



BERRIGAN SHIRE COUNCIL

GENERAL PURPOSE FINANCIAL  
REPORTS

SPECIAL PURPOSE FINANCIAL  
REPORTS

AND ASSOCIATED  
SPECIAL SCHEDULES

FOR THE YEAR ENDED 30 JUNE 2007

# BERRIGAN SHIRE COUNCIL

## General Purpose Financial Reports for the year ended 30 June 2007

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# BERRIGAN SHIRE COUNCIL

## GENERAL PURPOSE FINANCIAL REPORT for the year ended 30 June 2007

### 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:

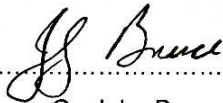
- The Local Government Act 1993 (as amended) and the Regulations made thereunder
- The Australian Accounting Standards and professional pronouncements
- The Local Government Code of Accounting Practice and Financial Reporting

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 17 October 2007



Cr. John Bruce

**MAYOR**



Cr. Bernard Curtin

**COUNCILLOR**



Rowan Perkins

**GENERAL MANAGER**



Angela Slater

**RESPONSIBLE ACCOUNTING OFFICER**

# BERRIGAN SHIRE COUNCIL

## INCOME STATEMENT for the year ended 30 June 2007

Budget <sup>(1)</sup> 2007 \$'000		Notes	Actual 2007 \$'000	Actual 2006 \$'000
	<b>INCOME FROM CONTINUING OPERATIONS</b>			
	<i>Revenue:</i>			
6,714	Rates & Annual Charges	3	5,915	6,276
1,132	User Charges & Fees	3	2,042	1,560
156	Interest Received	3	772	653
251	Other Revenues	3	1,399	5,603
4,761	Grants & Contributions - Operating	3	4,547	4,099
471	Grants & Contributions - Capital	3	874	1,427
-	<i>Other Income:</i>			
-	Profit from Disposal of Assets	5	104	234
-	Profit from interests in Joint Ventures & Associates	19	-	-
13,485	<b>Total Income from Continuing Operations</b>		15,653	19,852
	<b>EXPENSES FROM CONTINUING OPERATIONS</b>			
4,504	Employee Costs	4	4,828	4,776
2,876	Materials & Contracts		3,385	7,610
281	Borrowing Costs	4	447	279
2,755	Depreciation & Amortisation	4	3,782	3,511
-	Impairment	4	-	-
-	Loss from Disposal of Assets	5	-	-
-	Loss from interests in Joint Ventures & Associates	19	-	-
1,134	Other Expenses	4	1,489	1,368
11,550	<b>Total Expenses from Continuing Operations</b>		13,931	17,544
1,935	<b>OPERATING RESULT FROM CONTINUING OPERATIONS</b>		1,722	2,308
-	Discontinued Operations		-	-
-	Gain on Restructure of Council		-	-
1,935	<b>NET OPERATING RESULT FOR YEAR</b>		1,722	2,308
	Attributable to:			
-	Minority Interests	19	-	-
1,935	<b>BERRIGAN SHIRE COUNCIL</b>		1,722	2,308
1,935			\$ 1,722	\$ 2,308
1,464	<b>Net operating result before capital grants &amp; contributions</b>		848	881

Note:

(1) Original budget as approved by Council - refer note 16

This Statement is to be read in conjunction with the attached Notes.

# BERRIGAN SHIRE COUNCIL

## BALANCE SHEET

as at 30 June 2007

	Notes	Actual 2007 \$'000	Actual 2006 \$'000
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	6	7,905	4,156
Investments	6	2,900	7,300
Receivables	7	7,057	6,094
Inventories - realisable < 12 months	8	400	315
Inventories - realisable < 12 months	8	-	-
Other	8	123	131
Non-current assets held for sale	22	548	-
<b>TOTAL CURRENT ASSETS</b>		<u>18,933</u>	<u>17,996</u>
<b>NON-CURRENT ASSETS</b>			
Investments	6	-	-
Receivables	7	20	20
Inventories	8	-	193
Investments accounted for using the equity method	19	-	-
Infrastructure, Property, Plant & Equipment	9	149,548	128,131
Investment Property		-	-
Intangible Assets		-	-
Other	8	-	-
<b>TOTAL NON-CURRENT ASSETS</b>		<u>149,568</u>	<u>128,344</u>
<b>TOTAL ASSETS</b>		<u>168,501</u>	<u>146,340</u>
<b>CURRENT LIABILITIES</b>			
Payables	10	1,123	1,059
Interest bearing liabilities	10	6,494	5,641
Provisions - payable < 12 months	10	584	553
Provisions - payable > 12 months		876	830
<b>TOTAL CURRENT LIABILITIES</b>		<u>9,077</u>	<u>8,083</u>
<b>NON-CURRENT LIABILITIES</b>			
Payables	10	-	-
Interest bearing liabilities	10	1,002	552
Provisions	10	125	173
<b>TOTAL NON CURRENT LIABILITIES</b>		<u>1,127</u>	<u>725</u>
<b>TOTAL LIABILITIES</b>		<u>10,204</u>	<u>8,808</u>
<b>NET ASSETS</b>		<u>\$ 158,297</u>	<u>137,532</u>
<b>EQUITY</b>			
Accumulated Surplus		84,572	82,850
Asset Revaluation Reserve		73,725	54,682
Other Reserves		-	-
<b>Council Equity Interest</b>		<u>158,297</u>	<u>137,532</u>
Minority Equity Interest	19	-	-
<b>TOTAL EQUITY</b>		<u>\$ 158,297</u>	<u>137,532</u>

This Statement is to be read in conjunction with the attached Notes

**BERRIGAN SHIRE COUNCIL**  
**STATEMENT OF CHANGES IN EQUITY**  
for the year ended 30 June 2007

		2007 \$'000					2006 \$'000						
	Note	Retained Earnings	Asset Reval Reserve	Other Reserves	Council Equity Interest	Outside Equity Interest	Total	Retained Earnings	Asset Reval Reserve	Other Reserves	Council Equity Interest	Outside Equity Interest	Total
Balance at beginning of the reporting period		82,850	54,682	-	137,532	-	137,532	80,542	-	-	80,542	-	80,542
Adjustment on adoption of AASB 132 & AASB 139		-	-	-	-	-	-	-	-	-	-	-	-
Adjustment due to compliance with revised Accounting standards	1	-	-	-	-	-	-	-	-	-	-	-	-
Transfers to Asset Revaluation Reserve	20		19,043	-	19,043	-	19,043	54,682	-	-	54,682	-	54,682
Transfers from Asset Revaluation Reserve	20		-	-	-	-	-	-	-	-	-	-	-
Cash Contributions by Outside Equity Interests	19					-	-					-	-
Cash Distributions to Outside Equity Interests	19					-	-					-	-
Other Adjustments to Outside Equity Interests	19					-	-					-	-
Net movements recognised direct in equity		-	19,043	-	19,043	-	19,043	-	54,682	-	54,682	-	54,682
Net operating result for the year		1,722			1,722	-	1,722	2,308			2,308	-	2,308
<b>Balance at end of the reporting period</b>		<b>84,572</b>	<b>73,725</b>	<b>-</b>	<b>158,297</b>	<b>-</b>	<b>158,297</b>	<b>82,850</b>	<b>54,682</b>	<b>-</b>	<b>137,532</b>	<b>-</b>	<b>137,532</b>

This Statement is to be read in conjunction with the attached Notes

## BERRIGAN SHIRE COUNCIL

### CASH FLOW STATEMENT for the year ended 30 June 2007

Budget 2007 \$'000		Notes	Actual 2007 \$'000	Actual 2006 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<u>Receipts</u>				
6,580	Rates & Annual Charges		5,959	6,249
1,132	User Charges & Fees		2,149	1,618
155	Interest Received		744	583
4,762	Grants & Contributions		5,449	5,824
251	Other operating receipts		1,412	1,753
<u>Payments</u>				
(4,504)	Employee Costs		(4,754)	(4,735)
(2,876)	Materials & Contracts		(3,626)	(7,999)
(281)	Interest Paid		(464)	(232)
(1,134)	Other operating payments		(2,254)	(2,742)
4,085	<b>Net Cash provided by (or used in) Operating Activities</b>	11	<b>4,615</b>	319
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<u>Receipts</u>				
487	Proceeds from sale of Infrastructure, Property, Plant & Equipment		353	1,021
	Proceeds from sale of Investment Property		-	-
245	Proceeds from sale of Real Estate for resale	5, 8	143	318
-	Sales of Investment Securities		4,400	-
-	Repayments from Deferred Debtors		5	11
-	Contributions to joint ventures by minority interests	19	-	-
-	Distribution received from associated entities	19	-	-
<u>Payments</u>				
(6,174)	Purchase of Infrastructure, Property, Plant & Equipment		(7,036)	(4,540)
	Purchase of Investment Property		-	-
-	Purchase of Real Estate for resale	8	(9)	(443)
-	Purchase of Investment Securities		-	(3,085)
-	Loans to Deferred Debtors		(25)	(2)
-	Distributions from joint ventures to minority interests	19	-	-
-	Capital contributed to associated entities	19	-	-
(5,442)	<b>Net Cash provided by (or used in) Investing Activities</b>		<b>(2,169)</b>	(6,720)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<u>Receipts</u>				
1,000	Proceeds from Borrowings & Advances		1,750	5,205
-	Proceeds from Retirement Home Contributions		-	-
<u>Payments</u>				
(509)	Repayments of Borrowings & Advances		(447)	(720)
-	Repayment of Finance Lease Liabilities		-	-
-	Repayment of Retirement Home Contributions		-	-
491	<b>Net Cash provided by (or used in) Financing Activities</b>		<b>1,303</b>	4,485
(866)	<b>Net Increase (Decrease) in cash held</b>		<b>3,749</b>	(1,916)
10,700	Cash Assets at beginning of reporting period	11	4,156	1,172
-	Adjustment to opening cash due to adoption of revised Accounting Standards		-	4,900
	Adjustment to Cash arising from Council restructure		-	-
9,834	<b>Cash Assets at end of reporting period</b>	11	<b>7,905</b>	4,156

This Statement is to be read in conjunction with the attached Notes

# BERRIGAN SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

### Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### 1. Basis of preparation

##### *Compliance with Australian equivalents to International Financial Reporting Standards*

This general purpose financial report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRSs) as they apply to not-for-profit entities, and other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations, the Local Government Act (1993) and Regulations and the Financial Reporting Guidelines for NSW Councils.

##### *Compliance with IFRSs*

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards. Berrigan Shire 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.

##### *Historical Cost Convention*

The financial report has been prepared on the accrual basis of accounting and, except where specifically indicated in these Notes, in accordance with the historical cost convention.

##### *Critical accounting estimates*

As a result of the uncertainties inherent in Council activities, many items in the financial statements cannot be measured with precision and can only be estimated. The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. Estimation involves judgements based on the latest available, reliable information. The use of reasonable estimates is an essential part of the preparation of financial statements. The areas involving a higher degree of judgement or complexity, or cases where assumptions and estimates are significant to the financial statements are specifically referred to in the relevant sections of this Note. The estimates and underlying assumptions are reviewed on an ongoing basis. In the previous financial year an estimate was made for remediation of the Finley recycle centre, at that time it was expected that the work would be completed in this financial year. However, upon further consideration it is now expected that the remediation will be carried out at the end of the recycle centre's useful life. This has resulted in a change in the initial estimate which was made in the previous financial year. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Nothing contained within this report may be taken to be an admission of any liability to any person under any circumstance.

