

Financial Reports

30 June 2009



A progressive and prosperous community that we proudly call home

Mid-Western Regional Council

GENERAL PURPOSE FINANCIAL REPORT
for the year ended 30 June 2009

*“a prosperous and progressive
community that we proudly call home”*



Mid-Western Regional Council

General Purpose Financial Report for the financial year ended 30 June 2009

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Overview

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

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

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

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

- (iii) All figures presented in this Financial Report represent Australian Currency.
- (iv) This Financial Report was authorised for issue by the Council on 25/09/09. Council has the power to amend and reissue the financial report.
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Mid-Western Regional Council

General Purpose Financial Report for the financial year ended 30 June 2009

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

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

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

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

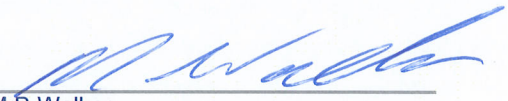
- presents fairly the Council's operating result and financial position for the year, and
- accords with Council's accounting and other records.

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

Signed in accordance with a resolution of Council made on 19 August 2009.




J P Thompson
MAYOR



M B Walker
COUNCILLOR



W L Bennett
GENERAL MANAGER



C E Phelan
RESPONSIBLE ACCOUNTING OFFICER

Mid-Western Regional Council

Income Statement

for the financial year ended 30 June 2009

Budget ⁽¹⁾				Actual	Actual
2009	\$ '000		Notes	2009	2008
Income from Continuing Operations					
Revenue:					
18,748	Rates & Annual Charges		3a	18,717	19,018
10,160	User Charges & Fees		3b	10,357	12,138
1,221	Interest & Investment Revenue		3c	2,055	1,985
2,056	Other Revenues		3d	1,365	1,353
10,053	Grants & Contributions provided for Operating Purposes		3e,f	12,515	10,033
7,635	Grants & Contributions provided for Capital Purposes		3e,f	7,866	3,961
Other Income:					
2,431	Net gains from the disposal of assets		5	-	-
-	Net Share of interests in Joint Ventures & Associated Entities using the Equity Method		19	-	-
52,304	Total Income from Continuing Operations			52,875	48,488
Expenses from Continuing Operations					
17,044	Employee Benefits & On-Costs		4a	16,801	15,669
610	Borrowing Costs		4b	530	584
12,080	Materials & Contracts		4c	11,602	13,989
8,546	Depreciation & Amortisation		4d	9,670	8,545
-	Impairment		4d	-	-
3,769	Other Expenses		4e	4,155	3,809
-	Interest & Investment Losses		3c	-	-
-	Net Losses from the Disposal of Assets		5	33	242
42,049	Total Expenses from Continuing Operations			42,791	42,838
10,255	Operating Result from Continuing Operations			10,084	5,650
Discontinued Operations					
-	Net Profit/(Loss) from Discontinued Operations		24	-	-
10,255	Net Operating Result for the Year			10,084	5,650
10,255	Net Operating Result attributable to Council			10,084	5,650
-	Net Operating Result attributable to Minority Interests			-	-
2,620	Net Operating Result for the year before Grants and Contributions provided for Capital Purposes			2,218	1,689

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

Mid-Western Regional Council

Balance Sheet

as at 30 June 2009

\$ '000	Notes	Actual 2009	Actual 2008
ASSETS			
Current Assets			
Cash & Cash Equivalents	6a	33,259	26,934
Investments	6b	2,950	7,250
Receivables	7	3,189	2,823
Inventories	8	615	525
Other	8	2	-
Non-current assets classified as "held for sale"	22	50	65
Total Current Assets		40,065	37,597
Non-Current Assets			
Investments	6b	2,195	2,133
Receivables	7	-	124
Inventories	8	1,821	-
Infrastructure, Property, Plant & Equipment	9	338,777	329,128
Investments accounted for using the equity method	19	-	-
Investment Property	14	-	-
Intangible Assets	25	221	136
Other	8	-	-
Total Non-Current Assets		343,014	331,521
TOTAL ASSETS		383,079	369,118
LIABILITIES			
Current Liabilities			
Payables	10	4,318	3,473
Borrowings	10	509	681
Provisions	10	4,715	4,033
Total Current Liabilities		9,542	8,187
Non-Current Liabilities			
Payables	10	-	-
Borrowings	10	6,832	7,143
Provisions	10	1,180	1,049
Total Non-Current Liabilities		8,012	8,192
TOTAL LIABILITIES		17,554	16,379
Net Assets		365,525	352,739
EQUITY			
Retained Earnings	20	274,863	264,619
Revaluation Reserves	20	90,662	88,120
Council Equity Interest		365,525	352,739
Minority Equity Interest		-	-
Total Equity		365,525	352,739

Mid-Western Regional Council

Statement of Changes in Equity for the financial year ended 30 June 2009

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Equity Interest	Minority Interest	Total Equity
2009						
Opening Balance (as per Last Year's Audited Accounts)		264,619	88,120	352,739	-	352,739
a. Correction of Prior Period Errors	20 (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
Revised Opening Balance (as at 1/7/08)		264,619	88,120	352,739	-	352,739
c. Current Year Income & Expenses Recognised direct to Equity						
- Transfers to/(from) Asset Revaluation Reserve	20b (ii)	-	2,640	2,640	-	2,640
- Transfers to/(from) Other Reserves	20b (ii)	-	-	-	-	-
- Other Income/Expenses recognised	20b (ii)	-	62	62	-	62
- Other Adjustments	20b (ii)	-	-	-	-	-
Net Income Recognised Directly in Equity		-	2,702	2,702	-	2,702
d. Net Operating Result for the Year		10,084	-	10,084	-	10,084
Total Recognised Income & Expenses (c&d)		10,084	2,702	12,786	-	12,786
e. Distributions to/(Contributions from) Minority Interests		-	-	-	-	-
f. Transfers between Equity		160	(160)	-	-	-
Equity - Balance at end of the reporting period		274,863	90,662	365,525	-	365,525

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Equity Interest	Minority Interest	Total Equity
2008						
Opening Balance (as per Last Year's Audited Accounts)		258,969	21,112	280,081	-	280,081
a. Correction of Prior Period Errors	20 (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
Revised Opening Balance (as at 1/7/07)		258,969	21,112	280,081	-	280,081
c. Current Year Income & Expenses Recognised direct to Equity						
- Transfers to/(from) Asset Revaluation Reserve	20b (ii)	-	67,320	67,320	-	67,320
- Transfers to/(from) Other Reserves	20b (ii)	-	-	-	-	-
- Other Income/Expenses recognised	20b (ii)	-	(312)	(312)	-	(312)
- Other Adjustments	20b (ii)	-	-	-	-	-
Net Income Recognised Directly in Equity		-	67,008	67,008	-	67,008
d. Net Operating Result for the Year		5,650	-	5,650	-	5,650
Total Recognised Income & Expenses (c&d)		5,650	67,008	72,658	-	72,658
e. Distributions to/(Contributions from) Minority Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
Equity - Balance at end of the reporting period		264,619	88,120	352,739	-	352,739

Mid-Western Regional Council

Cash Flow Statement

for the financial year ended 30 June 2009

Budget 2009	\$ '000	Notes	Actual 2009	Actual 2008
Cash Flows from Operating Activities				
Receipts:				
18,168	Rates & Annual Charges		18,740	19,071
9,660	User Charges & Fees		12,080	12,892
1,221	Interest & Investment Revenue Received		2,116	2,719
17,688	Grants & Contributions		21,126	14,372
1,556	Other		2,907	2,900
Payments:				
(17,328)	Employee Benefits & On-Costs		(16,334)	(15,838)
(12,878)	Materials & Contracts		(12,866)	(15,250)
(566)	Borrowing Costs		(383)	(512)
(3,769)	Other		(5,961)	(4,638)
13,752	Net Cash provided (or used in) Operating Activities	11b	21,425	15,716
Cash Flows from Investing Activities				
Receipts:				
	Sale of Investment Securities		7,250	-
2,981	Sale of Infrastructure, Property, Plant & Equipment		1,057	1,137
Payments:				
-	Purchase of Investment Securities		(2,950)	(7,800)
(29,946)	Purchase of Infrastructure, Property, Plant & Equipment		(19,857)	(15,076)
-	Purchase of Real Estate Assets		(117)	-
(26,965)	Net Cash provided (or used in) Investing Activities		(14,617)	(21,739)
Cash Flows from Financing Activities				
Receipts:				
1,500	Proceeds from Borrowings & Advances		-	-
Payments:				
(483)	Repayment of Borrowings & Advances		(368)	(365)
-	Repayment of Finance Lease Liabilities		(115)	(104)
1,017	Net Cash Flow provided (used in) Financing Activities		(483)	(469)
(12,196)	Net Increase/(Decrease) in Cash & Cash Equivalents		6,325	(6,492)
34,058	plus: Cash & Cash Equivalents - beginning of year	11a	26,934	33,426
21,862	Cash & Cash Equivalents - end of the year	11a	33,259	26,934

Please refer to Note 11 for information on the following:

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

Mid-Western Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

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n/a - not applicable

Mid-Western Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 1. Summary of Significant Accounting Policies

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

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

(a) Basis of preparation

(i) Background

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

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

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

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

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

Examples include;

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

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

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

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

(iii) Application of AAS 27

AAS 27 – Financial Reporting by Local Government was withdrawn from use from 1 July 2008.

All key elements however of the former Standard have been incorporated into other current Standards including AASB 1051, 1052 and 1004.

(iv) Basis of Accounting

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

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

(v) Changes in Accounting Policies

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

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

Mid-Western Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 1. Summary of Significant Accounting Policies (continued)

(vi) Critical Accounting Estimates

The preparation of this financial report (and financial statements) requires the use of certain critical accounting estimates (in conformity with AIFRS). It also requires Council management to exercise their judgement in the process of applying Council's accounting policies.

(b) Revenue recognition

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

Revenue is measured on major income categories as follows:

Rates, Annual Charges, Grants and Contributions

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

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

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

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

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were undischarged at balance date, the unused grant or contribution is disclosed in Note 3(g).

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

The Council has obligations to provide facilities from contribution revenues levied on developers under the provisions of S94 of the EPA Act 1979.

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

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

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

User Charges, Fees and Other Income

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

A provision for the impairment of these receivables is recognised when collection in full is no longer probable.

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

Sale of Infrastructure, Property, Plant and Equipment

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

Interest and Rents

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

Mid-Western Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 1. Summary of Significant Accounting Policies (continued)

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

(c) Principles of Consolidation

These financial reports incorporate **(i)** the assets and liabilities of Council and any entities (or operations) that it **controls** (as at 30/6/09) and **(ii)** all the related operating results (for the financial year ended the 30th June 2009).

The Financial Reports also include Council's share of the assets, liabilities, income and expenses of any **Jointly Controlled Operations** under the appropriate headings.

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

(i) The Consolidated Fund

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

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

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

- General Purpose Operations
- Water Supply
- Waste Water Services
- Activities subject to Special Benefit Rates
- Mudgee Showground Committee (s355)
- Mudgee Sports Council (s355)
- Gulgong Sports Council (s355)
- Red Hill Centre Committee (s355)

(ii) The Trust Fund

In accordance with the provisions of Section 411 of the Local Government Act 1993 (as amended), a separate and distinct Trust Fund is maintained to

account for all money and property received by the Council in trust which must be applied only for the purposes of or in accordance with the trusts relating to those monies.

