



Chartered Accountants
491 Smollett Street
Albury NSW 2640

PO Box 500
Albury NSW 2640
Australia

ABN: 40 934 946 247
Telephone: +61 2 6021 1111
Facsimile: +61 2 6041 1892
www.kpmg.com.au

Independent auditor's report to Berrigan Shire Council

Report on the special purpose financial report

We have audited the accompanying financial report, being a special purpose financial report, of Berrigan Shire Council (the Council), which comprises the balance sheets by business activity as at 30 June 2007, and the income statements by business activity for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the Statement by Councillors and Management.

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 and have determined that the accounting policies described in Note 1 to the financial statements, which form part of the financial report, are appropriate to meet the requirements of the NSW Government Policy Statement "Application of National Competition Policy to Local Government", Department of Local Government Guidelines "Pricing & Costing for Council Businesses: A Guide to Competitive Neutrality", The Local Government Code of Accounting Practice and Financial Reporting and The Department of Water and Energy Practice Management of Water Supply and Sewerage Guidelines and are appropriate to meet the needs of the Council and The Department of Local Government. The Councillors and managements' responsibility also 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. No opinion is expressed as to whether the accounting policies used, as described in Note 1, are appropriate to meet the needs of members. 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 reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial report.

These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with the basis of accounting described in Note 1 to the financial statements so as to present a view which is consistent with our understanding of the business activities of the Council and their financial position and of their performance.



The financial report has been prepared for distribution to Council for the purpose of fulfilling the Council's financial reporting obligations under the Local Government Code of Accounting Practice and Financial Reporting. We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the Council and The Department of Local Government, or for any purpose other than that for which it was prepared.

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

Auditor's opinion

In our opinion the special purpose financial report presents fairly, in all material respects, the financial position of the business activities of Berrigan Shire Council as at 30 June 2007 and of their financial performance for the year then ended in accordance with the accounting policies described in the Notes to the financial report.

A handwritten signature in black ink, appearing to read 'KPMG' or a similar stylized name.

KPMG

A handwritten signature in black ink, appearing to read 'Timothy S Frazer'.

Timothy S Frazer
Partner

Albury

17 October 2007