##### *Not for Profit Status*

The Council's purpose is to provide local government services to its community and all funds are expended for this purpose. While Council does maintain some commercial functions it is not the purpose of Council to make a return for its owners and therefore the Council determined that it does not have profit generation as a prime objective. AIFRS makes a range of elections and exemptions available for not-for-profit entities that are not consistent with IFRS requirements. Consequently where appropriate the Council has elected to apply options and exemptions within AIFRS that are applicable to not-for-profit entities.

#### 2. The Local Government Reporting Entity

##### *The Consolidated Fund*

Berrigan Shire Council is incorporated under the NSW Local Government Act 1993 (as amended) and has its principal place of business at 56 Chanter Street, Berrigan. In accordance with the provisions of Section 409(1) of the LGA 1993, all money and property received by Council is held in



**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
for the year ended 30 June 2007**

**Note 1 (CONT) – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

the Council's Consolidated 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. In the process of reporting on the Council as a single unit, all transactions and balances between activity areas and controlled entities have been eliminated.

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

- General purpose operations
- Water supply
- Sewerage service
- Finley Livestock Exchange

The following Committees, the transactions of which are considered immaterial either by amount or nature, have been excluded:

- Barooga Advancement Group
- Barooga Community Botanical Gardens
- Barooga Friends of Library
- Barooga Recreation Reserve
- Berrigan Conservation and 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 and School of Arts
- Fullers Rd Landcare
- Mary Lawson Wayside Rest
- 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

**3. Revenue recognition**

Revenue is recognised when it is probable that future economic benefits will flow to the enterprise and these benefits can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable. Revenue is measured on major income categories as follows:

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

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

Control over granted assets 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 is recognised when the Council obtains control of the contribution or the right to receive the contribution, it is probable that the economic benefits comprising the contribution will flow to the Council and 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. The note also discloses the amount of unused grant or contribution from prior years that was expended on Council's operations during the current year.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2007**

**Note 1 (CONT) – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

*User charges and fees*

User charges and fees (including 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.

*Sale of plant, property, infrastructure and equipment*

The profit or loss on sale of an asset is recognised when control of the asset has irrevocably passed to the buyer. This is primarily when the purchaser takes delivery of the asset. The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

*Interest and rents*

Interest and 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 occurs first.

*Net financing costs*

Net financing costs comprise of interest payable on borrowings calculated using the effective interest method, interest receivable on funds invested and dividend income. Borrowing costs are expensed as incurred and included in net financing costs.

Interest income is recognised in the income statement as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established which in the case of quoted securities is ex-dividend date. The interest expense component of finance lease payments is recognised in the income statement using the effective interest method.

**4. Cash Assets**

Cash and cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. This includes cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with maturities of three months or less at balance date that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**5. Receivables**

Receivables for rates and annual charges are secured over the subject land, and bear interest at rates determined in accordance with the Local Government Act 1993 (as amended) and the Regulations and Determinations made there under. Other receivables are generally unsecured and do not bear interest. Loans made to sporting and community groups at concessional interest rates are recognised at their nominal amounts; interest revenue forgone by the Council effectively being a reduction of interest revenue in the period to which it relates.

Receivables are stated at their cost less impairment losses. Receivables are due for settlement no more than 30 days from the date of recognition unless specific payment arrangements have been approved.

**6. Investments in debt and equity securities**

Financial instruments held for trading are classified as current assets and are stated at fair value, with any resultant gain or loss recognised in the income statement.

Where the Council has the positive intent and ability to hold government bonds to maturity, they are stated at amortised cost less impairment losses. Other financial instruments held by the Council are classified as being available-for-sale and are stated at fair value, with any resultant gain or loss being recognised directly in equity, except for impairment losses and, in the case of monetary items such as debt securities, foreign exchange gains and losses. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss. Where these investments are interest-bearing, interest is calculated using the effective interest method and is recognised in the income statement.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
for the year ended 30 June 2007**

**Note 1 (CONT) – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The fair value of financial instruments classified as held for trading and available-for-sale is their quoted bid price at the reporting date.

Financial instruments classified as held for trading or available-for-sale investments are recognised/derecognised by the Council on the date it commits to purchase/sell the investments. Securities held-to-maturity are recognised/derecognised on the day they are transferred to/by the Council.

**7. Inventories**

*Raw materials and stores, work in progress and finished goods*

Raw materials and stores, work in progress and finished goods are inventories held for distribution. These are stated at the lower of cost and current replacement cost. 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. Current replacement cost is the cost the entity would incur to acquire the asset on the reporting date.

*Land held for resale*

Land held for resale is stated at the lower of cost and net realisable value. Cost is assigned by specific identification and includes the cost of acquisition and development during development. Development costs include holding costs such as maintenance, rates and charges, as well as costs to provide services such as water, sewerage, telephone and electricity. When development is completed holding charges are expensed as incurred.

Borrowing costs included in the cost of land 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.

**8. Infrastructure, property, plant and equipment**

All infrastructure, property, plant and equipment under Council's control (except for investment properties, roads, water and sewerage networks which are carried at fair value) is stated at cost (or deemed cost) less depreciation. Cost includes expenditure that is directly attributable to the acquisition of the items.

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

Water and Sewerage	2006/07
Property, plant and equipment, land, building and other	2007/08
Roads, bridges, footpaths and drainage	2008/09

Assets which have a limited useful life are depreciable; land has an unlimited useful life and is therefore not depreciated. The depreciable amount of an asset is allocated on a straight line basis over the estimated useful life. The depreciable amount of an asset is net of the assets' residual value. Detail of valuations, methods and valuers are provided at Note 9.

At each balance sheet date, the residual value and useful life of each asset is reviewed, and adjusted if appropriate. If the asset's carrying amount is greater than its estimated recoverable amount, the asset's carrying amount is written down.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount of the asset. These are included in the income statement.

Crown reserves, and improvements thereon, under Council's care and control are recognised as assets of the Council. While ownership of the reserves remains with the Crown, Council retains

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
for the year ended 30 June 2007**

**Note 1 (CONT) – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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.

Council has title to, and is the registered owner of, five rural fire appliances and associated rural fire fighting equipment. 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.” Until such time as discussions on this matter have concluded and the legislation changed, Council will continue to account for these assets.

**9. Non-current assets held for sale**

A non-current asset is classified as held for sale if its carrying amount is to be recovered principally through a sale transaction rather than through continuing use. Non-current assets classified as held for sale are stated at the lower of their carrying amount and fair value less costs to sell. The exception to this is plant and motor vehicles which are replaced on a regular basis – these are retained in property, plant and equipment.

An impairment loss is recognised for any initial or subsequent write down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of derecognition. 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 assets in the balance sheet.

**10. Acquisition of assets**

The purchase method of accounting is used to account for all acquisitions of assets. Cost is measured as the fair value of the assets given, plus costs directly attributable to the acquisition.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. 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.

**11. Impairment of assets**

To ensure that assets are carried at no more than their recoverable amount assets are tested for impairment. If an asset is carried at more than its recoverable amount an impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. Assets that have an indefinite useful life and are not subject to amortisation are tested annually for impairment. 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. The recoverable amount is the higher of value in use and an asset’s fair value less costs to sell.

In respect of not-for-profit entities, the future economic benefits of the asset are not primarily dependent on the asset’s ability to generate net cash inflows. Therefore value in use is the depreciated replacement cost of an asset where the entity would, if deprived of the asset, replace its remaining future economic benefits.

**12. Payables**

These amounts represent liabilities for goods and services provided to the Council prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. No interest is payable on these amounts.

*Payments in Received in Advance & Deposits*

Amounts received from external parties in advance of service delivery, and security deposits held against possible damage to council assets, are recognised as liabilities until the service is delivered or damage reinstated, or the amount is refunded as the case may be.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2007**

**Note 1 (CONT) – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**13. Borrowings**

The standard permits two treatments of borrowing costs. Council uses the benchmark treatment of expensing all borrowing costs in the period in which they are incurred. As a result borrowings are initially recognised at fair value, net of transaction costs incurred and are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are 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.

Borrowing costs incurred for the construction of any qualifying asset are expensed 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.

**14. Employee benefits**

*Wages and salaries, annual leave and sick leave*

Liabilities for wages and salaries, including non-monetary benefits and annual leave, are recognised in the provision for employee benefits in respect of employees' services up to the reporting date. The liability is measured at the amount expected to be paid when the liabilities are settled and must be classified as a current liability except where the employer has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Liabilities for sick leave are recognised when the leave is taken and measured at the rates paid or payable.

*Long service leave*

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date 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. Where Council does not have the unconditional right to defer settlement beyond 12 months, the liability is recognised as a current liability.

*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. There are two types of memberships, each of which is funded differently.

*Accumulation Fund Members*

The accumulation fund receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings in accordance with Superannuation Guarantee Legislation (9% in 2006/07; 9% in 2005/06). No further liability accrues to the employer as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

*Defined Benefit Members*

Council makes employer contributions to the defined benefit categories of the Scheme at rates determined by the Scheme's Trustee. 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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
for the year ended 30 June 2007**

**Note 1 (CONT) – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

accounts for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans (see below). The Local Government Superannuation Scheme has advised that it is unable to provide individual councils with an accurate split of their share of the Scheme's assets and liabilities and so no asset or liability is recognised.

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.

**15. Leases**

In the 2006/2007 financial year the Council did not lease any property, plant and equipment.

**16. GST Implications**

In accordance with UIG Abstract 1031 "Accounting for the Goods and Services Tax"

- Receivables and Creditors include GST receivable and payable.
- Except in relation to input taxed activities, revenue and operating expenditures exclude GST receivable and payable.
- Non-current assets and capital expenditures include GST net of any recoupment
- Amounts included in the Statement of Cash Flows are disclosed on a gross basis.

**17. Budget Information**

The Income Statement, Statement of Cash Flows and Note 2 provide budget information of revenues and expenditures by type and for each of the major activities of the Council. Budget figures presented are those approved by Council at the beginning of the financial year and do not include Council approved variations throughout the year. Short explanations of the most significant variations are given in Note 16.

**18. Provisions**

Provisions for legal claims and service warranties are recognised when: the 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.

If the effect is material, a provision is based on present values determined by discounting the expected future cash flows required to settle the obligation that reflects current market assessments of the time value of money and the risks specific to the liability, being the risk free rates on government bonds most closely matching the expected future payments. The unwinding of the discount is treated as an expense as part of borrowing expenses related to the particular provision.

*Site restoration*

In accordance with the Council's published environmental policy and applicable legal requirements, a provision for site restoration in respect of contaminated land is recognised when the land is contaminated.

The provision is the best estimate of the present value of the expenditure required to settle the restoration obligation at the reporting date, based on current legal requirements and technology. Future restoration costs are reviewed annually and any changes are reflected in the present value of the restoration provision at the end of the reporting period.

*Quarry rehabilitation*

Provisions are made for the estimated cost of rehabilitation relating to areas disturbed during the quarry operation up to reporting date but not yet rehabilitated. Provision has been made in full for the disturbed areas at the reporting date based on current estimates of costs to rehabilitate such areas, discounted to their present value based on expected future cashflows. The estimated cost of rehabilitation includes the current cost of recontouring, topsoiling and revegetation employing legislative requirements. Changes in estimates are dealt with on a prospective basis as they arise.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2007**

**Note 1 (CONT) – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Significant uncertainty exists as to the amount of rehabilitation obligations which will be incurred due to the impact of changes in environmental legislation. The amount of the provision relating to rehabilitation of quarry infrastructure and dismantling obligations is recognised at the commencement of the quarry project and/or construction of the assets where a legal or constructive obligation exists at that time. The provision is recognised as a non-current liability with a corresponding asset included in quarry property and development assets.