Trust monies and property subject to Council's control have been included in these reports.

Trust monies and property held by Council but not subject to the control of Council, have been excluded from these reports.

A separate statement of monies held in the Trust Fund is available for inspection at the Council office by any person free of charge.

(iii) Joint Venture Entities

Jointly Controlled Assets & Operations

The proportionate interests in the assets, liabilities and expenses of a Joint Venture Activity have been incorporated throughout the financial statements under the appropriate headings.

Jointly Controlled Entities

Any interests in Joint Venture Entities & Partnerships are accounted for using the equity method and is carried at cost.

Under the equity method, the share of the profits or losses of the partnership is recognised in the income statement, and the share of movements in retained earnings & reserves is recognised in the balance sheet.

Details relating to such Entities and Partnerships (where applicable) are set out in Note 19.

(iv) Associated Entities

Where Council has the power to participate in the financial and operating decisions (of another entity), ie. where Council is deemed to have "significant influence" over the other entities operations but neither controls nor jointly controls the entity, then Council accounts for such interests using the Equity Method of Accounting – in a similar fashion to Joint Venture Entities & Partnerships.

Such entities are usually termed "Associates".

Mid-Western Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 1. Summary of Significant Accounting Policies (continued)

(v) County Councils

Council is not a member of any County Councils.

(vi) Additional Information

Note 19 provides more information in relation to Joint Venture Entities, Associated Entities and Joint Venture Operations where applicable.

(d) Leases

All Leases entered into by Council are reviewed and classified on inception date as either Finance or Operating Leases.

Finance Leases

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

Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments.

The corresponding rental obligations, net of finance charges, are included in borrowings.

Each lease payment is allocated between the liability outstanding and the recognition of a finance charge.

The interest element of the finance charge is costed to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Property, plant and equipment acquired under finance leases is depreciated over the shorter of each leased asset's useful life and the lease term.

Operating Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

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

Lease income from operating leases is recognised in income on a straight-line basis over the lease term.

(e) Cash and Cash Equivalents

Cash and cash equivalents includes;

- cash **on hand**,
- deposits held **at call** with financial institutions,
- other short-term, highly liquid investments **with original maturities of three months or less** that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and
- bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities on the balance sheet but are incorporated into Cash & Cash Equivalents for presentation of the Cash Flow Statement.

(f) Investments and Other Financial Assets

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

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

Each classification depends on the purpose/intention for which the investment was acquired & at the time it was acquired.

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

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

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

Mid-Western Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 1. Summary of Significant Accounting Policies (continued)

A financial asset is classified in the “held for trading” category if it is acquired principally for the purpose of selling in the short term.

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

Assets in this category are classified as current assets as they are primarily held for trading &/or are expected to be realised within 12 months of the balance sheet date.

(ii) Loans and receivables

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

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

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

(iii) Held-to-maturity investments

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

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

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

(iv) Available-for-sale financial assets

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

Investments must be designated as available-for-sale if they do not have fixed maturities and fixed or

determinable payments and management intends to hold them for the medium to long term.

Accordingly, this classification principally comprises marketable equity securities, but can include all types of financial assets that could otherwise be classified in one of the other investment categories.

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

Financial Assets – Reclassification

Following on from amendments made to AASB 139 - Financial Instruments: Recognition & Measurement in October 2008, Council may choose to reclassify a non-derivative trading financial asset out of the held-for-trading category if the financial asset is no longer held for the purpose of selling it in the near term.

Financial assets other than loans and receivables are permitted to be reclassified out of the held-for-trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term.

Council may also choose to reclassify financial assets that would meet the definition of loans and receivables out of the held-for-trading or available-for-sale categories if it has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made.

Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

Actual Reclassifications

Council did not take up the option to reclassify some financial assets out of the held-for-trading category from 1 July 2008, following amendments made to AASB 139 in October 2008.

Mid-Western Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 1. Summary of Significant Accounting Policies (continued)

General Accounting & Measurement of Financial Instruments:

(i) Initial Recognition

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

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

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

(ii) Subsequent Measurement

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

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

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

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

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

Impairment

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

In the case of equity securities classified as available-for-sale, a significant or prolonged decline

in the fair value of a security below its cost is considered in determining whether the security is impaired.

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

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

(iii) Types of Investments

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

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

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

Council is currently reviewing its Investment Policy following revisions to the Investment Order arising from the Cole Inquiry recommendations. Certain investments the Council holds are no longer prescribed (eg. managed funds, CDOs, and equity linked notes), however they have been retained under grandfathering provisions of the Order. The Policy will be adopted following the release of the Department of Local Government's Investment Guidelines.

These will be disposed of when most financially advantageous to Council.

(g) Fair value estimation

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

Mid-Western Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 1. Summary of Significant Accounting Policies (continued)

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

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

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

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

If the market for a financial asset is not active (and for unlisted securities), the Council establishes fair value by using valuation techniques.

These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

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

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

(h) Receivables

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

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

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

A provision for impairment relating to receivables is established when there is objective evidence that the Council will not be able to collect all amounts due according to the original terms of each receivable.

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

Impairment losses are recognised in the Income Statement within other expenses.

When a receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account.

Subsequent recoveries of amounts previously written off are credited against other expenses in the income statement.

(i) Inventories

Raw Materials and Stores, Work in Progress and Finished Goods

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

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

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

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

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

Mid-Western Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 1. Summary of Significant Accounting Policies (continued)

Land Held for Resale/Capitalisation of Borrowing Costs

Land held for resale is stated at the lower of cost and net realisable value.

Cost is assigned by specific identification and includes the cost of acquisition, and development and borrowing costs during development.

When development is completed borrowing costs and other holding charges are expensed as incurred.

Borrowing costs included in the cost of land held for resale are those costs that would have been avoided if the expenditure on the acquisition and development of the land had not been made.

Borrowing costs incurred while active development is interrupted for extended periods are recognised as expenses.

(j) Infrastructure, Property, Plant and Equipment (I,PP&E)

Acquisition of assets

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

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

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

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

- **2009/10:** Roads, Bridges, Footpaths and Drainage assets

- **2010/11:** Community land, Land improvements, Other structures and other assets

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

Initial Recognition

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

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

The discount rate used is the Council's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

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

Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Council and the cost of the item can be measured reliably.

All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Asset Revaluations (including Indexation)

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

Mid-Western Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 1. Summary of Significant Accounting Policies (continued)

- Increases in the carrying amounts arising on revaluation are credited to the asset revaluation reserve.
- To the extent that the increase reverses a decrease previously recognised via the profit or loss, then increase is first recognised in profit or loss.
- Decreases that reverse previous increases of the same asset are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset, with all other decreases charged to the Income statement.

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

For all other assets, Council assesses at each reporting date whether there is any indication that a revalued asset's carrying amount may differ materially from that which would be determined if the asset were revalued at the reporting date.

If any such indication exists, Council determines the asset's fair value and revalues the asset to that amount.

Full revaluations are undertaken for all assets on a 5 year cycle.

Capitalisation Thresholds

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

Land

- council land	100% Capitalised
- open space	100% Capitalised
- land under roads	Not capitalised as at 30 June 2008

Plant & Equipment

Office Furniture	> \$2,000
Office Equipment	> \$2,000
Other Plant & Equipment	> \$2,000

Buildings & Land Improvements

Park Furniture & Equipment > \$2,000

Building	
- construction/extensions	100% Capitalised
- renovations	> \$5,000
Other Structures	> \$2,000

Water & Sewer Assets

Reticulation extensions > \$10,000
Other > \$10,000

Stormwater Assets

Drains & Culverts > \$2,000
Other > \$2,000

Transport Assets

Road construction & reconstruction > \$10,000
Reseal/Re-sheet & major repairs: > \$10,000
Bridge construction & reconstruction > \$10,000

Depreciation

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

Land is not depreciated.

Estimated useful lives for Councils assets include:

Plant & Equipment

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

Other Equipment

- Playground equipment	25 years
- Benches, seats etc	25 years

Buildings

- Buildings	50 to 100 years
- Other	20 to 40 years

Mid-Western Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 1. Summary of Significant Accounting Policies (continued)

Stormwater Drainage

- Drains	50 years
- Culverts	60 years

Transportation Assets

- Sealed Roads	100 years
- Unsealed roads	20 years
- Bridges	80 years
- Kerb, Gutter & Paths	30 to 70 years

Water & Sewer Assets

- Dams and reservoirs	80 to 100 years
- Reticulation pipes: PVC	80 years
- Reticulation pipes: Other	45 to 80 years
- Pumps and telemetry	25 to 70 years

Other Infrastructure Assets

- Bulk earthworks	Infinite
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This classification of Land is disclosed in Note 9(a).

(l) Land under roads

Land under roads is land under roadways and road reserves including land under footpaths, nature strips and median strips.

Council has elected not to recognise land under roads acquired before 1 July 2008 in accordance with AASB 1051.

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

Council will recognise all land under roads when the valuation methodology has been determined by the industry and is, in the meantime, collecting the necessary physical data to undertake the valuation.

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

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

Disposal and De-recognition

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

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in Council's Income Statement in the year the asset is derecognised.

(k) Land

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

(m) Intangible Assets

IT development and software

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

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

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

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

(n) Crown Reserves

Crown Reserves under Council's care and control are recognised as assets of the Council.

Mid-Western Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 1. Summary of Significant Accounting Policies (continued)

While ownership of the reserves remains with the Crown, Council retains operational control of the reserves and is responsible for their maintenance and use in accordance with the specific purposes to which the reserves are dedicated.

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

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

(o) Rural Fire Service assets

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

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

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

(p) Investment property

Investment property comprises land &/or buildings that are principally held for long-term rental yields, capital gains or both and is not occupied by Council.

Investment property is carried at fair value, representing an open-market value determined annually by external valuers.

Annual changes in the fair value of Investment Properties are recorded in the Income Statement as part of "Other Income".

Full revaluations are carried out every three years with an appropriate index utilised each year in between the full revaluations.

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

Close down, Restoration and Remediation costs include the dismantling and demolition of infrastructure, the removal of residual materials and the remediation of disturbed areas.

Estimated close down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, whether this occurs during the development or during the operation phase, based on the net present value of estimated future costs.

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

Costs are estimated on the basis of a closure plan.

The cost estimates are calculated annually during the life of the operation to reflect known developments, eg updated cost estimates and revisions to the estimated lives of operations, and are subject to formal review at regular intervals.

Close Down, Restoration and Remediation costs are a normal consequence of tip and quarry operations, and the majority of close down and restoration expenditure is incurred at the end of the life of the operations.

Although the ultimate cost to be incurred is uncertain, Council estimates the respective costs based on feasibility and engineering studies using current restoration standards and techniques.

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

Mid-Western Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 1. Summary of Significant Accounting Policies (continued)

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

Other movements in the provisions for Close Down, Restoration and Remediation costs including those resulting from new disturbance, updated cost estimates, changes to the estimated lives of operations and revisions to discount rates are capitalised within property, plant and equipment.

These costs are then depreciated over the lives of the assets to which they relate.

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

Provision is made for the estimated present value of the costs of environmental clean up obligations outstanding at the balance sheet date. These costs are charged to the income statement.

Movements in the environmental clean up provisions are presented as an operating cost, except for the unwind of the discount which is shown as a borrowing cost.

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

As noted above, the ultimate cost of environmental remediation is uncertain and cost estimates can vary in response to many factors including changes to the relevant legal requirements, the emergence of new restoration techniques or experience at other locations.

