - Expected usage
 - Physical wear and tear
 - Technical and commercial obsolescence
 - Legal and similar limits

Council used fair values as determined by Liquid Pacific and has outlined the necessary adjustments in Note 9 to the financial statements.

The adjustment to fair value for land, buildings and other assets was applied as at 30 June 2008.

The valuation process included:

- Site inspections, and
- Condition assessments

The increase in the fair value of building assets will result in an increasing depreciation charge in future years.



Land Under Roads

Council has elected not to recognise land under roads in accordance with the deferral arrangements under AASB 1045. This is due to divergence of opinion as to what value should be attributed to these assets.

Land under roads acquired after 30 June 2008 must be recognised in accordance with ASSB 116 *Property, Plant and Equipment*. This standard could have a significant impact on the Council's financial statements in future years.

Found assets

It is not uncommon, due to the specialised nature of the infrastructure assets, for errors and omissions come to light in due course. During the 2008 year it was determined by Management that the following assets, with a fair value as noted below, met the criteria for found assets and were accounted for via note 20(c) and the 30 June 2007 carrying value of infrastructure property, plant and equipment was adjusted accordingly.

- Road infrastructure 621k
- Sewer infrastructure 100k
- Water infrastructure 100k

We concur with the appropriateness of this treatment.

4 Performance Indicators

(Refer to Note 13 of the financial statements)

4.1 Liquidity

The liquidity ratio is used to assess the adequacy of working capital and Council's ability to satisfy its obligations in the short term for the unrestricted activities of Council. The liquidity ratio at Note 13 indicates that Council has a reasonable ability to pay its debts as and when they fall due.

The prior period results are impacted by the treatment of the Ballerini matter which was fully settled during the 2008 year.

4.2 Debt Service

This ratio demonstrates the percentage of Council's discretionary revenue required to service the debts carried by Council. This ratio in 2008 is distorted due to the Government Advance amounting to \$5,155k entered in 2007 which was fully repaid by the receipt of the HIH rescue package during 2008.

4.3 Rate and Annual Charges Coverage

The rates and annual charges coverage ratio is used to determine the degree of dependence upon revenues from rates and annual charges and to assess the security of Council's income. The rates and annual charges coverage ratio at year end is 38 cents in every \$1 which indicates a significant, albeit consistent, degree of dependence on this source of income (2007: 38 cents in every \$1).

4.4 Rates, Annual Charges and Interest and Extra Charges Outstanding

The rates, annual charges and interest and extra charges outstanding percentage is used to assess the impact of uncollected rates and annual charges on liquidity of Council and the adequacy of recovery efforts. The percentage of rates, annual charges and interest and extra charges outstanding at year end is 4.17% (2007: 4.01%). We regard this level of rates, annual charges interest and extra charges outstanding as very satisfactory and staff should be encouraged to continue their efforts in recovering outstanding charges in this regard.

4.5 Building and Infrastructure Renewal

Code 16 introduces this ratio within Note 13. Its purpose is to assess the rate at which these assets are being renewed against the rate at which they are depreciating. For 2008, the asset renewal ratio was 189.53%, indicating that capital expenditure is approaching twice the level of depreciation for like items.

5 Specific balance sheet items

5.1 Receivables

Total current receivables at 30 June 2008, net of provision for impairment, were \$935k (2007: \$7,057k).

This balance primarily consists of rates and annual charges of \$288k, user charges and fees of \$364k and government grants and subsidies of \$12k. The percentage of rates and annual charges outstanding is analysed in Section 4.4 of this report. The comparative balance of current receivables was distorted by the HIH rescue package \$6,060k outstanding at 30 June 2007.

The allowance for impairment at 30 June 2008 was \$62k. This allowance is specific and is matched against the relevant user charges and fees outstanding.

5.2 Capital expenditure

During the 2008 year Council reported approximately \$8,414k in additions of items of a capital nature. The primary areas are as follows:

	\$' 000
Land	108
Buildings	1,046
Plant and equipment	780
Roads, bridges and footpaths	2,240
Stormwater drainage	185
Water supply network	1,674
Sewerage network	656
Capital WIP	1,502
Other	223
Total	<u><u>8,414</u></u>

Non cash additions

Within the above are developer contributions under section 64 amounting to \$822k. These have been reported as capital income contributions in Note 3 (f) and further details are contained in Note 17.

6 Other Matters

6.1 Identified instances of fraud

Description of identifiable frauds

Nil instances of internal fraud were noted during the year.

Impact on audit approach

Not applicable.

6.2 Employee Benefits

Provisions for employee entitlements are now subject to AASB 119 Employee Benefits. Update 16 to the Code of Accounting Practice applies a strict interpretation of AASB 101 paragraph 60(d) which means that vested long service leave is required to be disclosed as a current liability measured at its discounted present value, even where Council does not expect the leave will be taken within 12 months of balance date.

Note 10 a(ii) identifies an amount of \$634k (2007 \$876k) in relation to Employee Benefits which has been recognised as a current liability, yet it is not expected to be settled in the next 12 months.

AASB 119 also outlines the requirements for recognition and measurement of defined benefit superannuation schemes. Since the relevant local government superannuation bodies are unable to provide the required information to enable Councils to adjust for these schemes in their financial statements disclosure will be the same as for a defined contribution fund, which is by way of note as has been past practice.

6.3 AASB 7 Financial Instruments: Disclosures

AASB 7 *Financial Instruments: Disclosures* ("AASB 7") supersedes the disclosure requirements of AASB 132 *Financial Instruments: Disclosure and Presentation* ("AASB 132"). AASB 7 is effective for annual periods beginning on or after 1 January 2007, hence this is the first year of application by the Council.

The presentation requirements of AASB 132 remain largely unchanged, and many of the disclosure requirements of AASB 132 have been transferred unchanged to AASB 7.

The key requirements of AASB 7 are:

Qualitative information on financial risks (i.e. market risk, credit risk and liquidity risk) and Management's approach to managing these risks is disclosed; and



Quantitative data about the exposure to risks arising from financial instruments; including:

Exposure and sensitivity analysis for market risk (i.e. interest rate risk, currency risk, other market price risk);

- Disclosure of credit ratings of investments;
- Disclosure of any receivables past due;
- Maturity analysis for financial liabilities; and
- Estimation of fair values.

Impact of AASB 7 on the financial statements

Council prepares general purpose financial statements, which require the application of AASB 7.

The disclosure requirements are required for both the current financial year (2008) and the comparative financial year (2007) and are contained within Note 1 and Note 15.

With the uncertainty of capital markets we encourage and support the more detailed description of Council's financial risk management practices.

6.4 Management letter

We issued an interim management letter indicating that we did not note any material irregularities or internal control deficiencies. Some performance improvement observation points were noted and have been discussed with the Director of Corporate Services, Matthew Hanson, and the Finance Manager, Angela Slater.

6.5 Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

6.6 Reliance on this report

The report on the conduct of the audit has been prepared for distribution to Council. We disclaim any assumption of responsibility for any reliance on this report to any person other than Council or for any purpose other than that for which it was prepared.