At each reporting date the rehabilitation is re-measured in line with changes in discount rates, and timing or amount of the costs to be incurred. Changes in the liability relating to rehabilitation of quarry infrastructure and dismantling obligations are added to or deducted from related assets, other than the unwinding of the discount which is recognised as a finance cost in the income statement as it occurs.

If the change in the liability results in a decrease in the liability that exceeds the carrying amount of the asset, the asset is written down to nil and the excess is recognised immediately in the income statement. If the change in the liability results in an addition to the cost of the assets, the recoverability of the new carrying amount is considered. Where there is an indication that the new carrying amount is not fully recoverable, an impairment test is performed with the write down recognised in the income statement in the period in which it occurs.

**19. Land under roads**

Council has elected not to recognise land under roads in accordance with the deferral arrangements available under AASB 1045. These provisions allow deferral of recognition until 30 June 2008.

**20. Allocation between current and non-current**

In the determination of whether an asset or liability is 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. 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. Inventories held for trading are classified as current even if not expected to be realised in the next 12 months.

**21. Rounding of amounts**

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

**22. New accounting standards and UIG interpretations**

Certain new accounting standards and UIG interpretations have been published that are not mandatory for 30 June 2007 reporting periods. Council's assessment of the impact of these new standards and interpretations is set out below.

- (1) *AASB 7 Financial Instruments: Disclosures and AASB 2005-10 Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038]*

AASB 7 and AASB 2005-10 are applicable to annual reporting periods beginning on or after 1 January 2007. The Council has not adopted the standards early. Application of the standards will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in the financial instruments

# BERRIGAN SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

### Note 2 - FUNCTIONS

INCOME, EXPENSES AND ASSETS HAVE BEEN DIRECTLY ATTRIBUTED TO THE FOLLOWING FUNCTIONS & ACTIVITIES													
	INCOME FROM CONTINUING OPERATIONS			EXPENSES FROM CONTINUING OPERATIONS			OPERATING RESULT FROM CONTINUING OPERATIONS			GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)	
	ORIGINAL BUDGET 2007 \$'000	ACTUAL 2007 \$'000	ACTUAL 2006 \$'000	ORIGINAL BUDGET 2007 \$'000	ACTUAL 2007 \$'000	ACTUAL 2006 \$'000	ORIGINAL BUDGET 2007 \$'000	ACTUAL 2007 \$'000	ACTUAL 2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
	GOVERNANCE	-	1	-	-	1,687	-	-	(1,686)	-	-	-	-
ADMINISTRATION	334	1,182	5,297	535	67	5,862	(201)	1,116	(568)	32	33	15,886	16,544
PUBLIC ORDER & SAFETY	218	138	129	389	374	369	(171)	(237)	(239)	88	96	568	535
HEALTH	9	8	8	196	187	185	(187)	(179)	(177)	-	-	46	48
COMMUNITY SERVICES & EDUCATION	312	378	295	358	344	312	(46)	34	(17)	310	221	31	31
HOUSING & COMMUNITY AMENITIES	1,061	1,069	987	1,218	1,352	1,299	(157)	(284)	(312)	66	76	7,862	6,830
WATER SUPPLIES	2,035	2,477	2,206	1,792	1,926	1,804	243	551	402	136	40	29,770	16,912
SEWERAGE SERVICES	1,182	1,316	1,565	1,112	1,174	1,216	70	143	349	40	39	18,985	11,505
RECREATION & CULTURE	161	172	174	1,112	1,303	1,130	(951)	(1,132)	(955)	50	44	5,777	5,733
FUEL & ENERGY	-	-	-	-	-	-	-	-	-	-	-	-	-
MINING, MANUFACTURING & CONSTRUCTION	-	39	39	207	242	207	(207)	(203)	(167)	-	-	111	121
TRANSPORT & COMMUNICATION	1,519	2,452	2,009	3,820	4,258	4,108	(2,301)	(1,806)	(2,099)	1,448	1,089	87,322	86,114
ECONOMIC AFFAIRS	256	452	643	811	1,017	1,052	(555)	(564)	(409)	3	-	2,029	1,967
<b>TOTALS - FUNCTIONS</b>	<b>7,087</b>	<b>9,684</b>	<b>13,352</b>	<b>11,550</b>	<b>13,931</b>	<b>17,544</b>	<b>(4,463)</b>	<b>(4,247)</b>	<b>(4,192)</b>	<b>2,173</b>	<b>1,638</b>	<b>168,387</b>	<b>146,340</b>
GENERAL PURPOSE INCOME	6,398	5,969	6,500				6,398	5,969	6,500	2,146	2,941	114	
<b>TOTALS</b>	<b>13,485</b>	<b>15,653</b>	<b>19,852</b>	<b>11,550</b>	<b>13,931</b>	<b>17,544</b>	<b>1,935</b>	<b>1,722</b>	<b>2,308</b>	<b>4,319</b>	<b>4,579</b>	<b>168,501</b>	<b>146,340</b>

The above functions conform to those used by the Australian Bureau of Statistics and provide a basis for comparison with other Councils.



# BERRIGAN SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

### Note 2 (cont) - COMPONENTS OF FUNCTIONS

The activities relating to Council functions are as follows:

#### **Governance**

Costs relating to Council's role as a component of democratic government, including elections, meetings and associated activities, area representation, and public disclosure and compliance, together with related administration costs.

#### **Administration**

Costs not otherwise attributed to functions.

#### **Public Order & Safety**

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

#### **Health**

Administration and inspection, immunisations, food control, insect & vermin control, noxious plants, health centres, other.

#### **Community Services & Education**

Administration, family day care, child-care, youth services, other services to families 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**

#### **Sewerage Services**

#### **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 – N/A**

#### **Mining, Manufacturing & Construction**

Building control, abattoirs, quarries and pits, other.

#### **Transport & Communication**

Roads and streets, bridges, footpaths, aerodromes, parking areas, bus shelters and services, water transport, works undertaken for Roads & Transport Authority, street lighting, other.

#### **Economic Affairs**

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

# BERRIGAN SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

### Note 3 - INCOME FROM CONTINUING OPERATIONS

RATES & ANNUAL CHARGES	2007 \$'000	2006 \$'000
<u>Ordinary Rates</u>		
Residential	1,488	1,381
Farmland	1,433	1,361
Mining	-	-
Business	399	379
	<b>3,320</b>	<b>3,121</b>
<u>Special Rates</u>		
Water Supplies	-	-
Sewerage Services	-	-
Parking	-	-
Mainstreet	-	-
Tourism	-	-
Other	-	-
	-	-
<u>Annual Charges</u>		
Domestic Waste Management	459	430
Water Supply	975	1,636
Sewerage Services	1,048	1,048
Drainage	69	-
Other Waste Management	44	41
Other	-	-
	<b>2,595</b>	<b>3,155</b>
<b>Total Rates &amp; Annual Charges</b>	<b>5,915</b>	<b>6,276</b>
 <b>USER CHARGES &amp; FEES</b>		
<u>User Charges</u>		
Domestic Waste Management	35	33
Water Supply	927	263
Sewerage Services	12	32
Drainage Services	-	-
Other Waste Management	66	39
Other	-	-
	<b>1,040</b>	<b>367</b>
<u>Fees</u>		
RTA Claims - State Roads	10	47
Private Works	210	389
Water Supply	62	-
Saleyards	162	169
Aerodrome	13	-
Aged Care	65	24
Planning & Building	202	243
Sewer	17	-
Rent & Hire of Council Property	49	44
Cemeteries	68	68
Swimming Centre	83	80
Other	61	129
	<b>1,002</b>	<b>1,193</b>
<b>Total User Charges &amp; Fees</b>	<b>2,042</b>	<b>1,560</b>

## BERRIGAN SHIRE COUNCIL

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

#### Note 3 - INCOME FROM CONTINUING OPERATIONS (cont)

	2007 \$'000	2006 \$'000
<b>INVESTMENT REVENUES</b>		
Interest on overdue rates & charges	25	24
Interest on cash and investments		
externally restricted	-	-
internally restricted	290	214
unrestricted	457	415
Premiums recognised on financial instruments	-	-
Amortisation of discounts and premiums	-	-
<b>Gross Interest Received</b>	<b>772</b>	<b>653</b>
Less: Interest deducted from		
capitalised borrowing costs	-	-
<b>Total Interest Received</b>	<b>772</b>	<b>653</b>
<b>OTHER REVENUES</b>		
HIH Rescue Package	855	5,205
Fines	8	5
Workers Compensation	49	43
Lease Rental	49	53
Legal Fees Recovery (Rates)	41	57
Insurance Rebate	85	27
Sale of High Security Water	204	155
Sale of Gravel	33	31
Miscellaneous charges - overdue rates & charges	-	-
Reversal of Revaluation Decrements	-	-
Other	75	27
<b>Total Other Revenues</b>	<b>1,399</b>	<b>5,603</b>

# BERRIGAN SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

### Note 3 - INCOME FROM CONTINUING OPERATIONS (cont)

	OPERATING		CAPITAL	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
<b>GRANTS</b>				
General Purpose (Untied)				
Financial Assistance	3,004	2,858	-	-
Pensioner Rates Subsidies (General)	85	83	-	-
Specific Purpose				
Pensioner Rates Subsidies				
Water Supplies	41	40	-	-
Sewerage Services	40	39	-	-
Domestic Waste Management	31	31	-	-
Water Supplies	-	-	95	-
Sewerage Services	-	-	-	-
Community Centres	-	45	-	-
Roads & Bridges	24	19	490	1,075
Employment & Training Programs	7	10	-	-
Heritage & Cultural Services	12	7	-	-
Community Care Services	307	221	3	-
Bushfire & Emergency Services	83	96	6	-
Other	91	55	-	-
<b>Total Grants &amp; Subsidies</b>	<b>3,725</b>	<b>3,504</b>	<b>594</b>	<b>1,075</b>
<b>CONTRIBUTIONS &amp; DONATIONS</b>				
Developer Contributions				
Section 94	-	-	-	-
Section 94A levies	-	-	78	32
Planning agreements	-	-	-	-
Subdivider dedications	-	-	-	-
Section 64	-	-	-	-
Water	-	-	39	11
Sewer	-	-	-	-
Stormwater	-	-	-	31
RTA Contributions	788	585	116	137
Other Councils - Joint Works	-	-	-	-
Paving	-	-	9	13
Kerb & Gutter	-	-	37	95
Other	34	10	1	33
<b>Total Contributions &amp; Donations</b>	<b>822</b>	<b>595</b>	<b>280</b>	<b>352</b>
<b>TOTAL GRANTS &amp; CONTRIBUTIONS</b>	<b>4,547</b>	<b>4,099</b>	<b>874</b>	<b>1,427</b>

## BERRIGAN SHIRE COUNCIL

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

#### Note 3 - INCOME FROM CONTINUING OPERATIONS (cont)

##### CONDITIONS OVER GRANTS & CONTRIBUTIONS

Grants and contributions which were obtained on the condition that they be expended for specified purposes or in a future period, but which are not yet expended in accordance with those conditions, are as follows:

	2007		2006	
	\$'000		\$'000	
	<u>Grants</u>	<u>Contrib</u>	<u>Grants</u>	<u>Contrib</u>
<i>Unexpended at the close of the previous reporting period</i>	<b>881</b>	<b>120</b>	412	115
<i>Less: expended during the current period from revenues recognised in previous reporting periods</i>				
<i>Section 94/64 Developer Contributions</i>	-	<b>28</b>	-	38
<i>Roads &amp; Infrastructure</i>	<b>262</b>	-	197	-
<i>Heritage &amp; Cultural Services</i>	<b>39</b>	-	113	-
<i>Community Care Services</i>	-	-	-	-
<i>Other</i>	<b>92</b>	-	-	-
	<b>393</b>	<b>28</b>	310	38
<i>Plus: amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions</i>				
<i>Section 94/64 Developer Contributions</i>	-	<b>64</b>	-	43
<i>Roads &amp; Infrastructure</i>	-	-	711	-
<i>Heritage &amp; Cultural Services</i>	-	-	-	-
<i>Community Care Services</i>	<b>36</b>	-	-	-
<i>Other</i>	<b>31</b>	-	68	-
	<b>67</b>	<b>64</b>	779	43
<i>Unexpended at the close of this reporting period and held as restricted assets</i>	<b>555</b>	<b>156</b>	881	120
<i>Net increase (decrease) in restricted assets in the current reporting period.</i>	<b>(326)</b>	<b>36</b>	469	5

# BERRIGAN SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

### Note 4 - EXPENSES FROM CONTINUING OPERATIONS

	2007 \$'000	2006 \$'000
<b>EMPLOYEE BENEFITS AND ON COSTS</b>		
Salaries and Wages	4,299	3,478
Travelling	223	183
Employee Leave Entitlements	467	674
Superannuation - defined contribution plan contributions	264	240
Superannuation - defined benefit plan contributions	74	78
Workers' Compensation Insurance	215	329
Fringe Benefits Tax	46	53
Payroll Tax	-	-
Training Costs (excluding Salaries)	83	53
Other	33	35
Less: Capitalised and distributed costs	(876)	(347)
<b>Total Employee Costs Expensed</b>	<b>4,828</b>	<b>4,776</b>
<b>Total Number of Employees</b>	<b>87</b>	<b>90</b>
<i>(Full time equivalent at end of reporting period)</i>		
<b>BORROWING COSTS</b>		
Interest on Overdraft	-	-
Interest on Loans	75	104
Interest on Advances	364	168
Charges on Finance Leases	-	-
Interest on other debts	-	-
Discounts on financial instruments transactions	-	-
Unwinding of present value discounts & premiums	8	7
<b>Gross Interest Charges</b>	<b>447</b>	<b>279</b>
Less: Borrowing Costs capitalised	-	-
<b>Total Borrowing Costs Expensed</b>	<b>447</b>	<b>279</b>
<b>MATERIALS &amp; CONTRACTS</b>		
Raw Materials & consumables	2,450	3,398
Contractor and consultancy costs	-	-
Auditor's Remuneration		
- Audit Services	15	19
- Other Services	-	-
- Other Auditors	-	-
Legal Expenses		
- Planning & Development	10	-
- Other Legal Expenses	910	4,193
Other	-	-
<b>Total Materials &amp; Contracts</b>	<b>3,385</b>	<b>7,610</b>

## BERRIGAN SHIRE COUNCIL

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

#### Note 4 - EXPENSES FROM CONTINUING OPERATIONS (cont)

	IMPAIRMENT		DEPRECIATION	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
<b>DEPRECIATION, AMORTISATION &amp; IMPAIRMENT</b>				
Intangible Assets	-	-	-	-
Plant and Equipment	-	-	710	749
Office Equipment	-	-	105	96
Furniture & Fittings	-	-	-	-
Leased Property, Plant & Equipment	-	-	-	-
Land	-	-	-	-
Land Improvements	-	-	-	-
Buildings	-	-	334	334
Other Structures	-	-	18	-
Infrastructure				
- roads, bridges & footpaths	-	-	1,583	1,299
- stormwater drainage	-	-	95	95
- water supply network not elsewhere included	-	-	499	505
- sewerage network not elsewhere included	-	-	400	402
Other assets				
- heritage collections	-	-	-	-
- library books	-	-	30	23
- other	-	-	-	-
Future Reinstatement Costs				
- Tips	-	-	7	7
- Quarries	-	-	1	1
Less: Capitalised and distributed costs	-	-	-	-
<b>Total Depreciation &amp; Amortisation</b>	<u>-</u>	<u>-</u>	<u>3,782</u>	<u>3,511</u>
		<b>2007 \$'000</b>		<b>2006 \$'000</b>
<b>OTHER EXPENSES</b>				
Revaluation Decrements expensed		-		-
Bad and Doubtful Debts		20		69
Mayoral Allowance		17		11
Councillors' Fees & Allowances		65		52
Councillors' (incl Mayor) Expenses		45		65
Insurances		261		246
Street Lighting		141		115
Light, Power & Heating		192		184
Telephone & Communications		55		47
Donations & Contributions to Local & Regional Bodies		504		391
Child Care - Parent Fees		-		-
Election Expenses		-		5
Individually significant items		-		-
Payments to other levels of Government		-		-
Advertising		51		58
Subscriptions & Publications		26		24
Adjust interest in associated entities		-		-
Other		112		101
<b>Total Other Expenses</b>		<u>1,489</u>		<u>1,368</u>
<b>INDIVIDUALLY SIGNIFICANT ITEM</b>		<u>-</u>		<u>-</u>

*Provide an explanation of the nature of any item disclosed as individually significant in either year.*

# BERRIGAN SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

### Note 5 - GAIN OR LOSS ON DISPOSAL OF ASSETS

	2007 \$'000	2006 \$'000
<b>DISPOSAL OF PROPERTY</b>		
Proceeds from disposal	-	539
Less: Carrying amount of assets sold	-	235
<b>Gain (Loss) on disposal</b>	<u>-</u>	<u>304</u>
<b>DISPOSAL OF INFRASTRUCTURE, PLANT &amp; EQUIPMENT</b>		
Proceeds from disposal	353	482
Less: Carrying amount of assets sold	273	619
<b>Gain (Loss) on disposal</b>	<u>80</u>	<u>(137)</u>
<b>DISPOSAL OF REAL ESTATE DEVELOPMENT ASSETS</b>		
Proceeds from disposal	143	318
Less: Carrying amount of assets sold	119	251
<b>Gain (Loss) on disposal</b>	<u>24</u>	<u>67</u>
<b>DISPOSAL OF INVESTMENT PROPERTY</b>		
Proceeds from disposal	-	-
Less: Carrying amount of assets sold	-	-
<b>Gain (Loss) on disposal</b>	<u>-</u>	<u>-</u>
<b>DISPOSAL OF INVESTMENT SECURITIES</b>		
Proceeds from disposal	-	-
Less: Carrying amount of assets sold	-	-
Less: Revaluation increments previously transferred to Asset Revaluation Reserve	-	-
<b>Gain (Loss) on disposal</b>	<u>-</u>	<u>-</u>
<b>TOTAL GAIN (LOSS) ON DISPOSAL OF ASSETS</b>	<u>104</u>	<u>234</u>



# BERRIGAN SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

### Note 6 - CASH AND CASH EQUIVALENTS

	2007 \$'000		2006 \$'000	
	Current	Non-Current	Current	Non-Current
<b>CASH ASSETS</b>				
Cash on Hand and at Bank	132		197	
Deposits at Call	4,373		1,859	
Short term Deposits & Bills, etc	3,400		2,100	
Other	-		-	
<b>Total cash &amp; equivalents</b>	<u>7,905</u>		<u>4,156</u>	

*Cash equivalents comprise highly liquid investments with short periods to maturity subject to insignificant risk of changes of value.*

#### INVESTMENTS

##### Summary

Financial assets at fair value through profit and loss	-	-	4,000	-
Held to maturity investments	2,900	-	3,300	-
Available for sale financial assets	-	-	-	-
<b>Total</b>	<u>2,900</u>	<u>-</u>	<u>7,300</u>	<u>-</u>

##### Financial assets at fair value through profit and loss

At beginning of year	4,000	-	4,000	-
Adjustment on adoption of AASB 132 & AASB 139	-	-	-	-
Revaluation to Income Statement	264	-	-	-
Additions	-	-	-	-
Disposals	(4,264)	-	-	-
Transfers Current/Non-current	-	-	-	-
At end of year	<u>-</u>	<u>-</u>	<u>4,000</u>	<u>-</u>

##### Held for trading:

- Managed Funds	-	-	4,000	-
- CDOs	-	-	-	-
- FRNs	-	-	-	-
- Equity linked notes	-	-	-	-
	<u>-</u>	<u>-</u>	<u>4,000</u>	<u>-</u>

##### Held to Maturity Investments

At beginning of year	3,300	-	3,300	-
Adjustment on adoption of AASB 132 & AASB 139	-	-	-	-
Amortisation of discounts and premiums	-	-	-	-
Additions	-	-	-	-
Disposals	(400)	-	-	-
Transfers Current/Non-current	-	-	-	-
At end of year	<u>2,900</u>	<u>-</u>	<u>3,300</u>	<u>-</u>

##### Comprising:

- Government Bonds	-	-	-	-
- Term Deposits	2,900	-	3,300	-
- Bank Bills	-	-	-	-
- Other	-	-	-	-
	<u>2,900</u>	<u>-</u>	<u>3,300</u>	<u>-</u>

*The permitted forms of investment in financial instruments of the Council are defined in an order made by the Minister of Local Government on 15 July 2005, and may broadly be described as "Trustee Securities". Accordingly, credit risk is considered to be insignificant. Deposits and Bills are with, or have been accepted by, banks and credit unions and bear various rates of interest between 6.15% and 6.76% (2006 - 5.38% and 5.95%). NCDs, FRNs and Managed Funds are all with organisations with credit ratings that comply with the Minister's Order and bear various rates of return between 5.53% and 8.35% (2006 - 5.38% and 5.86%).*

# BERRIGAN SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

### Note 6 - CASH & CASH EQUIVALENTS (cont)

#### RESTRICTED CASH AND INVESTMENTS

Ref	2007 \$'000		2006 \$'000	
	Current	Non-Current	Current	Non-Current
Cash & equivalents	7,905	-	4,156	-
Investments	2,900	-	7,300	-
<b>TOTAL CASH &amp; INVESTMENTS</b>	<b>10,805</b>	<b>-</b>	<b>11,456</b>	<b>-</b>
<b>External Restrictions</b>	<b>6,537</b>	<b>-</b>	<b>6,596</b>	<b>-</b>
<b>Internal Restrictions</b>	<b>1,935</b>	<b>-</b>	<b>1,775</b>	<b>-</b>
<b>Unrestricted</b>	<b>2,333</b>	<b>-</b>	<b>3,085</b>	<b>-</b>
	<b>10,805</b>	<b>-</b>	<b>11,456</b>	<b>-</b>

#### DETAILS OF MOVEMENTS & UTILISATION OF RESTRICTED CASH ASSETS & INVESTMENT SECURITIES

Notes	Opening Balance 30 June 2006	Movements		Closing Balance 30 June 2007
		Transfers To Restriction	Transfers From Restriction	
	\$'000	\$'000	\$'000	\$'000
<b>External Restrictions</b>				
Developer Contributions	120	64	28	156
RTA Contributions	-	-	-	-
Unexpended Grants	881	64	390	555
Water Supply funds	2,656	274	-	2,930
Sewerage funds	2,543	-	106	2,437
Domestic Waste Management	353	10	2	361
Other	43	55	-	98
<b>Total External Restrictions</b>	<b>6,596</b>	<b>467</b>	<b>526</b>	<b>6,537</b>

External Restrictions arise pursuant to section 409(3) of the Local Government Act, the Local Government (Financial Management) Regulation 1999 and other applicable legislation. Further information relating to Developer Contributions is provided in Note 17. Amounts raised by special rates (eg. Water & Sewer) or for Domestic Waste Management may only be used for those purposes.