The expected timing of expenditure can also change, for example in response to changes in quarry reserves or production rates.

As a result there could be significant adjustments to the provision for close down and restoration and environmental clean up, which would affect future financial results.

Specific information relating to Councils provisions relating to Close Down, Restoration and Remediation costs can be found at Note 26.

(r) Non-Current Assets (or Disposal Groups) "Held for Sale" & Discontinued Operations

Non-current assets (or disposal groups) are classified as held for sale and stated at the lower of either **(i)** their carrying amount and **(ii)** fair value less costs to sell, if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

The exception to this is plant and motor vehicles which are turned over on a regular basis. Plant and motor vehicles are retained in Non Current Assets under the classification of Infrastructure, Property, Plant and Equipment - unless the assets are to be traded in after 30 June and the replacement assets were already purchased and accounted for as at 30 June.

For any assets or disposal groups classified as Non-Current Assets "held for sale", an impairment loss is recognised at any time when the assets carrying value is greater than its fair value less costs to sell.

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

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

A Discontinued Operation is a component of the entity that has been disposed of or is classified as "held for sale" and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale.

The results of discontinued operations are presented separately on the face of the income statement.

Mid-Western Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 1. Summary of Significant Accounting Policies (continued)

(s) Impairment of assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For non-cash generating assets of Council such as roads, drains, public buildings, etc - value in use is represented by the "deprival value" of the asset which is approximated as it's written down replacement cost.

Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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

(t) Payables

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

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

(u) Borrowings

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

Borrowings are subsequently measured at amortised cost.

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

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

(v) Borrowing costs

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

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

(w) Provisions

Provisions for legal claims and service warranties are recognised when:

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

Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date.

Mid-Western Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 1. Summary of Significant Accounting Policies (continued)

The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

The increase in the provision due to the passage of time is recognised as interest expense.

(x) Employee benefits

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

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

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

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

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

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

(ii) Long service leave

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

Long Service Leave is measured at the present value of the expected future payments to be made using the projected unit credit method.

Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match as closely as possible, the estimated future cash outflows.

Due to the nature of when and how Long Service Leave can be taken, all Long Service Leave for employees with 4 or more years of service has been classified as Current, as it has been deemed that Council does not have the unconditional right to defer settlement beyond 12 months – even though it is not anticipated that all employees with more than 4 years service (as at reporting date) will apply for and take their leave entitlements in the next 12 months.

(iii) Retirement benefit obligations

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

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

Defined Benefit Plans

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

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

However, when this information is not reliably available, Council can account for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans – i.e. as an expense when they become payable.

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

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

Mid-Western Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 1. Summary of Significant Accounting Policies (continued)

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

Accordingly, Council's contributions to the scheme for the current reporting year have been recognised as an expense and disclosed as part of Superannuation Expenses at Note 4(a).

The Local Government Superannuation Scheme has advised member councils that, as a result of the global financial crisis, it has a significant deficiency of assets over liabilities amounting to around \$290 million at 30 June 2009.

As a result, they have asked for significant increases in contributions from 2009/2010 onwards to recover that deficiency.

Council's share of that deficiency cannot be accurately calculated as the Scheme is a mutual arrangement where assets and liabilities are pooled together for all member councils.

For this reason, no liability for the deficiency has been recognised in Council's accounts.

Council has, however, disclosed a contingent liability in note 18 to reflect the possible obligation that may arise should the Scheme require immediate payment to correct the deficiency.

Defined Contribution Plans

Contributions to Defined Contribution Plans are recognised as an expense as they become payable.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(iv) Employee Benefit On-Costs

Council has recognised at year end the aggregate on-cost liabilities arising from employee benefits, and in particular those on-cost liabilities that will arise when payment of current employee benefits is made in future periods.

These amounts include Superannuation and Workers Compensation expenses which will be payable upon the future payment of certain Leave Liabilities accrued as at 30/6/09.

(y) Self insurance

Council does not self-insure.

(z) Allocation between current and non-current assets & liabilities

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

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

Exceptions

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

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

(aa) Taxes

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

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

Goods & Services Tax (GST)

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

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

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

Mid-Western Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 1. Summary of Significant Accounting Policies (continued)

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

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

Investing and Financing cash flows are treated on a net basis (where recoverable from the ATO), ie. they are exclusive of GST. Instead, the GST component of investing and financing activity cash flows which are recoverable from or payable to the ATO are classified as operating cash flows.

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

(ab) New accounting standards and UIG interpretations

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory for reporting periods ending 30 June 2009.

Council has not adopted any of these standards early.

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

Applicable to Local Government with implications:

Revised AASB 101 Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101 (effective from 1 January 2009)

The September 2007 revised AASB 101 requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity, but will not affect any of the amounts recognised in the financial statements.

If an entity has made a prior period adjustment or has reclassified items in the financial statements, it will need to disclose a third balance sheet

(statement of financial position), this one being as at the beginning of the comparative period.

Council will apply the revised standard from 1 July 2009.

Applicable to Local Government but no implications for Council;

Revised AASB 123 Borrowing Costs and AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 (effective from 1 January 2009)

The revised AASB 123 has removed the option to expense all borrowing costs and - when adopted - will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. There will be no impact on the financial reports as Council already capitalises borrowing costs relating to qualifying assets.

AASB 2008-1 Amendments to Australian Accounting Standard – Share-based Payments: Vesting Conditions and Cancellations (effective from 1 January 2009)

AASB 2008-1 clarifies that vesting conditions are service conditions and performance conditions only and that other features of a share-based payment are not vesting conditions.

It also specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment.

There will be no impact on the financial reports as Council makes no share based payments.

AASB Interpretation 15 Agreements for the Construction of Real Estate (effective 1 January 2009)

AASB-I 15 clarifies whether AASB 118 Revenue or AASB 111 Construction Contracts should be applied to particular transactions.

Council intends to apply the interpretation from 1 July 2009. It has reviewed its current agreements for the sale of real estate in light of the new guidance and

Mid-Western Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 1. Summary of Significant Accounting Policies (continued)

concluded that there would be no change to the accounting for these agreements if AASB-I 15 was adopted in the current financial year. Consequently, it does not expect to make any adjustment on the initial application of AASB-I 15.

Applicable to Local Government but not relevant to Council at this stage;

Revised AASB 3 Business Combinations, AASB 127 Consolidated and Separate Financial Statements and AASB 2008-3 Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 (effective 1 July 2009)

The revised AASB 3 continues to apply the acquisition method to business combinations, but with some significant changes.

For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently remeasured through the income statement.

There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

All acquisition-related costs must be expensed. The revised AASB 127 requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses.

The standard also specifies the accounting when control is lost. Any remaining interest in the entity is remeasured to fair value, and a gain or loss is recognised in profit or loss.

There will be no impact on the financial reports as Council has no exposure to these types of transactions.

AASB 2008-6 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (effective 1 July 2009)

The amendments to AASB 5 Discontinued Operations and AASB 1 First-Time Adoption of Australian-Equivalents to International Financial Reporting Standards are part of the IASB's annual improvements project published in May 2008.

They clarify that all of a subsidiary's assets and liabilities are classified as held for sale if a partial disposal sale plan results in loss of control.

Relevant disclosures should be made for this subsidiary if the definition of a discontinued operation is met.

There will be no impact on the financial reports as Council does not have any subsidiaries it is proposing to dispose of.

AASB 2008-7 Amendments to Australian Accounting Standards - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate (effective 1 July 2009)

In July 2008, the AASB approved amendments to AASB 1 First-time Adoption of International Financial Reporting Standards and AASB 127 Consolidated and Separate Financial Statements. Council will apply the revised rules prospectively from 1 July 2009.

After that date, all dividends received from investments in subsidiaries, jointly controlled entities or associates will be recognised as revenue, even if they are paid out of pre-acquisition profits, but the investments may need to be tested for impairment as a result of the dividend payment.

AASB Interpretation 16 Hedges of a Net Investment in a Foreign Operation (effective 1 October 2008)

AASB-I 16 clarifies which foreign currency risks qualify as hedged risk in the hedge of a net investment in a foreign operation and that hedging instruments may be held by any entity or entities within the group.

It also provides guidance on how an entity should determine the amounts to be reclassified from equity to profit or loss for both the hedging instrument and the hedged item.

Mid-Western Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 1. Summary of Significant Accounting Policies (continued)

There will be no impact on the financial reports as Council has no hedges of a net investment in a foreign operation.

AASB 2008-8 Amendment to IAS 39 Financial Instruments: Recognition and Measurement (effective 1 July 2009)

AASB 2008-8 amends AASB 139 Financial Instruments: Recognition and Measurement and must be applied retrospectively in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors.

The amendment makes two significant changes. It prohibits designating inflation as a hedgeable component of a fixed rate debt. It also prohibits including time value in the one-sided hedged risk when designating options as hedges.

Council will apply the amended standard from 1 July 2009. It is not expected to have any impact on the financial reports.

AASB Interpretation 17 Distribution of Non-cash Assets to Owners and AASB 2008-13 Amendments to Australian Accounting Standards arising from AASB Interpretation 17

AASB-I 17 applies to situations where an entity pays dividends by distributing non-cash assets to its shareholders.

These distributions will need to be measured at fair value and the entity will need to recognise the difference between the fair value and the carrying amount of the distributed assets in the income statement on distribution.

There will be no impact on the financial reports as Council has no exposure to these types of transactions.

Not applicable to Local Government per se;

AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8 (effective from 1 January 2009)

AASB 8 will result in a significant change in the approach to segment reporting, as it requires

adoption of a 'management approach' to reporting on financial performance. The information being reported will be based on what the key decision makers use internally for evaluating segment performance and deciding how to allocate resources to operating segments.

(ac) Rounding of amounts

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

(ad) Comparative Figures

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

(ae) Disclaimer

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

Mid-Western Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

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

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 2(b).												
	Income from Continuing Operations			Expenses from Continuing Operations			Operating Result from Continuing Operations			Grants included in Income from Continuing Operations		Total Assets held (Current & Non-current)	
	Original Budget 2009	Actual 2009	Actual 2008	Original Budget 2009	Actual 2009	Actual 2008	Original Budget 2009	Actual 2009	Actual 2008	Actual 2009	Actual 2008	Actual 2009	Actual 2008
Governance	-	49	64	469	584	390	(469)	(535)	(326)	-	-	-	-
Administrative & Statutory Services	17,406	22,549	19,196	5,528	8,424	6,913	11,878	14,125	12,283	5,103	3,793	46,919	48,221
Regulatory Control	185	290	196	640	474	542	(455)	(184)	(346)	100	85	91	709
Development & Environmental Services	903	662	580	1,667	1,713	1,341	(764)	(1,051)	(761)	103	57	10	15
Strategic Planning	-	-	2	280	-	280	(280)	-	(278)	-	-	-	-
Community Services	2,434	2,325	2,187	2,607	2,516	2,514	(173)	(191)	(327)	1,594	1,413	721	2,728
Cemeteries	182	171	189	231	266	230	(49)	(95)	(41)	-	-	385	378
Waste Management	4,364	3,800	3,666	3,825	3,272	3,270	539	528	396	337	244	8,380	7,167
Stormwater & Drainage	156	114	36	366	366	341	(210)	(252)	(305)	173	85	19,466	18,973
Water Supply	5,834	3,595	3,795	4,323	4,193	4,188	1,511	(598)	(393)	315	66	69,141	66,902
Sewer Services	4,350	2,520	2,919	3,536	2,763	2,942	814	(243)	(23)	63	62	38,519	37,804
Libraries	101	106	115	831	902	818	(730)	(796)	(703)	84	85	385	2,088
Corporate & Community Buildings	42	(21)	14	781	774	681	(739)	(795)	(667)	40	-	52,526	52,160
Swimming Pools	127	136	136	666	723	666	(539)	(587)	(530)	-	-	894	970
Parks & Reserves	443	2,681	21	1,578	1,603	1,402	(1,135)	1,078	(1,381)	2,818	37	18,463	19,343
Roads & Bridges	9,881	10,743	13,032	12,926	11,365	14,738	(3,045)	(622)	(1,706)	4,396	3,501	108,340	103,881
Carparking, Cycleways, Streetscaping & Footpaths	-	89	19	509	483	517	(509)	(394)	(498)	34	-	9,291	3,719
Mudgee Airport	110	104	126	186	187	168	(76)	(83)	(42)	-	3	2,222	792
Economic Development & Tourism	2,973	1,524	735	1,100	2,183	897	1,873	(659)	(162)	-	-	7,326	3,268
Total Functions & Activities	49,491	51,437	47,028	42,049	42,791	42,838	7,442	8,646	4,190	15,160	9,431	383,079	369,118
Section 94 & Section 64 - Contributions & Interest	2,813	1,438	1,460	-	-	-	2,813	1,438	1,460	-	-	-	-
Operating Result from Continuing Operations	52,304	52,875	48,488	42,049	42,791	42,838	10,255	10,084	5,650	15,160	9,431	383,079	369,118