Notes	Opening Balance 30 June 2006	Movements		Closing Balance 30 June 2007
		Transfers To Restriction	Transfers From Restriction	
	\$'000	\$'000	\$'000	\$'000
<b>Internal Restrictions</b>				
Employee Leave Entitlements	389	-	-	389
Construction of Buildings	-	-	-	-
Replacement - Plant & Vehicles	389	29	-	418
Office Equipment	-	-	-	-
Sinking Funds	-	-	-	-
Other	21	-	-	21
Works Reserve Fund	611	131	-	742
Economic Development Reserve	365	-	-	365
<b>Total Internal Restrictions</b>	<b>1,775</b>	<b>160</b>	<b>-</b>	<b>1,935</b>

Internal Restrictions arise pursuant to resolutions of Council to set aside reserves of cash resources either relating to liabilities recognised in these reports or to fund future expenditure for the stated purpose. Such reserves are not permitted to exceed the amounts of cash assets and cash investments not otherwise restricted.

# BERRIGAN SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

### Note 7 - RECEIVABLES

	2007 \$'000		2006 \$'000	
	Current	Non-Current	Current	Non-Current
Rates & Annual Charges	284	-	328	-
Interest & Extra Charges	-	-	-	-
User Charges & Fees	438	-	439	17
Accrued Revenues	138	-	110	-
Deferred Debtors	7	20	4	3
Other Levels of Government	140	-	37	-
HIH Rescue Package	6,060	-	5,205	-
Other	80	-	40	-
<b>Total</b>	<b>7,147</b>	<b>20</b>	<b>6,163</b>	<b>20</b>
Less: Allowance for Doubtful Debts				
Rates & Annual Charges	34	-	30	-
Interest & Extra Charges	-	-	-	-
User Charges & Fees	56	-	39	-
Other	-	-	-	-
<b>Total Receivables</b>	<b>7,057</b>	<b>20</b>	<b>6,094</b>	<b>20</b>

#### **Rates and Annual Charges**

Overdue rates and annual charges (being amounts not paid on or before the due date determined in accordance with the Local Government Act) are secured over the relevant land and are subject to simple interest at a rate of 9.00% (2006: 9.00%). Although Council is not materially exposed to any individual ratepayer, credit risk exposure is concentrated within the Council boundaries in the State of New South Wales.

#### **Deferred Debtors**

Loans made to ratepayers under the assisted housing scheme and to local organisations bear interest at rates varying between NIL and 3.08%. Council is not materially exposed to any individual debtor, and credit risk exposure is concentrated within the Council boundaries in the State of New South Wales.

#### **Government Grants and Subsidies**

Amounts due have been calculated in accordance with the terms and conditions of the respective programs following advice of grant approval, and do not bear interest. All amounts are due by Departments and Agencies of the Government of New South Wales and the Government of Australia.

#### **Other Receivables**

Amounts due (other than User Charges which are secured over the relevant land) are unsecured and do not bear interest. Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State of New South Wales.

#### **AGGREGATE ASSET ARISING FROM EMPLOYEE BENEFITS**

	-	-	-	-
<b>RESTRICTED RECEIVABLES</b>				
Water Supply	322	-	118	-
Sewerage Services	46	-	53	-
Domestic Waste Management	-	-	-	-
Other	-	-	-	-
<b>Total Restrictions</b>	<b>368</b>	<b>-</b>	<b>171</b>	<b>-</b>
Unrestricted Receivables	6,689	20	5,923	20
<b>Total Receivables</b>	<b>7,057</b>	<b>20</b>	<b>6,094</b>	<b>20</b>

# BERRIGAN SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

### Note 8 - INVENTORIES & OTHER ASSETS

	2007 \$'000		2006 \$'000	
	<u>Current</u>	<u>Non-Current</u>	<u>Current</u>	<u>Non-Current</u>
<b>INVENTORIES</b>				
Stores & Materials	142	-	140	-
Trading Stock	-	-	-	-
Real Estate Developments	258	-	175	193
Other	-	-	-	-
<b>Total Inventories</b>	<b>400</b>	-	315	193

Aggregate write-downs and other losses recognised as an expense, and reversals of these, were not material in amount in either year. All such reversals occurred principally as a result of clerical inaccuracies during stores operations.

#### **OTHER ASSETS**

Prepayments	123	-	131	-
Other	-	-	-	-
<b>Total Other Assets</b>	<b>123</b>	-	131	-

#### **Real Estate Developments**

*(Valued at the lower of cost and net realisable value)*

Residential	249	-	166	193
Industrial & Commercial	9	-	9	-
Other Properties surplus to requirements	-	-	-	-
<b>Total Real Estate for Resale</b>	<b>258</b>	-	175	193

#### *Represented by:*

Acquisition Costs	-	-	-	-
Development Costs	258	-	175	193
Borrowing Costs	-	-	-	-
Other Holding Costs	-	-	-	-
Other Properties - Book Value	-	-	-	-
	<b>258</b>	-	175	193
<i>Less: Provision for Under-Recovery</i>	-	-	-	-
<b>Total Real Estate for Resale</b>	<b>258</b>	-	175	193

#### **RESTRICTIONS EXIST IN RESPECT OF THE FOLLOWING:**

##### **Inventories**

Water Supplies	48	-	92	-
Sewerage Services	3	-	4	-
Other	-	-	-	-
<b>Other Assets</b>				
Water Supplies	-	-	30	-
Sewerage Services	-	-	576	-
Other	-	-	-	-
	<b>51</b>	-	702	-

## BERRIGAN SHIRE COUNCIL

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

#### Note 9 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	2006 \$'000				CARRYING AMOUNT MOVEMENTS DURING YEAR \$'000							2007 \$'000			
	AT COST	AT FAIR VALUE	ACCUM DEPN	CARRYING AMOUNT	Asset Purchases	Council Restructure	Asset Disposals	Depreciation	Impairment	Transfers	Net Revaluation	AT COST	AT FAIR VALUE	ACCUM DEPN	CARRYING AMOUNT
	Plant & Equipment	5,985	-	(2,640)	3,345	878	-	(260)	(710)	-	(65)	-	6,156	-	(2,969)
Office Equipment	671	-	(397)	274	70	-	(13)	(105)	-	(32)	-	572	-	(377)	195
Furniture & Fittings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Leased Plant & Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Land															
- Council owned (freehold)	2,301	-	-	2,301	204	-	-	-	-	(261)	-	2,244	-	-	2,244
- Council controlled	1,455	-	-	1,455	-	-	-	-	-	-	-	1,455	-	-	1,455
- non deprec land improv'ts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- land under roads	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Land Improvements - depreciable	249	-	-	249	20	-	-	-	-	(249)	-	20	-	-	20
Buildings	17,631	-	(11,094)	6,537	83	-	-	(334)	-	(241)	-	17,069	-	(11,024)	6,045
Other Structures	86	-	(151)	(65)	43	-	-	(18)	-	-	203	-	271	(108)	163
Infrastructure															
- Roads, bridges, footpaths	16,638	92,655	(23,491)	85,802	2,565	-	-	(1,583)	-	-	-	16,782	95,076	(25,074)	86,784
- Bulk earthworks (non-deprec.)	2,587	-	-	2,587	-	-	-	-	-	-	-	2,587	-	-	2,587
- Stormwater drainage	5,211	-	(1,586)	3,625	1,135	-	-	(95)	-	-	-	6,346	-	(1,681)	4,665
- Water Supply Network	25,744	-	(11,867)	13,877	259	-	-	(499)	-	(5)	11,296	-	36,450	(11,522)	24,928
- Sewerage Network	21,585	-	(13,793)	7,792	117	-	-	(400)	-	-	7,544	-	36,716	(21,663)	15,053
Other Assets															
- Heritage Collections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Library Books	471	-	(228)	243	38	-	-	(30)	-	23	-	-	603	(329)	274
- Other	-	-	-	-	-	-	-	-	-	249	-	249	-	-	249
Future Reinstatement Costs															
- Tips	98	-	(13)	85	(50)	-	-	(7)	-	-	-	48	-	(20)	28
- Quarries	26	-	(2)	24	(10)	-	-	(1)	-	-	-	16	-	(3)	13
Capital WIP	-	-	-	-	1,658	-	-	-	-	-	-	1,658	-	-	1,658
<b>Totals</b>	<b>100,738</b>	<b>92,655</b>	<b>(65,262)</b>	<b>128,131</b>	<b>7,010</b>	<b>-</b>	<b>(273)</b>	<b>(3,782)</b>	<b>-</b>	<b>(581)</b>	<b>19,043</b>	<b>55,202</b>	<b>169,116</b>	<b>(74,770)</b>	<b>149,548</b>

## BERRIGAN SHIRE COUNCIL

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

#### Note 9 (cont) - RESTRICTED INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	2007 \$'000				2006 \$'000			
	AT COST	AT VALUATION	ACCUM DEPN	CARRYING AMOUNT	AT COST	AT VALUATION	ACCUM DEPN	CARRYING AMOUNT
<b>Water Supply</b>								
Plant & Equipment	-	-	-	-	9	-	7	2
Office Equipment	-	-	-	-	-	-	-	-
Furniture & Fittings	-	-	-	-	-	-	-	-
Leased Plant & Equipment	-	-	-	-	-	-	-	-
Land	-	-	-	-	-	-	-	-
- Council owned (freehold)	255	-	-	255	255	-	-	255
- Council controlled	-	-	-	-	-	-	-	-
- non depreciable land improv'ts	-	-	-	-	-	-	-	-
Land Improvements - depreciable	-	-	-	-	-	-	-	-
Buildings	95	-	21	74	95	-	19	76
Other Structures	-	-	-	-	-	-	-	-
Water Supply Infrastructure	-	36,450	11,523	24,928	25,744	-	11,867	13,877
Capital WIP	1,242	-	-	1,242	-	-	-	-
<b>Total Water Supply</b>	<b>1,592</b>	<b>36,450</b>	<b>11,543</b>	<b>26,499</b>	<b>26,103</b>	<b>-</b>	<b>11,893</b>	<b>14,210</b>
<b>Sewerage Services</b>								
Plant & Equipment	-	-	-	-	-	-	-	-
Office Equipment	-	-	-	-	-	-	-	-
Furniture & Fittings	-	-	-	-	-	-	-	-
Leased Plant & Equipment	-	-	-	-	-	-	-	-
Land	-	-	-	-	-	-	-	-
- Council owned (freehold)	336	-	-	336	336	-	-	336
- Council controlled	-	-	-	-	-	-	-	-
- non depreciable land improv'ts	-	-	-	-	-	-	-	-
Land Improvements - depreciable	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-
Other Structures	-	-	-	-	-	-	-	-
Sewerage Infrastructure	-	36,716	21,663	15,053	21,584	-	13,792	7,792
- Roads, bridges, footpaths	-	-	-	-	-	-	-	-
- Other	-	-	-	-	-	-	-	-
<b>Total Sewerage Services</b>	<b>336</b>	<b>36,716</b>	<b>21,663</b>	<b>15,389</b>	<b>21,920</b>	<b>-</b>	<b>13,792</b>	<b>8,128</b>
<b>Domestic Waste Management</b>								
Plant & Equipment	17	-	2	15	-	-	-	-
Office Equipment	-	-	-	-	-	-	-	-
Furniture & Fittings	-	-	-	-	-	-	-	-
Leased Plant & Equipment	-	-	-	-	-	-	-	-
Land	-	-	-	-	-	-	-	-
- Council owned (freehold)	33	-	-	33	33	-	-	33
- Council controlled	-	-	-	-	-	-	-	-
- non depreciable land improv'ts	-	-	-	-	-	-	-	-
Land Improvements - depreciable	-	-	-	-	-	-	-	-
Buildings	255	-	94	161	255	-	81	174
Other Structures	-	-	-	-	-	-	-	-
Remediation	98	-	50	48	-	-	-	-
<b>Total Domestic Waste</b>	<b>403</b>	<b>-</b>	<b>146</b>	<b>257</b>	<b>288</b>	<b>-</b>	<b>81</b>	<b>207</b>
<b>TOTAL RESTRICTIONS</b>	<b>2,331</b>	<b>73,166</b>	<b>33,352</b>	<b>42,145</b>	<b>48,311</b>	<b>-</b>	<b>25,766</b>	<b>22,545</b>

# BERRIGAN SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

### Note 9 (CONT) – INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

#### Valuation of Assets

##### **Plant & Equipment, Office Equipment, Furniture & Fittings, Leased Plant & Equipment**

Assets acquired after 1 January 1993 are recorded at cost. Assets acquired prior to that date and depreciated in accordance with the Local Government Accounting Regulations 1979 are recorded at deemed cost, being the carrying value of those assets at 31 December 1992.

Major depreciation periods are:

Office Equipment	5 to 10 years
Office Furniture	10 to 20 years
Vehicles & Road-making Equip	5 to 8 years
Other Plant & Equipment	5 to 15 years

Asset capitalisation thresholds include:

Office Furniture & Equipment	\$1,000
Other Plant & Equipment	\$1,000

##### **Land - Council owned and Council controlled**

Freehold land was valued by independent valuation in the reporting period ended 30 June 1995. Pursuant to Council's election, these amounts are disclosed at deemed cost.

Land over which Council has control, but does not have title, was valued by Council officers at municipal site value during the reporting period ended 30 June 1995. Pursuant to Council's election, these amounts are disclosed at deemed cost. All land acquired after 1 July 1995 is recorded at cost. No capitalisation threshold is applied to the acquisition of land or interests in land.

##### **Operational Land**

Land classified by Council as operational land in accordance with Part 2 of Chapter 6 of the Local Government Act 1993, and buildings thereon, were valued by independent valuation (Valuer General) in the reporting period ended 30 June 1996. A valuation was undertaken in 1998/9 to adjust for additional rateable properties. At 1 July 2000, Council elected to adopt its valuations and disclosed them on the cost basis. Cost is in accordance with AAS38 (AASB1041) paragraph 10.4(a) of the standard.

##### **Community Land**

Land not classified by Council as operational land is deemed as community land and was valued by Council officers at municipal site value during the reporting period ended 30 June 1995. The Municipal Site Rate is calculated by dividing the land area (hectares) of all rateable land (excluding mining) into the dollar value of that rateable land as determined by the Valuer General and then applying that rate towards the non rateable property controlled by the Council. All assets have now been recorded at "deemed cost", being the carrying amount of those assets at 30 June 2002.

##### **Buildings**

Buildings were valued by independent valuation during the reporting period ended 30 June 1996 and pursuant to Council's election are disclosed at deemed cost. All acquisitions made after the respective dates of valuation are recorded at cost. Major depreciation periods are:

Buildings - masonry	20 to 100 years
Buildings – other construction	20 to 100 years

Asset capitalisation thresholds include:

New construction/extensions	\$10,000
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##### Current valuation

An independent valuation of all buildings, based on existing value in use as at 30 June 2003 was undertaken by Mr Gil Silby, principal of Gil Silby and Co. Pty Ltd. The value of the appraisal was \$17,164,700.

These new valuations have not been brought to account as Council will continue to adopt the "cost" basis for recording this class of assets.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2007

**Note 9 (CONT) – INFRASTRUCTURE, PROPERTY, PLANT AND EQUIPMENT**

**Land Improvements, Other Structures and Infrastructure**

Land improvements and other structures were valued by independent valuation during the reporting period ended 30 June 1996 and pursuant to Council's election are disclosed at deemed cost. All acquisitions made after the respective dates of valuation are recorded at cost. Major depreciation periods are:

Park Structures - masonry	20 to 100 years
Park Structures – other construction	20 to 100 years
Playground equipment	5 to 15 years
Benches, seats, etc	10 to 20 years

Asset capitalisation thresholds include:

Park Furniture & Equipment	\$5,000
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Water and sewer infrastructure was valued by Mr Fred Exton, Director of Technical Services, Berrigan Shire Council at written down current replacement cost during the reporting period ended 30 June 2007 and are disclosed at valuation.

Major depreciation periods are:

Dams and Reservoirs	80 to 100 years
Bores	20 to 40 years
Reticulation Pipes	70 to 80 years
Pumps & Telemetry	15 to 15 years

Asset capitalisation thresholds include:

Reticulation extensions	\$5,000
Sidelines & household connections	\$5,000

As part of the revaluation process effective lives of water and sewer assets were also reviewed, the effective lives above are as at 30 June 2007.

Transportation assets were valued by Mr. Fred Exton, Director of Technical Services, Berrigan Shire Council at written down current replacement cost during the reporting period ended 30 June 2006 and are disclosed at valuation.

Major depreciation periods are:

Sealed Roads - Surface	15 to 25 years
Sealed Roads – Structure	20 to 50 years
Unsealed Roads	10 to 20 years
Bridges – Concrete	80 to 100 years
Bulk Earthworks	indefinite

Asset capitalisation thresholds include:

Road construction & reconstruction	\$10,000
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Stormwater drainage infrastructure was valued by Council officers as at 30 June 1997 at written down current replacement cost, based on actual costs incurred during the reporting period ended 30 June 1997 and pursuant to Council's election are disclosed at deemed cost. All acquisitions made after the respective dates of valuation are recorded at cost. Major depreciation periods are:

Drains	80 to 100 years
Culverts	50 to 75 years
Flood Control Structures	80 to 100 years

Asset capitalisation thresholds include:

Drains & Culverts	\$5,000
-------------------	---------

**All other assets**

Assets acquired after 1 January 1993 are recorded at cost. Assets acquired prior to that date and depreciated in accordance with the Local Government Accounting Regulations 1979 are recorded at deemed cost, being the carrying value of those assets at 31 December 1992.

Major depreciation periods are:

Library Books	5 to 20 years
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# BERRIGAN SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

### Note 10 - PAYABLES, INTEREST BEARING LIABILITIES AND PROVISIONS

	2007 \$'000		2006 \$'000	
	Current	Non-Current	Current	Non-Current
<b>PAYABLES</b>				
Goods & Services	741	-	783	-
Payments received in advance	31	-	36	-
Accrued Expenses	132	-	157	-
Advances	-	-	-	-
Retirement Home Contributions	-	-	-	-
Deposits, Retentions & Bonds	153	-	17	-
Other	66	-	66	-
<b>Total Payables</b>	<b>1,123</b>	<b>-</b>	<b>1,059</b>	<b>-</b>
<b>INTEREST BEARING LIABILITIES</b>				
Bank Overdraft	-	-	-	-
Loans	539	1,002	436	552
Government Advances	5,955	-	5,205	-
Ratepayer Advances	-	-	-	-
Finance Lease Liability	-	-	-	-
Deferred Payment Liabilities	-	-	-	-
Other	-	-	-	-
<b>Total Interest Bearing Liabilities</b>	<b>6,494</b>	<b>1,002</b>	<b>5,641</b>	<b>552</b>
<i>All interest bearing liabilities are secured over the future revenues of the Council.</i>				
<b>PROVISIONS</b>				
Annual Leave	569	-	536	-
Sick Leave	-	-	-	-
Long Service Leave	856	39	818	36
Gratuities	-	-	-	-
Insurance Losses	-	-	-	-
Reinstatement, remediation, etc.	-	86	-	137
Other	35	-	29	-
<b>Total Provisions</b>	<b>1,460</b>	<b>125</b>	<b>1,383</b>	<b>173</b>
<b>AGGREGATE LIABILITY ARISING FROM EMPLOYEE BENEFITS</b>				
	<b>1,425</b>	<b>39</b>	<b>1,354</b>	<b>36</b>

Movements in Provisions	Employee Benefits	Insurance Losses	Reinstatement, etc	Other
Opening Balance	1,390	-	137	29
Add: Additional amounts recognised	490	-	-	20
Unwinding of present value discounts	-	-	8	-
(Less): Payments	(417)	-	-	(19)
Add (Less): Remeasurement Adjustments	1	-	(59)	5
Add (Less): Transfer on Council Restructure	-	-	-	-
Closing Balance	<b>1,464</b>	<b>-</b>	<b>86</b>	<b>35</b>

**Provision for Reinstatement, remediation and rehabilitation**

Council is required by law to reinstate / rehabilitate the areas of certain tips and quarries for roadmaking materials when it ceases to use each facility. Engineering estimates have been based on current reinstatement standards and discounted to its present value over the estimated remaining life of each facility at the rates applicable to government securities for equivalent terms.

# BERRIGAN SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

### Note 10 - PAYABLES, INTEREST BEARING LIABILITIES AND PROVISIONS (cont)

	2007		2006	
	\$'000		\$'000	
	<u>Current</u>	<u>Non-Current</u>	<u>Current</u>	<u>Non-Current</u>
<b>LIABILITIES relating to RESTRICTED ASSETS</b>				
<u>Domestic Waste Management</u>				
Payables	-	65	-	-
Interest Bearing Liabilities	-	-	-	-
Provisions	-	-	-	-
Subtotal	-	65	-	-
<u>Water Supplies</u>				
Payables	-	-	7	-
Interest Bearing Liabilities	258	915	171	184
Provisions	-	-	8	-
Subtotal	258	915	186	184
<u>Sewerage Services</u>				
Payables	-	-	2	-
Interest Bearing Liabilities	-	-	-	-
Provisions	-	-	4	-
Subtotal	-	-	6	-
<u>Other</u>				
Creditors	-	-	-	-
Borrowings	-	-	-	-
Provisions	-	-	-	-
Subtotal	-	-	-	-
<b>TOTAL</b>	<b>258</b>	<b>980</b>	<b>192</b>	<b>184</b>

# BERRIGAN SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

### Note 11 - RECONCILIATION TO CASH FLOW MOVEMENTS

**(a) Reconciliation of Cash**

*Cash equivalents comprise highly liquid investments with short periods to maturity subject to insignificant risk of changes of value. Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:*

	2007 \$'000	2006 \$'000
Total cash & equivalents	7,905	4,156
Less: Bank Overdraft	-	-
Balances per Statement of Cash Flows	7,905	4,156