Mid-Western Regional Council

Notes to the Financial Statements for the financial year ended 30 June 2009

Note 2(b). Components of Functions / Activities

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

GOVERNANCE

Elected members expenses and support

ADMINISTRATIVE & STATUTORY SERVICES

Corporate support, engineering and works services, operations support, fire control, emergency services

REGULATORY CONTROL

Animal and pest control, noxious weeds control, parking control

DEVELOPMENT & ENVIRONMENTAL SERVICES

Town planning, environmental protection, food control, building control

STRATEGIC PLANNING

Strategic planning

COMMUNITY SERVICES

Community services administration, family day care, child care, youth services, aged & disabled, community housing, other community services

CEMETERIES

Public cemeteries

WASTE MANAGEMENT

Domestic waste management, landfill and transfer station operation, recycling, other waste management

WATER SUPPLIES

SEWERAGE SERVICES

LIBRARIES

Public libraries

CORPORATE & COMMUNITY BUILDINGS

Public halls, community centres, museums, corporate buildings

SWIMMING POOLS

Public swimming pools

PARKS & RESERVES

Passive parks, sporting grounds, public conveniences

ROADS & BRIDGES

Local rural and urban roads, regional roads, state roads

Mid-Western Regional Council

Notes to the Financial Statements for the financial year ended 30 June 2009

Note 2(b). Components of Functions / Activities (continued)

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

CARPARKING, CYCLEWAYS, STREETSCAPING & FOOTPATHS

footpaths and cycleways, carparks, streetlighting, streetscaping, bus shelters

MUDGEES AIRPORT

Mudgee airport operations and development

ECONOMIC DEVELOPMENT & TOURISM

Caravan parks, tourism and area promotion, industrial development promotion, saleyards and markets, real estate development, other business undertakings

Mid-Western Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2009	Actual 2008
(a). Rates & Annual Charges			
Ordinary Rates			
Residential		6,480	6,071
Farmland		4,084	4,077
Mining		657	482
Business		1,064	939
Total Ordinary Rates		12,285	11,569
Special Rates			
Sewerage Services		-	2,969
Other		11	7
Total Special Rates		11	2,976
Annual Charges (pursuant to s.496 & s.501)			
Domestic Waste Management Services		814	829
Rural Waste Management		-	617
Water Supply Services		1,018	2,026
Sewerage Services		2,732	-
Waste Management Services (non-domestic)		1,857	1,001
Total Annual Charges		6,421	4,473
TOTAL RATES & ANNUAL CHARGES		18,717	19,018

Council has used 2007 year valuations provided by the NSW Valuer General in calculating its rates.

Mid-Western Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2009	Actual 2008
(b). User Charges & Fees			
Specific User Charges (per s.502 - Specific "actual use" charges)			
Water Supply Services		2,620	1,898
Total User Charges		2,620	1,898
Other User Charges & Fees			
(i) Fees & Charges - Statutory & Regulatory Functions (per s608, 610A & 611)			
Planning & Building Regulation		637	639
Private Works - Section 67		1,558	249
Total Fees & Charges - Statutory/Regulatory		2,195	888
(ii) Fees & Charges - Other (incl. General User Charges (per s.610C))			
Aerodrome		101	113
Aged & Disabled Care		220	227
Cemeteries		179	190
Childrens Services		359	417
Leaseback Fees - Council Vehicles		97	94
RTA Charges (State Roads not controlled by Council)		3,411	7,091
Saleyards		310	268
Swimming Centre		128	136
Waste Depot		520	591
Waste Water Services		94	94
Water Services		83	97
Other		40	34
Total Fees & Charges - Other		5,542	9,352
TOTAL USER CHARGES & FEES		10,357	12,138

Mid-Western Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2009	Actual 2008
(c). Interest & Investment Revenue (incl. losses)			
Interest & Dividends			
- Interest on Overdue Rates & Annual Charges		98	81
- Interest earned on Investments (interest & coupon payment income)		1,957	2,455
Fair Value Adjustments			
- Fair Valuation Movements in Investments (unrealised capital gains/(losses))		-	(551)
Impairment Losses			
- Impairment (Losses)/Prior Period Reversals attributable to Investment		-	-
TOTAL INTEREST & INVESTMENT REVENUE		2,055	1,985
Interest Revenue is attributable to:			
Unrestricted Investments/Financial Assets:			
Overdue Rates & Annual Charges		67	43
General Council Cash & Investments		956	1,029
Restricted Investments/Funds - External:			
Development Contributions			
- Section 94		156	169
- Section 64		163	158
Water Fund Operations		236	262
Sewerage Fund Operations		280	284
Domestic Waste Management operations		197	40
Total Interest & Investment Revenue Recognised		2,055	1,985
(d). Other Revenues			
Rental Income - Other Council Properties		315	306
Fines		72	85
Legal Fees Recovery - Rates & Charges (Extra Charges)		127	130
Commissions & Agency Fees		11	13
Diesel Rebate		102	54
Insurance Claim Recoveries		189	289
Recycling Income (non domestic)		345	321
Sales - General		28	20
Sales - Ironed Out		100	78
Other		76	57
TOTAL OTHER REVENUE		1,365	1,353

Mid-Western Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 3. Income from Continuing Operations (continued)

\$ '000	2009 Operating	2008 Operating	2009 Capital	2008 Capital
(e). Grants				
General Purpose (Untied)				
Financial Assistance - General Component	3,999	2,958	-	-
Financial Assistance - Local Roads Component	2,294	1,729	-	-
Pensioners' Rates Subsidies - General Component	215	234	-	-
Total General Purpose	6,508	4,921	-	-
Specific Purpose				
Pensioners' Rates Subsidies:				
- Water	61	66	-	-
- Sewerage	63	62	-	-
- Domestic Waste Management	78	52	-	-
Water Supplies	-	-	251	-
Aged & Disabled Services	857	694	-	-
Bushfire & Emergency Services	521	433	335	137
Childrens Services	886	905	-	-
Employment & Training Programs	6	31	-	-
Environmental Programs	115	85	-	-
Heritage & Cultural	18	10	-	-
Library	84	85	-	-
Noxious Weeds	100	85	-	-
Recreation & Culture	-	-	2,858	-
Transport (Roads to Recovery)	-	-	1,275	857
Transport (Other Roads & Bridges Funding)	-	-	1,034	1,000
Youth Services	110	-	-	-
Other	-	5	-	3
Total Specific Purpose	2,899	2,513	5,753	1,997
Total Grants	9,407	7,434	5,753	1,997
Grant Revenue is attributable to:				
- Commonwealth Funding	7,185	5,705	5,165	1,860
- State Funding	2,116	1,729	588	137
- Other Funding	106	-	-	-
	9,407	7,434	5,753	1,997

Mid-Western Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 3. Income from Continuing Operations (continued)

\$ '000	2009 Operating	2008 Operating	2009 Capital	2008 Capital
(f). Contributions				
Developer Contributions:				
(s93 & s94 - EP&A Act, s64 of the NSW LG Act):				
S 93F - Contributions using Planning Agreements	-	-	446	90
S 94 - Contributions towards amenities/services	-	-	198	429
S 94A - Fixed Development Consent Levies	-	-	95	87
S 64 - Water Supply Contributions	-	-	225	317
S 64 - Sewerage Service Contributions	-	-	154	211
Total Developer Contributions	17	-	1,118	1,134
Other Contributions:				
Mudgee Recycling & Ironed Out	-	59	-	152
Occupational Health & Safety	38	34	-	-
Other Councils - Joint Works/Services	30	98	-	-
Recreation & Culture	43	-	-	10
Roads & Bridges	549	-	525	-
RTA Contributions (Regional/Local, Block Grant)	2,248	2,222	463	668
Sewerage (excl. Section 64 contributions)	-	-	7	-
Environment Programs	49	-	-	-
Other	151	186	-	-
Total Other Contributions	3,108	2,599	995	830
Total Contributions	3,108	2,599	2,113	1,964
TOTAL GRANTS & CONTRIBUTIONS	12,515	10,033	7,866	3,961

Mid-Western Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 3. Income from Continuing Operations (continued)

\$ '000	Actual 2009	Actual 2008
(g). Restrictions relating to Grants and Contributions		
Certain grants & contributions are obtained by Council on condition that they be spent in a specified manner:		
Unexpended at the Close of the Previous Reporting Period	8,204	8,005
add: Grants and contributions recognised in the current period which have not been spent:	5,019	1,698
less: Grants and contributions recognised in a previous reporting period which have been spent in the current reporting period:	(1,014)	(1,499)
Net Increase (Decrease) in Restricted Assets during the Current Reporting Period	4,005	199
Unexpended at the Close of this Reporting Period and held as Restricted Assets	12,209	8,204
Comprising:		
- Specific Purpose Unexpended Grants	4,081	371
- Developer Contributions	8,128	7,833
- Other Contributions	-	-
	12,209	8,204

Mid-Western Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2009	Actual 2008
(a) Employee Benefits & On-Costs			
Salaries and Wages		13,527	12,871
Travelling		42	47
Employee Leave Entitlements (ELE)		2,994	2,290
Superannuation - Defined Contribution Plans		1,080	1,001
Superannuation - Defined Benefit Plans		371	241
Workers' Compensation Insurance		539	671
Fringe Benefit Tax (FBT)		71	111
Payroll Tax		64	60
Training Costs (other than Salaries & Wages)		244	228
Protective Clothing		68	59
Recruitment Costs		17	20
Other		11	10
Total Employee Costs		19,028	17,609
less: Capitalised Costs		(2,227)	(1,940)
TOTAL EMPLOYEE COSTS EXPENSED		16,801	15,669
Number of "Equivalent Full Time" Employees at year end		254	257
Number of "Equivalent Full Time" Employees at year end (incl. vacancies)		266	268
(b) Borrowing Costs			
(i) Interest Bearing Liability Costs			
Interest on Loans		471	494
Interest on Advances		-	3
Charges relating to Finance Leases		27	33
Total Interest Bearing Liability Costs		498	530
less: Capitalised Costs		-	-
Total Interest Bearing Liability Costs Expensed		498	530
(ii) Other Borrowing Costs			
Discount adjustments relating to movements in Provisions (other than ELE)			
- Remediation Liabilities	26	32	54
Total Other Borrowing Costs		32	54
TOTAL BORROWING COSTS EXPENSED		530	584

Mid-Western Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2009	Actual 2008
(c) Materials & Contracts			
Raw Materials & Consumables		4,356	6,484
Contractor & Consultancy Costs			
- Spray Seal Contract		1,404	1,473
- Asphalt Contract		752	-
- Other Contractor & Consultancy Costs		4,238	5,146
Auditors Remuneration			
i. Audit Services - Council's Auditor		41	35
ii. Other Services - Council's Auditor (provide details)		12	11
iv. Audit Services - Auditors of other Consolidated Entities		-	12
Legal Expenses:			
- Legal Expenses - Planning & Development		33	172
- Legal Expenses - Other		56	23
- Legal Expenses - Debt Recovery		138	131
Operating Leases:			
Operating Lease Rentals - Minimum Lease Payments ⁽¹⁾		561	502
Operating Lease Rentals - Contingent Rentals ⁽¹⁾		11	-
Total Materials & Contracts		11,602	13,989
less: Capitalised Costs		-	-
<u>TOTAL MATERIALS & CONTRACTS</u>		<u>11,602</u>	<u>13,989</u>
1. Operating Lease Payments are attributable to:			
- Computers		296	241
- Motor Vehicles		276	261
- Other		-	-
		<u>572</u>	<u>502</u>

Mid-Western Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Depreciation/Amortisation		Impairment Costs	
	Actual 2009	Actual 2008	Actual 2009	Actual 2008
(d) Depreciation, Amortisation & Impairment				
Plant and Equipment	1,413	1,076	-	-
Office Equipment	67	83	-	-
Furniture & Fittings	51	39	-	-
Property, Plant & Equipment - Leased	18	303	-	-
Land Improvements (depreciable)	1	1	-	-
Buildings - Non Specialised	459	230	-	-
Buildings - Specialised	637	259	-	-
Other Structures	350	257	-	-
Infrastructure:				
- Roads, Bridges & Footpaths	3,770	3,672	-	-
- Stormwater Drainage	147	142	-	-
- Water Supply Network	1,367	1,183	-	-
- Sewerage Network	1,192	1,141	-	-
Other Assets				
- Library Books	84	80	-	-
- Other	-	-	-	-
Asset Reinstatement Costs	9 & 26 87	79	-	-
Intangible Assets	25 27	-	-	-
Total Depreciation & Impairment Costs	9,670	8,545	-	-
less: Capitalised Costs	-	-	-	-
TOTAL DEPRECIATION & IMPAIRMENT COSTS EXPENSED	9,670	8,545	-	-

Mid-Western Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2009	Actual 2008
(e) Other Expenses			
Other Expenses for the year include the following:			
Bad & Doubtful Debts		68	16
Contributions to Other Levels of Government			
- NSW Fire Brigade Levy		46	43
- NSW Rural Fire Service Levy		399	453
- Department of Planning Levy		67	27
- Other Contributions		263	219
Contributions to Tourism Centre		320	345
Councillor Expenses - Mayoral Fee		20	19
Councillor Expenses - Councillors' Fees		79	78
Councillors' Expenses (incl. Mayor) - Other (excluding fees above)		46	50
Donations, Contributions & Assistance to other organisations (Section 356)		259	290
Election Expenses		124	-
Electricity & Heating		606	523
Family Day Care Benefit		495	494
Insurance		774	713
Property Rental		29	34
Street Lighting		226	227
Telephone & Communications		328	270
Other		6	8
Total Other Expenses		4,155	3,809
less: Capitalised Costs		-	-
<u>TOTAL OTHER EXPENSES</u>		<u>4,155</u>	<u>3,809</u>

Mid-Western Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 5. Gains or Losses on Disposal of Assets

\$ '000	Notes	Actual 2009	Actual 2008
Property (excl. Investment Property)			
Proceeds from Disposal		230	210
less: Carrying Amount of Property Assets Sold		(629)	(14)
Net Gain/(Loss) on Disposal		(399)	196
Plant & Equipment			
Proceeds from Disposal		807	927
less: Carrying Amount of P&E Assets Sold		(446)	(737)
Net Gain/(Loss) on Disposal		361	190
Infrastructure			
Proceeds from Disposal		-	-
less: Carrying Amount of Infrastructure Assets Sold		-	(628)
Net Gain/(Loss) on Disposal		-	(628)
Non Current Assets Classified as "Held for Sale"			
Proceeds from Disposal		20	-
less: Carrying Amount of "Held for Sale" Assets Sold		(15)	-
Net Gain/(Loss) on Disposal		5	-
NET GAIN/(LOSS) ON DISPOSAL OF ASSETS		(33)	(242)

Mid-Western Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

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

\$ '000	2009	2009	2008	2008
	Actual Current	Actual Non Current	Actual Current	Actual Non Current
Cash & Cash Equivalents (Note 6a)				
Cash on Hand and at Bank	439	-	244	-
Cash-Equivalent Assets ¹				
- Deposits at Call	2,020	-	3,036	-
- Managed Funds	-	-	13,154	-
- Short Term Deposits	30,800	-	10,500	-
Total Cash & Cash Equivalents	33,259	-	26,934	-
Investment Securities (Note 6b)				
- Term Deposits	2,950	-	7,250	-
- Equity Linked Notes	-	1,195	-	1,133
- NCD's, FRN's (with Maturities > 3 months)	-	1,000	-	1,000
Total Investment Securities	2,950	2,195	7,250	2,133
TOTAL CASH ASSETS, CASH EQUIVALENTS & INVESTMENTS	36,209	2,195	34,184	2,133

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

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

Cash & Cash Equivalents

a. "At Fair Value through the Profit & Loss"	33,259	-	26,934	-
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Investments

a. "At Fair Value through the Profit & Loss"				
- "Held for Trading"	6(b-i)	-	-	-
- "Designated At Fair Value on Initial Recognition"	6(b-i)	-	-	-
b. "Held to Maturity"	6(b-ii)	2,950	1,000	7,250
c. "Loans & Receivables"	6(b-iii)	-	-	-
d. "Available for Sale"	6(b-iv)	-	1,195	-
Investments		2,950	2,195	7,250
				2,133

Mid-Western Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 6b. Investments (continued)

\$ '000	2009 Actual Current	2009 Actual Non Current	2008 Actual Current	2008 Actual Non Current
Note 6(b-i)				
Reconciliation of Investments classified as "At Fair Value through the Profit & Loss"				
Nil				
Note 6(b-ii)				
Reconciliation of Investments classified as "Held to Maturity"				
Balance at the Beginning of the Year	7,250	1,000	1,500	-
Additions	2,950	-	5,750	1,000
Disposals (sales & redemptions)	(7,250)	-	-	-
Balance at End of Year	2,950	1,000	7,250	1,000
Comprising:				
- Term Deposits	2,950	-	7,250	-
- NCD's, FRN's (with Maturities > 3 months)	-	1,000	-	1,000
Total	2,950	1,000	7,250	1,000
Note 6(b-iii)				
Reconciliation of Investments classified as "Loans & Receivables"				
Nil				
Note 6(b-iv)				
Reconciliation of Investments classified as "Available for Sale"				
Balance at the Beginning of the Year	-	1,133	-	946
Revaluation (transferred to equity)	-	62	-	(313)
Additions	-	-	-	500
Balance at End of Year	-	1,195	-	1,133
Comprising:				
- Equity Linked Notes	-	1,195	-	1,133
Total	-	1,195	-	1,133

Mid-Western Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 6c. Restricted Cash, Cash Equivalents & Investments

\$ '000	2009	2009	2008	2008
	Actual Current	Actual Non Current	Actual Current	Actual Non Current
Total Cash, Cash Equivalents and Investment Securities	36,209	2,195	34,184	2,133
attributable to:				
External Restrictions (refer below)	21,549	2,195	17,078	2,133
Internal Restrictions (refer below)	10,282	-	13,682	-
Unrestricted	4,378	-	3,424	-
	36,209	2,195	34,184	2,133

2009 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
-----------------	--------------------	------------------------------	--------------------------------	--------------------

Details of Restrictions

External Restrictions - Included in Liabilities

Specific Purpose Unexpended Loans-General (A)	65	-	(65)	-
Trust Deposits	549	37	-	586
External Restrictions - Included in Liabilities	614	37	(65)	586

External Restrictions - Other

Developer Contributions - General (D)	4,224	1,154	(1,109)	4,269
Developer Contributions - Water Fund (D)	1,178	283	-	1,461
Developer Contributions - Sewer Fund (D)	2,431	-	(33)	2,398
Specific Purpose Unexpended Grants (F)	369	3,662	-	4,031
Specific Purpose Unexpended Grants (F) - Water Fund	2	48	-	50
Water Supplies (G)	3,631	232	-	3,863
Sewerage Services (G)	5,074	-	(256)	4,818
Domestic Waste Management (G)	1,183	762	-	1,945
Child Care Centres	(24)	-	(67)	(91)
Community Services	194	-	(117)	77
Community Tenancy Scheme	227	5	-	232
Family Day Care	20	3	-	23
Section 355 Committees	88	7	(13)	82
External Restrictions - Other	18,597	6,156	(1,595)	23,158
Total External Restrictions	19,211	6,193	(1,660)	23,744

Mid-Western Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

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

2009 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
Internal Restrictions				
Plant & Vehicle Replacement	2,033	1,882	(3,088)	827
Employees Leave Entitlement	2,787	170	(72)	2,885
Asset Replacement	4,850	1,127	(3,640)	2,337
Capital Program	2,799	954	(485)	3,268
Community Services (Rylstone)	19	-	-	19
Council Elections	156	40	(123)	73
Emergency Disaster	100	-	-	100
Land Development	395	115	(429)	81
Saleyards	43	30	-	73
State Roads Warranty	500	-	-	500
Airport Development	-	135	(16)	119
Total Internal Restrictions	13,682	4,453	(7,853)	10,282
TOTAL RESTRICTIONS	32,893	10,646	(9,513)	34,026

- A** Loan moneys which must be applied for the purposes for which the loans were raised.
- B** Advances by the Roads and Traffic Authority for works on the State's classified roads.
- C** Self Insurance liability resulting from reported claims or incurred claims not yet reported.
- D** Development contributions which are not yet expended for the provision of services and amenities in accordance with contributions plans (refer Note 17).
- E** RTA Contributions which are not yet expended for the provision of services and amenities in accordance with those contributions.
- F** Grants which are not yet expended for the purposes for which the grants were obtained. (refer Note 1)
- G** Water, Sewerage, Domestic Waste Management (DWM) & other Special Rates/Levies/Charges are externally restricted assets and must be applied for the purposes for which they were raised.