**(b) Reconciliation of Net Operating result to to Cash provided  
from Operating Activities**

Change in Net Assets resulting from Operations	1,722	2,308
Minority Interest in Operating Result	-	-
Add: Depreciation, Amortisation & Impairment	3,782	3,511
Unwinding of present value discounts and premiums	-	-
Increase in provision for doubtful debts	21	5
Increase in employee leave entitlements	74	41
Increase in other provisions	-	-
Decrease in receivables	-	-
Decrease in inventories	-	5
Decrease in other current assets	8	-
Increase in creditors	-	383
Increase in accrued expenses payable	-	39
Increase in other payables	136	-
Loss on Sale of Assets	-	-
Equity share of loss in Associates	-	-
Equity adjustment in Associates (decrease)	-	-
Decrements from Revaluations	-	-
Loss on Council restructure	-	-
	5,743	6,292
Less: Decrease in provision for doubtful debts	-	-
Present value discounts & premiums recognised	-	-
Decrease in employee leave entitlements	-	-
Decrease in other provisions	45	422
Increase in receivables	964	5,287
Increase in inventories	-	-
Increase in other current assets	-	12
Decrease in creditors	47	-
Decrease in accrued expenses payable	25	-
Decrease in other payables	-	18
Gain on Sale of Assets	104	234
Equity share of profit in Associates	-	-
Equity adjustment in Associates (increase)	-	-
Fair value adjustments as revenue items	-	-
Reversal of previous Revaluation Decrements	-	-
Non-cash acquisitions of assets	(57)	-
Gain on Council restructure	-	-
<b>Net Cash provided by (or used in) operations</b>	<b>4,615</b>	<b>319</b>

# BERRIGAN SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

### Note 11 (CONT) - RECONCILIATION TO CASH FLOW MOVEMENTS

	2007 \$'000	2006 \$'000
<b>(c) Non-Cash Financing and Investing Activities</b>		
Acquisition of assets by means of:		
- Developer Contributions received in kind	-	-
- Estimated future reinstatement costs	(57)	-
- Other	-	-
	<u>(57)</u>	<u>-</u>
- Finance Leases	-	-
- Land taken over for non-payment of Rates	-	-
	<u>(57)</u>	<u>-</u>

### (d) Financing Arrangements

Unrestricted access was available at balance date to the following lines of credit:

Bank Overdrafts		
Total Facilities	-	-
Corporate Credit Cards	5	5

## BERRIGAN SHIRE COUNCIL

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

#### Note 12 - COMMITMENTS FOR EXPENDITURE

	2007 \$'000	2006 \$'000
<b>(a) Capital Commitments</b>		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Land	-	-
Construction of Investment Property	-	-
Buildings	2	-
Other Structures	303	-
Plant & Equipment	85	915
	<b>390</b>	<b>915</b>
These expenditures are payable:		
Not later than one year	390	915
Later than one year and not later than 5 years	-	-
Later than 5 years	-	-
	<b>390</b>	<b>915</b>

#### **(b) Other Expenditure Commitments**

Other expenditure committed for (excluding inventories) at the reporting date but not recognised in the financial statements as liabilities:

Audit Services	96	14
Waste Management Services	243	500
Plant & Equipment	-	-
	<b>339</b>	<b>514</b>
These expenditures are payable:		
Not later than one year	259	271
Later than one year and not later than 5 years	80	243
Later than 5 years	-	-
	<b>339</b>	<b>514</b>

#### **(c) Finance Lease Commitments**

Berrigan Shire Council has no commitments under finance leases at the reporting date.

## BERRIGAN SHIRE COUNCIL

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

#### Note 12 (CONT) - COMMITMENTS FOR EXPENDITURE

	2007 \$'000	2006 \$'000
<b>(d) Operating Lease Commitments (Non-Cancellable)</b>		

Berrigan Shire Council has no commitments under non-cancellable operating leases at the reporting date.

#### **(e) Remuneration Commitments**

Commitments for the payment of salaries and other remuneration under long-term employment contracts in existence at reporting date but not recognised as liabilities, payable:

Not later than one year	357	391
Later than one year and not later than 5 years	812	752
Later than 5 years	-	-
	<u>1,169</u>	<u>1,143</u>

## BERRIGAN SHIRE COUNCIL

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

#### Note 13 - STATEMENT OF PERFORMANCE MEASUREMENT

	<u>Amounts</u>	<u>2007 Indicators</u>	2006	2005	2004
<b>Unrestricted Current Ratio</b>					
<u>Current Assets - External Restrictions</u>	\$11,976	1.51:1	1.33:1	1.91:1	2.82:1
Current Liabilities not relating to Restricted Assets	\$7,944				
<b>Debt Service Ratio</b>					
<u>Net Debt Service Cost</u>	\$886	6.65%	5.74%	7.20%	8.99%
Income from continuing operations excluding capital items	\$13,321				
<b>Rate &amp; Annual Charges Coverage Ratio</b>					
<u>Rates &amp; Annual Charges Revenues</u>	\$5,915	37.79%	31.61%	42.79%	45.53%
Total Revenues	\$15,653				
<b>Rates &amp; Annual Charges Outstanding Percentage</b>					
<u>Rates &amp; Annual Charges Outstanding</u>	\$250	4.01%	4.55%	4.39%	3.88%
Rates & Annual Charges Collectible	\$6,239				

*Detailed methods of calculation of these indicators is defined in the Code.*

## BERRIGAN SHIRE COUNCIL

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

#### Note 14 - INVESTMENT PROPERTY

Berrigan Shire Council did not own investment property in the financial years ending  
30 June 2006 and 30 June 2007

# BERRIGAN SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

### Note 15 - FINANCIAL INSTRUMENTS

#### Interest Rate Risk Exposures

2007	Floating Interest Rate '000	<u>Fixed interest maturing in</u>						Non- interest bearing '000	Total '000
		≤ 1 year '000	1 - 2 years '000	2 - 3 years '000	3 - 4 years '000	4 - 5 years '000	> 5 years '000		
<b>Financial Assets</b>									
Cash Assets	4,503	3,400	-	-	-	-	-	2	7,905
Investment Securities	-	2,900	-	-	-	-	-	-	2,900
<u>Receivables</u>									
Rates & Annual Charges	-	250	-	-	-	-	-	-	250
User Charges & Fees	-	-	-	-	-	-	-	382	382
Deferred Debtors	-	7	7	6	5	2	-	-	27
Other levels of Govt.	-	-	-	-	-	-	-	140	140
HIH Rescue Package	-	-	-	-	-	-	-	6,060	6,060
Other	-	-	-	-	-	-	-	80	80
Other Assets	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>4,503</b>	<b>6,557</b>	<b>7</b>	<b>6</b>	<b>5</b>	<b>2</b>	-	<b>6,664</b>	<b>17,744</b>
<i>Weighted Average Interest Rate</i>	5.97%	6.59%	3.08%	3.08%	3.08%	3.08%	0.00%	-	-
<b>Financial Liabilities</b>									
<u>Payables</u>									
Goods & Services	-	-	-	-	-	-	-	741	741
Payments in advance	-	-	-	-	-	-	-	31	31
Advances	-	-	-	-	-	-	-	-	-
Retirement Home Contribs.	-	-	-	-	-	-	-	-	-
Deposits, Retentions, Bonds	-	-	-	-	-	-	-	153	153
Other	-	-	-	-	-	-	-	66	66
Interest Bearing Liabilities	-	6,494	165	84	90	96	567	-	7,496
Finance Lease Liabilities	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>6,494</b>	<b>165</b>	<b>84</b>	<b>90</b>	<b>96</b>	<b>567</b>	<b>991</b>	<b>8,487</b>
<i>Weighted Average Interest Rate</i>	0.00%	6.07%	6.48%	6.78%	6.77%	6.77%	6.77%	-	-
<b>NET FINANCIAL ASSETS (LIABILITIES)</b>	<b>4,503</b>	<b>63</b>	<b>(158)</b>	<b>(78)</b>	<b>(85)</b>	<b>(94)</b>	<b>(567)</b>	<b>5,673</b>	<b>9,257</b>
<b>2006</b>									
<b>Financial Assets</b>									
Cash Assets	4,156	-	-	-	-	-	-	-	4,156
Investment Securities	-	7,300	-	-	-	-	-	-	7,300
<u>Receivables</u>									
Rates & Annual Charges	-	300	-	-	-	-	-	-	300
User Charges & Fees	-	-	-	-	-	-	-	417	417
Deferred Debtors	-	4	1	1	-	-	-	-	6
Other levels of Govt.	-	-	-	-	-	-	-	37	37
Retirement Home Contribs.	-	-	-	-	-	-	-	5,205	5,205
Other	-	-	-	-	-	-	-	40	40
Other Assets	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>4,156</b>	<b>7,604</b>	<b>1</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,699</b>	<b>17,461</b>
<i>Weighted Average Interest Rate</i>	5.65%	5.83%	2.50%	2.50%	2.50%	0.00%	0.00%	-	-
<b>Financial Liabilities</b>									
<u>Payables</u>									
Goods & Services	-	-	-	-	-	-	-	783	783
Payments in advance	-	-	-	-	-	-	-	36	36
Advances	-	-	-	-	-	-	-	-	-
Retirement Home Contribs.	-	-	-	-	-	-	-	-	-
Deposits, Retentions, Bonds	-	-	-	-	-	-	-	17	17
Other	-	-	-	-	-	-	-	66	66
Interest Bearing Liabilities	-	5,641	465	86	1	-	-	-	6,193
Finance Lease Liabilities	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>5,641</b>	<b>465</b>	<b>86</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>902</b>	<b>7,095</b>
<i>Weighted Average Interest Rate</i>	0.00%	6.06%	6.23%	6.22%	7.50%	0.00%	0.00%	-	-
<b>NET FINANCIAL ASSETS (LIABILITIES)</b>	<b>4,156</b>	<b>1,963</b>	<b>(464)</b>	<b>(85)</b>	<b>(1)</b>	<b>-</b>	<b>-</b>	<b>4,797</b>	<b>10,366</b>



## BERRIGAN SHIRE COUNCIL

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

#### Note 15 (CONT) - RECONCILIATION OF FINANCIAL ASSETS & LIABILITIES

##### Credit Risk Exposures

Credit risk represents the loss that would be recognised if counterparties fail to perform as contracted. The maximum credit risk on financial assets of the Council is the carrying amount, net of any impairment. Except as detailed in Note 7 in relation to individual classes of financial assets, exposure is concentrated within the Council's boundaries within the State of New South Wales, and there is no material exposure to any individual debtor.

<u>Reconciliation of Financial Assets &amp; Liabilities</u>	2007 \$'000	2006 \$'000
Net financial assets from previous page		
Financial Assets	17,744	17,461
Financial Liabilities	<u>8,487</u>	<u>7,095</u>
	9,257	10,366
Non-financial assets and liabilities		
Accrued Revenues	138	110
Inventories	400	508
Property, Plant & Equipment	149,548	128,131
Investment Property	-	-
Interest in Associated Bodies	-	-
Other Assets	123	131
Non-current assets held for resale	548	-
Accrued Expenses	(132)	(157)
Provisions	(1,585)	(1,556)
Other liabilities		
	<u>149,040</u>	<u>127,167</u>
Net Assets per Statement of Financial Position	<u>158,297</u>	<u>137,533</u>

##### **Net Fair Value**

All carrying values approximate fair value for all recognised financial instruments. With the exception of investments, there is no recognised market for the financial assets of the Council.

# BERRIGAN SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

### Note 16 – MATERIAL BUDGET VARIATIONS

Council's original budget comprised part of the Management Plan adopted by Council on 21 June 2006. The original projections on which the budget was based have been affected by decisions and new grant programs initiated by State and Federal Governments, by the weather, and by decisions made by the Council.

This Note sets out the principal variations between the original Budget and Actual results for the Statement of Financial Performance. Material favourable (F) and unfavourable (U) variances represent amounts of 10% or more of the budgeted amount.

Further information of the nature and amount of all variations is available from the Council office upon request.