Mid-Western Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 7. Receivables

\$ '000	2009		2008	
	Current	Non Current	Current	Non Current
Purpose				
Rates & Annual Charges	753	-	724	-
Interest & Extra Charges	216	-	206	-
User Charges & Fees	1,386	-	1,168	-
Accrued Revenues				
- Interest on Investments	129	-	203	-
Government Grants & Subsidies	186	-	193	124
Net GST Receivable	602	-	468	-
Other Debtors	35	-	8	-
Total	3,307	-	2,970	124
less: Provision for Impairment				
Rates & Annual Charges	(87)	-	(99)	-
Interest & Extra Charges	(23)	-	(26)	-
User Charges & Fees	(8)	-	(22)	-
Total Provision for Impairment - Receivables	(118)	-	(147)	-
TOTAL NET RECEIVABLES	3,189	-	2,823	124
Externally Restricted Receivables				
Water Supply				
- Specific Purpose Grants	10	-	45	-
- Rates & Availability Charges	55	-	849	-
- Other	966	-	-	-
Sewerage Services				
- Specific Purpose Grants	1	-	-	-
- Rates & Availability Charges	94	-	84	-
- Other	-	-	-	-
Domestic Waste Management	116	-	102	-
Total External Restrictions	1,242	-	1,080	-
Internally Restricted Receivables				
Nil				
Unrestricted Receivables	1,947	-	1,743	124
TOTAL NET RECEIVABLES	3,189	-	2,823	124

Notes on Debtors above:

- (i) Rates & Annual Charges Outstanding are secured against the property.
- (ii) Doubtful Rates Debtors are provided for where the value of the property is less than the debt outstanding.
An allowance for other doubtful debts is made when there is objective evidence that a receivable is impaired.
- (iii) Interest is charged on overdue rates & charges at 10.00% (2008 10.00%).
Generally all other receivables are non interest bearing.
- (iv) Please refer to Note 15 for issues concerning Credit Risk and Fair Value disclosures.

Mid-Western Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 8. Inventories & Other Assets

\$ '000	2009		2008	
	Current	Non Current	Current	Non Current
Inventories				
Real Estate for resale (refer below)	-	1,821	-	-
Stores & Materials	552	-	499	-
Other	63	-	26	-
Total Inventories	615	1,821	525	-
Other Assets				
Prepayments	2	-	-	-
Total Other Assets	2	-	-	-
<u>TOTAL INVENTORIES & OTHER ASSETS</u>	<u>617</u>	<u>1,821</u>	<u>525</u>	<u>-</u>
Details for Real Estate Development				
Residential	-	1,821	-	-
Total Real Estate for Resale	-	1,821	-	-
(Valued at the lower of cost and net realisable value)				
Represented by:				
Acquisition Costs	-	361	-	-
Other Properties - Book Value	-	1,460	-	-
Total Costs	-	1,821	-	-
less: Provision for Under Recovery	-	-	-	-
Total Real Estate for Resale	-	1,821	-	-
Movements:				
Real Estate assets at beginning of the year	-	-	-	-
- Purchases and other costs	-	361	-	-
- Transfers (in) from Note 9	1,460	-	-	-
- Transfer between Current/Non Current	(1,460)	1,460	-	-
Total Real Estate for Resale	-	1,821	-	-

Mid-Western Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 8. Inventories & Other Assets (continued)

\$ '000	2009		2008	
	Current	Non Current	Current	Non Current
(i) Externally Restricted Assets				
Water				
Stores & Materials	137	-	138	-
Total Water	137	-	138	-
Sewerage				
Stores & Materials	18	-	26	-
Total Sewerage	18	-	26	-
Total Externally Restricted Assets	155	-	164	-
Total Internally Restricted Assets	-	-	-	-
Total Unrestricted Assets	462	1,821	361	-
TOTAL INVENTORIES & OTHER ASSETS	617	1,821	525	-

(ii) Other Disclosures

(a) Current Assets not anticipated to be settled within the next 12 months

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

	2009	2008
Nil		
(b) Inventories recognised as an expense for the year included:		
- Stores & Materials	-	2,327

Mid-Western Regional Council

Notes to the Financial Statements for the financial year ended 30 June 2009

Note 9a. Infrastructure, Property, Plant & Equipment

\$ '000	as at 30/6/2008					Asset Movements during the Reporting Period						as at 30/6/2009				
	At	At	Accumulated		Carrying	Asset Additions	WDV-Asset Disposals	Depreciation Expense	Adjustments & Transfers	Tfrs from/(to) "Real Estate Assets for Resale"	Revaluation Increments to Equity (ARR)	At	At	Accumulated		Carrying
	Cost	Fair Value	Deprec.	Impairment								Value	Cost	Fair Value	Dep'n	
Capital Work in Progress	2,110	-	-	-	2,110	724	-	-	-	-	-	2,834	-	-	-	2,834
Plant & Equipment	-	18,572	10,087	-	8,485	4,087	(446)	(1,413)	-	-	-	-	20,817	10,104	-	10,713
Office Equipment	-	2,782	2,552	-	230	43	-	(67)	-	-	-	-	2,825	2,619	-	206
Furniture & Fittings	-	507	114	-	393	-	-	(51)	-	-	-	-	507	165	-	342
Plant & Equipment (under Finance Lease)	-	1,563	889	-	674	-	-	(18)	-	-	-	-	1,563	907	-	656
Land:																
- Operational Land	-	30,295	-	-	30,295	52	(381)	-	756	(1,460)	131	-	29,393	-	-	29,393
- Community Land	15,054	-	-	-	15,054	-	-	-	(641)	-	-	14,413	-	-	-	14,413
- Land under Roads (purchased pre 1/7/08)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Land under Roads (purchased post 30/6/08)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Land Improvements - non depreciable	17	-	-	-	17	10	-	-	-	-	-	27	-	-	-	27
Land Improvements - depreciable	123	-	83	-	40	127	-	(1)	(12)	-	-	238	-	84	-	154
Buildings - Non Specialised	-	24,769	2,160	-	22,609	1,596	(237)	(459)	(171)	-	-	-	25,375	2,037	-	23,338
Buildings - Specialised	-	34,355	4,726	-	29,629	207	(11)	(637)	-	-	-	-	34,243	5,055	-	29,188
Other Structures	10,421	-	4,315	-	6,106	1,010	-	(350)	20	-	-	11,692	-	4,906	-	6,786
Infrastructure:																
- Roads, Bridges, Footpaths	214,434	-	117,534	-	96,900	8,602	-	(3,770)	32	-	-	223,075	-	121,311	-	101,764
- Bulk Earthworks (non-depreciable)	24,075	-	-	-	24,075	-	-	-	-	-	-	24,075	-	-	-	24,075
- Stormwater Drainage	10,869	-	5,366	-	5,503	762	-	(147)	16	-	-	11,657	-	5,523	-	6,134
- Water Supply Network	-	92,551	34,964	-	57,587	1,083	-	(1,367)	-	-	1,687	-	96,411	37,421	-	58,990
- Sewerage Network	-	66,686	38,083	-	28,603	629	-	(1,192)	-	-	822	-	69,315	40,453	-	28,862
Other Assets:																
- Library Books	1,174	-	902	-	272	75	-	(84)	-	-	-	1,249	-	986	-	263
- Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reinstatement, Rehabilitation & Restoration Assets (refer Note 26:																
- Tip Asset	628	-	209	-	419	141	-	(45)	(8)	-	-	769	-	262	-	507
- Quarry Asset	140	-	13	-	127	47	-	(42)	-	-	-	187	-	55	-	132
- Other Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIP.	279,045	272,080	221,997	-	329,128	19,195	(1,075)	(9,643)	(8)	(1,460)	2,640	290,216	280,449	231,888	-	338,777

Mid-Western Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 9b. Infrastructure, Property, Plant & Equipment that is Externally Restricted

\$ '000 Class of Asset	Actual 2009				Actual 2008			
	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value
Water Supply								
Land								
- Operational Land	-	2,336	-	2,336	-	2,336	-	2,336
- Community Land	-	-	-	-	3	-	-	3
- Improvements - depreciable	26	-	18	8	26	-	17	9
Buildings	-	655	17	638	-	655	3	652
Other Structures	42	-	1	41	42	-	1	41
Infrastructure	-	96,994	37,418	59,576	-	92,979	34,961	58,018
Total Water Supply	68	99,985	37,454	62,599	71	95,970	34,982	61,059
Sewerage Services								
Land								
- Operational Land	-	969	-	969	-	969	-	969
- Improvements - depreciable	58	-	32	26	58	-	31	27
Buildings	-	506	39	467	-	150	21	129
Infrastructure	-	70,181	40,453	29,728	-	67,147	38,083	29,064
Total Sewerage Services	58	71,656	40,524	31,190	58	68,266	38,135	30,189
Domestic Waste Management								
Plant & Equipment	-	1,007	270	737	-	1,278	330	948
Land								
- Operational Land	-	2,512	-	2,512	-	2,481	-	2,481
- Community Land	151	-	-	151	299	-	-	299
- Improvements - depreciable	16	-	-	16	-	-	-	-
Buildings	-	124	8	116	-	44	4	40
Other Assets	3,328	-	542	2,786	2,799	-	393	2,406
Total DWM	3,495	3,643	820	6,318	3,098	3,803	727	6,174
TOTAL RESTRICTED I,PP&E	3,621	175,284	78,798	100,107	3,227	168,039	73,844	97,422

Note 9c. Infrastructure, Property, Plant & Equipment Gains/(Losses) arising from the Impairment of Assets

Council has not recognised any impairment losses during the reporting period nor reversed any prior period losses.

Mid-Western Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 10a. Payables, Borrowings & Provisions

\$ '000	Notes	2009		2008	
		Current	Non Current	Current	Non Current
Payables					
Goods & Services - operating expenditure		1,178	-	1,243	-
Goods & Services - capital expenditure		957	-	1,278	-
Payments Received In Advance		1,487	-	284	-
Accrued Expenses;					
- Borrowings		78	-	83	-
- Other Expenditure Accruals		-	-	4	-
Security Bonds, Deposits & Retentions		586	-	549	-
Other		32	-	32	-
Total Payables		4,318	-	3,473	-
Borrowings					
Loans - Secured ¹		392	6,676	368	7,068
Finance Lease Liabilities		117	156	313	75
Total Borrowings		509	6,832	681	7,143
Provisions					
Employee Benefits;					
Annual Leave		1,028	-	974	-
Sick Leave		1,202	28	992	72
Long Service Leave		2,421	135	2,067	107
Sub Total - Aggregate Employee Benefits		4,651	163	4,033	179
Asset Remediation/Restoration (Future Works)	26	64	1,017	-	870
Total Provisions		4,715	1,180	4,033	1,049
Total Payables, Borrowings & Provisions		9,542	8,012	8,187	8,192

¹ Loans are secured over the General Rating Income of Council

Disclosures on Liability Interest Rate Risk Exposures, Fair Value Disclosures & Security can be found in Note 15.