	Budget \$'000	Actual \$'000	Var% \$'000
<b>Revenue</b>			
<b>Rates and Charges</b>	<b>6,714</b>	<b>5,915</b>	<b>799(U) 11.9%</b>
The water consumption charge was included in the budget in the Rates and Annual charges section of the Income Statement. An analysis of the nature of this charge indicated a better fit in the User Charges and Fees section of the Statement. If the water consumption charge was included where originally budgeted the actual amount of Rates and Charges would be \$6,841 with a variance of 2% from budget			
<b>User Charges and Fees</b>	<b>1,132</b>	<b>2,042</b>	<b>910(F) 80.4%</b>
The water consumption charge was included in the budget in the Rates and Annual charges section of the Income Statement. An analysis of the nature of this charge indicated a better fit in the User Charges and Fees section of the Statement. If the water consumption charge was included where originally budgeted the actual amount of User Charges and Fees would be \$1,116 with a variance of 1% from budget			
<b>Interest Received</b>	<b>156</b>	<b>772</b>	<b>616(F) 394.9%</b>
Interest receipts are significantly higher than expected due to a combination of a higher than budgeted level of reserves held and better returns on investment as a result of the Council's Investment Policy. The Council did not include any interest income from the Council's managed funds in its original budget.			
<b>Other Revenues</b>	<b>251</b>	<b>1,399</b>	<b>1,148(F) 457.4%</b>
The Council recognised as income funds received under the HIH rescue scheme to fund legal expenses awarded against it in the Ballerini case. A corresponding expense was also recognised.			
<b>Grants &amp; Contributions - Capital</b>	<b>471</b>	<b>874</b>	<b>403(F) 85.6%</b>
The Council received additional capital grant funding over budget in 2006/07 including additional funding for Capital Works to enable continuity of water supply to the towns of Berrigan and Finley.			

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2007

**Note 16 (CONT) – MATERIAL BUDGET VARIATIONS**

**Expenditure**

**Borrowing Costs** **281** **447** **166(U) 59%**

Additional interest was payable on an advance from NSW Treasury Corporation used to fund damages and legal costs awarded against Council in the Ballerini case. This is as a result of delays in finalising the legal costs with the plaintiff and other parties delaying the assessment of the Council's application for assistance under the HIH Rescue Package. Interest on the advance is accruing at a rate of around \$30,000 per month.

**Materials and Contracts** **2,876** **3,385** **509(U) 17.7%**

Council recognised an expense for legal costs awarded against it in the Ballerini case. A corresponding revenue item was also recognised.

**Depreciation** **2,755** **3,782** **1,027(U) 37.3%**

Council incurred additional depreciation expense as a result of the revaluation and reassessment of the Council's road assets in 2005/2006 financial year.

## BERRIGAN SHIRE COUNCIL

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

#### Note 17 - STATEMENT OF CONTRIBUTION PLANS

##### SUMMARY OF CONTRIBUTIONS

PURPOSE	OPENING BALANCE	CONTRIBUTIONS RECEIVED DURING YEAR		INTEREST EARNED DURING YEAR	EXPENDED DURING YEAR	INTERNAL BORROWINGS (to)/from	HELD AS RESTRICTED ASSET	PROJECTED FUTURE CONTRIBS	PROJECTED COST OF WORKS REMAINING	PROJECTED OVER/(UNDER) FUNDING
		CASH	NON-CASH							
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Drainage	28	27	-	-	55	-	-	-	-	-
Roads	-	26	-	-	26	-	-	-	-	-
Traffic Facilities	-	-	-	-	-	-	-	-	-	-
Parking	3	-	-	-	-	-	3	-	-	3
Open Space	53	26	-	-	-	-	79	-	-	79
Community facilities	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Subtotal S94 under plans	84	79	-	-	81	-	82	-	-	82
Sec 94 not under plans	-	-	-	-	-	-	-	-	-	-
Sec 94 A levies	-	-	-	-	-	-	-	-	-	-
Planning Agreements	-	-	-	-	-	-	-	-	-	-
Sec 64 Contributions	35	39	-	-	-	-	74	-	-	74
<b>Total Contributions</b>	<b>119</b>	<b>118</b>	<b>-</b>	<b>-</b>	<b>81</b>	<b>-</b>	<b>156</b>	<b>-</b>	<b>-</b>	<b>156</b>

**Note:** The above summary of contribution plans represents the total of Council's individual contribution plans. Individual plan details are shown below.

##### CONTRIBUTION PLAN - BSC 01

PURPOSE	OPENING BALANCE	CONTRIBUTIONS RECEIVED DURING YEAR		INTEREST EARNED DURING YEAR	EXPENDED DURING YEAR	INTERNAL BORROWINGS (to)/from	HELD AS RESTRICTED ASSET	PROJECTED FUTURE CONTRIBS	PROJECTED COST OF WORKS REMAINING	PROJECTED OVER/(UNDER) FUNDING
		CASH	NON-CASH							
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Drainage	28	27	-	-	55	-	-	-	-	-
Roads	-	26	-	-	26	-	-	-	-	-
Traffic Facilities	-	-	-	-	-	-	-	-	-	-
Parking	3	-	-	-	-	-	3	-	-	3
Open Space	53	26	-	-	-	-	79	-	-	79
Community facilities	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>84</b>	<b>79</b>	<b>-</b>	<b>-</b>	<b>81</b>	<b>-</b>	<b>82</b>	<b>-</b>	<b>-</b>	<b>82</b>

# BERRIGAN SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

### **Note 18 - CONTINGENCIES & ASSETS & LIABILITIES NOT RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION**

The following assets and liabilities do not qualify for recognition in the Statement of Financial Position but knowledge of those items is considered relevant to user of the financial report in making and evaluating decisions about the allocation of scarce resources.

#### **1. POTENTIAL INSURANCE LOSSES**

Council is a multi-purpose organisation providing a large range of building, parks infrastructure, playgrounds and other facilities accessible to the public. At any time, it is likely that claims will have been made against Council that remain unsettled.

Council insures against all known insurable risks using a range of insurance policies, each of which is subject to a deductible "insurance excess", the amount of which varies according to the class of insurance.

The minor nature of claims known at reporting date has meant the Council has not recognised any potential losses arising from them. Other potential claims that may be material in nature and not reported to Council may have existed at reporting date.

### **Note 19 - JOINT VENTURES AND ASSOCIATED ENTITIES**

Berrigan Shire Council did not have any joint ventures or associated entities in the financial years ending 30 June 2006 and 30 June 2007

# BERRIGAN SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

### Note 20 - ASSET REVALUATION RESERVES AND RETAINED EARNINGS

	2007 \$'000	2006 \$'000
<b>(a) Revaluation Reserves</b>		
Balance at beginning of reporting period	54,682	-
Add: Revaluation increments transferred to the reserve relating to:		
Infrastructure	-	-
- Roads	-	54,682
- Water	11,296	-
- Sewer	7,544	-
- Aerodrome	203	-
Subtotal	19,043	54,682
Less: Revaluation decrements transferred from the reserve relating to:		
Infrastructure	-	-
- Roads	-	-
- Water	-	-
- Sewer	-	-
- Aerodrome	-	-
Subtotal	-	-
<b>Balance at end of reporting period</b>	<b>73,725</b>	<b>54,682</b>
<b>(b) Retained Earnings</b>		
Movements in retained earnings were as follows:		
At beginning of year	82,850	80,542
Adjustment on adoption of AASB 132 and AASB 139	-	-
Net operating result for the year	1,722	2,308
At the end of the year	84,572	82,850

**(c) Nature and purpose of reserves**

**(i) Infrastructure, property, plant and equipment revaluation reserve**

The infrastructure, property, plant and equipment revaluation reserve is used to record increments and decrements on the revaluation of non-current assets.

# BERRIGAN SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

### Note 21 - REINSTATEMENT, REHABILITATION AND RESTORATION LIABILITIES

#### Tip Remediation

Berrigan Shire Council currently owns and operates three sites for the collection and/or disposal of solid waste materials the Finley Recycle Centre, Tocumwal Inert Hard Waste Depot and the Berrigan Landfill. Council is required by law to restore the present tip sites. The projected cost of these restoration has been discounted to its present value at 6.25% per annum.

	2007 \$'000	2006 \$'000
At beginning of year	108	102
Amounts capitalised to Tip Asset		
- New disturbance	-	-
- Revised Costs	-	-
- Revised Life	-	-
- Revised discount rate	(49)	-
Amortisation of discount - expensed borrowing costs	6	6
At end of year	65	108

#### Gravel Pit Remediation

Berrigan Shire Council currently owns and operates one mine known as the Pine Lodge Gravel Pit for the supply of roadmaking materials, sand and loam. Council is required by law to restore the present pit site. The projected cost of this restoration has been discounted to its present value at 6.25% per annum.

	2007 \$'000	2006 \$'000
At beginning of year	28	27
Amounts capitalised to Tip Asset		
- New disturbance	-	-
- Revised Costs	-	-
- Revised Life	-	-
- Revised discount rate	(10)	-
Amortisation of discount - expensed borrowing costs	2	1
At end of year	20	28

# BERRIGAN SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

### Note 22 - NON-CURRENT ASSETS HELD FOR RESALE

	2007	2006
Land	246	-
Buildings	302	-
	<u>548</u>	<u>-</u>

Council has two parcels of land including buildings which it has made a decision to dispose of. The sites are currently available for sale and are actively being marketed by local real estate agents.



# BERRIGAN SHIRE COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

### Note 23 - EVENTS OCCURRING AFTER BALANCE SHEET DATE

#### HIH Rescue Package

In June 2007 the Council lodged an Application for Assistance for HIH Deficiency (HIH Rescue Package) to cover losses incurred due to the Ballerini incident.

The damages and legal costs have been funded directly by the Council through a line of credit established with the New South Treasury Corporation. The advance totals \$6.0 million and is accruing interest at approximately \$30,000 per month. This advance has been recognised as a liability in the statements

The initial claim included the damages awarded against the Council, legal costs and the interest on the Treasury advance, which would, except for the insolvency of the HIH group have been covered by the Council's public liability insurance. A receivable was recorded in the statements for this claim.

In August 2007, the Council was advised that any claim against the HIH rescue package that included the interest on the advance would not be successful. While the Council is of the opinion that the interest costs would not have been incurred except for the insolvency of the HIH group, the claim was modified to exclude the interest cost to enable the swift processing of the claim. The receivable recorded in these statements relating to the claim was subsequently adjusted to reflect this change.

The Council has been advised that the revised application meets the HIH rescue package criteria however the length of time between lodgement of the claim and when reimbursement will be received through the package is unknown.

#### Berrigan Library

The Council had committed in 2006/07 to construct a new central library for the Berrigan Shire Library Service to replace the existing library in Berrigan. To this end the Council acquired the block at 52-54 Chanter Street Berrigan adjacent to the Shire Chambers and Administration Building, demolished the existing building and issued tenders for the construction of a new library.

The tender process was protracted due to negotiations with the preferred tenderer involving some significant changes to the scope of works to keep the project costs within budget. In September 2007, a contract to construct the new central library was entered into with RJ & C Lucas Pty Ltd for \$626,966 incl. GST. Work is expected to be complete in March 2008.

The existing library was sold in July 2007 for \$75,000 incl. GST. The Council is leasing this building back from the purchaser for 12 months for the use of the library service at a total cost of \$5,200.

#### Water Restrictions

The Council introduced Stage 4 Water Restrictions from 1 July 2007. These restrictions severely curtail the use of water for lawns, gardens and other outside uses. While it is likely that the restrictions will have an effect on revenue from water usage charges in 2007/08, the effect on the water fund and the Council as a whole is unknown at this stage.