Mid-Western Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 10a. Payables, Borrowings & Provisions (continued)

\$ '000	2009		2008	
(i) Liabilities relating to Restricted Assets				
	2009		2008	
	Current	Non Current	Current	Non Current
Externally Restricted Assets				
Domestic Waste Management	150	1,618	475	1,534
Water	590	5,119	483	5,388
Sewer	181	728	225	786
Trust Deposits	586	-	549	-
Liabilities relating to externally restricted assets	1,507	7,465	1,732	7,708
Internally Restricted Assets				
Employee Leave Entitlements	2,885	-	2,787	-
Liabilities relating to internally restricted assets	2,885	-	2,787	-
Total Liabilities relating to restricted assets	4,392	7,465	4,519	7,708

(ii) Current Liabilities not anticipated to be settled within the next 12 months

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

Provisions - Employees Benefits	2,969	2,276
	2,969	2,276

Note 10b. Description of and movements in Provisions

Class of Provision	2008			2009		Closing Balance as at 30/6/09
	Opening Balance as at 1/7/08	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	
Annual Leave	974	1,077	(1,025)	2	-	1,028
Sick Leave	1,064	254	(158)	70	-	1,230
Long Service Leave	2,174	415	(175)	142	-	2,556
Asset Remediation	870	167	(108)	152	-	1,081
TOTAL	5,082	1,913	(1,466)	366	-	5,895

a. Employees Leave Entitlements & On-Costs represents those benefits accrued and payable and an estimate of those that will become payable in the future as a result of past service.

b. Self Insurance Provisions represent both (i) Claims Incurred but Not reported and (ii) Claims Reported & Estimated as a result of Council's being a self insurer up to certain levels of Excess.

c. Asset Remediation, Reinstatement & Restoration Provisions represent the Present Value estimate of future costs Council will incur in order to remove, restore & remediate assets &/or activities as a result of past operations.

Mid-Western Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 11. Cash Flow Statement - Additional Information

\$ '000	Notes	Actual 2009	Actual 2008
(a) Reconciliation of Cash Assets			
Total Cash & Cash Equivalent Assets	6a	33,259	26,934
Less Bank Overdraft	10	-	-
BALANCES as per the CASH FLOW STATEMENT		33,259	26,934
(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities			
Net Operating Result from Income Statement		10,084	5,650
Adjust for non cash items:			
Depreciation & Amortisation		9,670	8,545
Net Losses/(Gains) on Disposal of Assets		33	242
Losses/(Gains) recognised on Fair Value Re-measurements through the P&L:			
- Investments classified as "@ Fair Value" or "Held for Trading"		-	551
- Write Offs relating to the Fair Valuation of I,PP&E		-	551
Unwinding of Discount Rates on Reinstatement Provisions		152	76
Net Loss/(Gain) on Council Restructure/Amalgamations (excl. Cash)		-	(153)
+/- Movement in Operating Assets and Liabilities & Other Cash Items:			
Decrease/(Increase) in Receivables		(213)	358
Increase/(Decrease) in Provision for Doubtful Debts		(29)	10
Decrease/(Increase) in Inventories		(90)	182
Decrease/(Increase) in Other Current Assets		(2)	4
Increase/(Decrease) in Payables		(65)	105
Increase/(Decrease) in accrued Interest Payable		(5)	(4)
Increase/(Decrease) in other accrued Expenses Payable		(4)	4
Increase/(Decrease) in Other Current Liabilities		1,240	(309)
Increase/(Decrease) in Employee Leave Entitlements		602	(175)
Increase/(Decrease) in Other Provisions		59	79
NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from CASH FLOW STATEMENT		21,425	15,716

Mid-Western Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 11. Cash Flow Statement - Additional Information (continued)

\$ '000	Notes	Actual 2009	Actual 2008
(c) Non-Cash Investing & Financing Activities			
Nil			
(d) Financing Arrangements			
(i) Unrestricted access was available at balance date to the following lines of credit:			
Bank Overdraft Facilities ⁽¹⁾		700	700
Standby Credit Facilities		310	310
Operating Lease Facility		600	600
Credit Cards / Purchase Cards		200	50
Total Financing Arrangements		1,810	1,660
Amounts utilised as at Balance Date:			
- Bank Overdraft Facilities		-	-
Standby Credit Facilities		-	-
Operating Lease Facility		600	493
Credit Cards / Purchase Cards		143	6
Total Financing Arrangements Utilised		743	499

1. The Bank overdraft facility may be drawn at any time and may be terminated by the bank without notice.

Interest rates on overdrafts are Interest Rates on Loans & Other Payables are disclosed in Note 15.

(ii) Secured Loan Liabilities

Loans are secured by a mortgage over future years Rate Revenue only.

(e) Net Cash Flows Attributable to Discontinued Operations

Please refer to Note 24 for details of Cash Flows that relate to Discontinued Operations

Mid-Western Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 12. Commitments for Expenditure

\$ '000	Notes	Actual 2009	Actual 2008
(a) Capital Commitments (exclusive of GST)			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
Property, Plant & Equipment			
Buildings		114	11
Other Structures		44	26
Roads & Transport		193	172
Water Supply Network		64	161
Drainage		-	74
Sewerage Network		107	-
Other Assets		136	74
Total Commitments		658	518
These expenditures are payable as follows:			
Within the next year		658	518
Total Payable		658	518
Sources for Funding of Capital Commitments:			
Unrestricted General Funds		68	62
Sect 64 & 94 Funds/Reserves		20	21
Unexpended Grants		59	151
Externally Restricted Reserves		120	161
Internally Restricted Reserves		391	123
Total Sources of Funding		658	518
(b) Other Expenditure Commitments (exclusive of GST)			
Other Non Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
Cleaning Services		266	-
Audit Services		38	71
Courier Services		108	152
Software		368	133
Tourism Support Contract		300	620
Other		103	36
Total Commitments		1,183	1,012
These expenditures are payable as follows:			
Within the next year		765	487
Later than one year and not later than 5 years		418	525
Total Payable		1,183	1,012

Mid-Western Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 12. Commitments for Expenditure (continued)

\$ '000	Notes	Actual 2009	Actual 2008		
(c) Finance Lease Commitments					
(i) Commitments under Finance Leases at the Reporting Date are payable as follows:					
Within the next year		136	331		
Later than one year and not later than 5 years		163	84		
Later than 5 years		-	-		
Total Minimum Lease Payments		299	415		
less: Future Finance Charges		(26)	(27)		
Amount Recognised as a Liability		273	388		
(ii) Finance Lease Liability Recognised represent;					
Current Liabilities		117	313		
Non-Current Liabilities		156	75		
Total Finance Lease Liabilities Disclosed		273	388		
(iii) General Details					
Council Leases the following Property, Plant & Equipment under Finance Leases:					
	Term (Years)	Option to Purchase	Contingent Rent Clauses		
Heavy Plant - Carrying Value	3-8	Y	Y	247	353
Other Equipment/Assets	5	Y	Y	26	35
Total Carrying Value at Year End				273	388

(d) Operating Lease Commitments (Non Cancellable)

a. Commitments under Non Cancellable Operating Leases at the Reporting date, but not recognised as Liabilities are payable:

Within the next year	514	376
Later than one year and not later than 5 years	511	275
Later than 5 years	-	-
Total Non Cancellable Operating Lease Commitments	1,025	651

b. Non Cancellable Operating Leases include the following assets:

Motor vehicles, Computers & Other Office Equipment.

Contingent Rentals may be payable depending on the condition of items or usage during the lease term.

Mid-Western Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 12. Commitments for Expenditure (continued)

\$ '000	Notes	Actual 2009	Actual 2008
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Conditions relating to Finance & Operating Leases:

- All Finance & Operating Lease Agreement are secured only against the Leased Asset.
- No Lease Agreements impose any financial restrictions on Council regarding future debt etc.

(e) Investment Property Commitments

Not Applicable

(f) Remuneration Commitments

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

Within the next year	1,695	1,796
Later than one year and not later than 5 years	2,769	4,221
Later than 5 years	-	-
Total Payable	4,464	6,017

(g) Investment in Associates / Joint Ventures - Commitments

For Capital Commitments and Other Commitments relating to Investments in Associates & Joint Ventures, refer to Note 19 (b)

Mid-Western Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 13. Statement of Performance Measurement - Indicators

\$ '000	Amounts 2009	Indicator 2009	Prior Periods 2008 2007	
1. Unrestricted Current Ratio				
Current Assets less all External Restrictions ⁽¹⁾	<u>17,119</u>	3.38 : 1	4.61	5.34
Current Liabilities less Specific Purpose Liabilities ^(2,3)	<u>5,066</u>			
2. Debt Service Ratio				
Debt Service Cost	<u>981</u>	2.52%	2.53%	3.16%
Revenue from Continuing Operations excluding Capital Items & Specific Purpose Grants/Contributions	<u>39,002</u>			
3. Rates & Annual Charges Coverage Ratio				
Rates & Annual Charges	<u>18,717</u>	35.40%	39.22%	37.79%
Revenue from Continuing Operations	<u>52,875</u>			
4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage				
Rates, Annual & Extra Charges Outstanding	<u>859</u>	4.35%	4.02%	4.16%
Rates, Annual & Extra Charges Collectible	<u>19,747</u>			
5. Building & Infrastructure Renewals Ratio				
Asset Renewals ⁽⁴⁾ [Buildings & Infrastructure]	<u>8,026</u>	106.00%	118.48%	n/a
Depreciation, Amortisation & Impairment (Building & Infrastructure Assets)	<u>7,572</u>			

Notes

⁽¹⁾ Refer Notes 6-8 inclusive.

Also excludes any Real Estate & Land for resale not expected to be sold in the next 12 months

⁽²⁾ Refer to Note 10(a).

⁽³⁾ Refer to Note 10(c) - excludes all ELE not expected to be paid in the next 12 months.

⁽⁴⁾ Asset Renewals represent the replacement &/or refurbishment of existing assets to an equivalent capacity or performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance.

Mid-Western Regional Council

Notes to the Financial Statements for the financial year ended 30 June 2009

Note 13a. Statement of Performance Measurement - Graphs

\$ '000

<p>1. Unrestricted Current Ratio</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio : 1</th> </tr> </thead> <tbody> <tr> <td>2006</td> <td>4.05</td> </tr> <tr> <td>2007</td> <td>5.34</td> </tr> <tr> <td>2008</td> <td>4.61</td> </tr> <tr> <td>2009</td> <td>3.38</td> </tr> </tbody> </table>	Year	Ratio : 1	2006	4.05	2007	5.34	2008	4.61	2009	3.38	<p>Purpose of Unrestricted Current Ratio</p> <p>To assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council.</p>	<p>Commentary on 2008/09 Result</p> <p>2008/09 Ratio 3.38 : 1</p> <p>Council undertook a several large planned capital projects during 2008/09, reducing levels of internally restricted cash.</p>
Year	Ratio : 1											
2006	4.05											
2007	5.34											
2008	4.61											
2009	3.38											
<p>2. Debt Service Ratio</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio</th> </tr> </thead> <tbody> <tr> <td>2006</td> <td>14.96%</td> </tr> <tr> <td>2007</td> <td>3.16%</td> </tr> <tr> <td>2008</td> <td>2.53%</td> </tr> <tr> <td>2009</td> <td>2.52%</td> </tr> </tbody> </table>	Year	Ratio	2006	14.96%	2007	3.16%	2008	2.53%	2009	2.52%	<p>Purpose of Debt Service Ratio</p> <p>To assess the impact of loan principal & interest repayments on the discretionary revenue of council.</p>	<p>Commentary on 2008/09 Result</p> <p>2008/09 Ratio 2.52%</p> <p>Council did not draw down any additional borrowings during 2008/09.</p>
Year	Ratio											
2006	14.96%											
2007	3.16%											
2008	2.53%											
2009	2.52%											
<p>3. Rates & Annual Charges Coverage Ratio</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio</th> </tr> </thead> <tbody> <tr> <td>2006</td> <td>40.13%</td> </tr> <tr> <td>2007</td> <td>37.79%</td> </tr> <tr> <td>2008</td> <td>39.22%</td> </tr> <tr> <td>2009</td> <td>35.40%</td> </tr> </tbody> </table>	Year	Ratio	2006	40.13%	2007	37.79%	2008	39.22%	2009	35.40%	<p>Purpose of Rates & Annual Charges Coverage Ratio</p> <p>To assess the degree of Council's dependence upon revenue from rates and annual charges and to assess the security of Council's income.</p>	<p>Commentary on 2008/09 Result</p> <p>2008/09 Ratio 35.40%</p> <p>The increase in the volume of grants received during 2008/09 has caused this ratio to decline from 2007/08 levels. This is largely attributable to the early payment of instalment one of the 2009/10 Financial Assistance Grant; and receipt of stimulus funding from the Federal Government.</p>
Year	Ratio											
2006	40.13%											
2007	37.79%											
2008	39.22%											
2009	35.40%											
<p>4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio</th> </tr> </thead> <tbody> <tr> <td>2006</td> <td>4.23%</td> </tr> <tr> <td>2007</td> <td>4.16%</td> </tr> <tr> <td>2008</td> <td>4.02%</td> </tr> <tr> <td>2009</td> <td>4.35%</td> </tr> </tbody> </table>	Year	Ratio	2006	4.23%	2007	4.16%	2008	4.02%	2009	4.35%	<p>Purpose of Rates & Annual Charges Outstanding Ratio</p> <p>To assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.</p>	<p>Commentary on 2008/09 Result</p> <p>2008/09 Ratio 4.35%</p> <p>Council experienced a slight deterioration in its Rates Outstanding Percentage compared to 2008/09, which reflects the general economic downturn and the increased pressures on household income.</p>
Year	Ratio											
2006	4.23%											
2007	4.16%											
2008	4.02%											
2009	4.35%											

Mid-Western Regional Council

Notes to the Financial Statements for the financial year ended 30 June 2009

Note 14. Investment Properties

	Actual	Actual
\$ '000	2009	2008

Council has not classified any Land or Buildings as "Investment Properties"

Mid-Western Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 15. Financial Risk Management

\$ '000

Risk Management

Council's activities expose it to a variety of financial risks including (i) price risk, (ii) credit risk, (iii) liquidity risk and (iv) interest rate risk.

The Council's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Council.

Council does not engage in transactions expressed in foreign currencies and is therefore not subject to foreign currency risk.

Financial risk management is carried out by Council's Finance Section under policies approved by the Council.

A comparison by category of the carrying amounts and fair values of Council's Financial Assets & Financial Liabilities recognised in the financial statements is presented below.

	Carrying Value		Fair Value	
	2009	2008	2009	2008
Financial Assets				
Cash and Cash Equivalents	33,259	26,934	33,259	26,934
Investments				
- "Held to Maturity"	3,950	8,250	3,371	8,213
- "Available for Sale"	1,195	1,133	1,195	1,133
Receivables	3,189	2,947	3,189	2,943
Total Financial Assets	41,593	39,264	41,014	39,223
Financial Liabilities				
Payables	2,831	3,189	2,831	3,140
Loans / Advances	7,068	7,436	6,347	6,499
Lease Liabilities	273	388	180	385
Total Financial Liabilities	10,172	11,013	9,358	10,024

Fair Value is determined as follows:

- **Cash & Cash Equivalents, Receivables, Payables** - are estimated to be the carrying value which approximates mkt value.
- **Borrowings & Held to Maturity Investments** - are based upon estimated future cash flows discounted by the current market interest rates applicable to assets & liabilities with similar risk profiles, unless quoted market prices are available.
- Financial Assets classified (i) **"at far value through profit & loss"** or (ii) **Available for Sale** - are based upon quoted market prices at the reporting date or independent valuation.

Mid-Western Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 15. Financial Risk Management (continued)

\$ '000

(a) Cash & Cash Equivalents, Financial assets "at fair value through the profit & Loss", "Available-for-sale" financial assets & "Held-to-maturity" Investments

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

Council's Financial Section manages its Cash & Investments portfolio.

Council has an Investment Policy which complies with the Local Government Act & Minister's Investment Order. This Policy is regularly reviewed by Council and its staff and an Investment Report is tabled before Council on a monthly basis setting out the portfolio breakup and its performance.

The major risk associated with Investments is price risk - the risk that the capital value of Investments may fluctuate due to changes in market prices, whether these changes are caused by factors specific to individual financial instruments or their issuers or are caused by factors affecting similar instruments traded in a market.

Cash & Investments are also subject to interest rate risk - the risk that movements in interest rates could affect returns and income.

A further risk associated with Cash & Investments is credit risk - the risk that the counterparty (to an investment) will not complete their obligations particular to a financial instrument, resulting in a financial loss to Council - be it of a capital or income nature.

Council manages these risks (amongst other measures) by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees.

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

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

	Increase of Values/Rates		Decrease of Values/Rates	
	Profit	Equity	Profit	Equity
2009				
Possible impact of a 10% movement in Market Values	-	120	-	(120)
Possible impact of a 1% movement in Interest Rates	384	(384)	(384)	384
2008				
Possible impact of a 10% movement in Market Values	353	466	(353)	(466)
Possible impact of a 1% movement in Interest Rates	363	363	(363)	(363)

Mid-Western Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 15. Financial Risk Management (continued)

\$ '000

(b) Receivables

Council's major receivables comprise (i) Rates & Annual charges and (ii) User Charges & Fees.

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

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

Credit risk on rates and annual charges is minimised by the ability of Council to secure a charge over the land relating to the debts - that is, the land can be sold to recover the debt. Council is also able to charge interest on overdue rates & annual charges at higher than market rates which further encourages the payment of debt.

The level of outstanding receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance.

Council makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors.

There are no material receivables that have been subjected to a re-negotiation of repayment terms.

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

	2009	2009	2008	2008
	Rates & Annual Charges	Other Receivables	Rates & Annual Charges	Other Receivables
(i) Ageing of Receivables				
Current (not yet overdue)	251	2,208	182	2,089
Past due by up to 30 days	-	25	-	7
Past due between 31 and 180 days	154	51	318	46
Past due between 181 and 365 days	103	139	-	83
Past due by more than 1 year	245	131	224	145
	753	2,554	724	2,370

(ii) Movement in Provision for Impairment of Receivables

	2009	2008
Balance at the beginning of the year	147	137
+ new provisions recognised during the year	32	33
- amounts already provided for & written off this year	(2)	(18)
- amounts provided for but recovered during the year	(59)	(5)
Balance at the end of the year	118	147

Mid-Western Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 15. Financial Risk Management (continued)

\$ '000

(c) Payables & Borrowings

Payables & Borrowings are both subject to liquidity risk - the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due.

Council manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer.

As well, payment terms can (in extenuating circumstances) be extended & overdraft facilities can be drawn down.

The contractual undiscounted cash outflows (ie. principal and interest) of Council's Payables & Borrowings are set out in the Liquidity Table below:

\$ '000	Subject to no maturity	payable in:						Total Cash Outflows	Actual Carrying Values
		≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs		
2009									
Trade/Other Payables	586	2,226	-	-	-	-	-	2,812	2,831
Loans & Advances	-	844	844	844	844	844	6,307	10,527	7,068
Lease Liabilities	-	136	144	18	-	-	-	298	273
Total Financial Liabilities	586	3,206	988	862	844	844	6,307	13,637	10,172
2008									
Trade/Other Payables	549	2,640	-	-	-	-	-	3,189	3,189
Loans & Advances	-	844	844	844	844	844	7,151	11,371	7,436
Lease Liabilities	-	330	31	36	18	-	-	415	388
Total Financial Liabilities	549	3,814	875	880	862	844	7,151	14,975	11,013

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

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

	2009		2008	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Trade/Other Payables	2,831	0.0%	3,189	0.0%
Loans & Advances - Fixed Interest Rate	7,068	6.5%	7,436	6.5%
Lease Liabilities	273	7.1%	388	6.5%
	<u>10,172</u>		<u>11,013</u>	

Mid-Western Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 08/09 was incorporated as part of its Management Plan and was adopted by the Council on 18 June 2008.

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

This Note sets out the details of MATERIAL VARIATIONS between Council's Original Budget and its Actual results for the year as per the Income Statement - even though such variations may have been adjusted for during each Quarterly Budget Review.

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

Note that for Variations: F = Favourable Budget Variation, **U** = Unfavourable Budget Variation

\$ '000	2009 Budget	2009 Actual	2009 Variance*		
REVENUES					
Rates & Annual Charges	18,748	18,717	(31)	(0%)	U
User Charges & Fees	10,160	10,357	197	2%	F
Interest & Investment Revenue	1,221	2,055	834	68%	F
Council generally adopts a conservative approach when budgeting for interest on investments. However, also contributing to the favourable result is that across the course of the year, Council held a significantly higher than anticipated portfolio balance as a result of a change in timing of a number of major projects such as the Redbank Dam upgrade; Rylstone area security of water supply; Glenwillow Sports Complex upgrade; redevelopment of the Cudgegong Southbank site; and the Lions Drive subdivision.					
Other Revenues	2,056	1,365	(691)	(34%)	U
During the year, Council experienced a substantial decline in revenue from the sales of recyclable materials of \$500,000 as a result of decreased demand for the product.					
Operating Grants & Contributions	10,053	12,515	2,462	24%	F
<ul style="list-style-type: none"> - Receipt of instalment one of the 2009/10 Financial Assistance Grants \$1,280,000 (F) - Council obtained additional contributions for roads maintenance and repairs \$550,000 (F) - Council received a \$100,000 grant for the introduction of a Youth Program in the Mid-Western Region 					
Capital Grants & Contributions	7,635	7,866	231	3%	F
Net Gains from Disposal of Assets	2,431	-	(2,431)	(100%)	U
Whilst Council's plant replacement program results outperformed Original Budget, the delays in settlements of land sales contributed to a zero net gain from the disposal of assets (\$2,150,000). Council also scrapped a number of past or historical land parcels and buildings from its asset register (\$420,000).					

Mid-Western Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 16. Material Budget Variations (continued)

\$ '000	2009 Budget	2009 Actual	----- 2009 Variance* -----		
EXPENSES					
Employee Benefits & On-Costs	17,044	16,801	243	1%	F
Borrowing Costs	610	530	80	13%	F
Council provided in its Original Budget an estimate for drawing down an additional \$1.5m of loan borrowings. Due to delays in the timing of the associated project, those loan funds were not required, resulting in lower than estimated borrowing costs.					
Materials & Contracts	12,080	11,602	478	4%	F
Depreciation & Amortisation	8,546	9,670	(1,124)	(13%)	U
Depreciation costs were substantially higher than estimated as a result of the revaluation of Council buildings to fair value as at 30 June 2008. Estimates included in the Original Budget for 2009 depreciation were based on historical costs. Depreciation was also higher than anticipated across some other asset categories, including Roads, Bridges and Footpaths; Other Structures; and the Water Supply Network.					
Other Expenses	3,769	4,155	(386)	(10%)	U
<ul style="list-style-type: none"> - General revaluation resulted in a write-off of Farmland rating income of \$58k as a result of legislation prohibiting increases in farmland rates of more than 20% per annum - Increased cost of water licences payable to State Government \$33k (U) - Increased telecommunications expenditure \$99k (U) 					
Net Losses from Disposal of Assets	-	33	(33)	0%	U

Mid-Western Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 17. Statement of Developer Contributions

\$ '000

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

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

SUMMARY OF CONTRIBUTIONS & LEVIES

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Transport Management	550	55	-	21	-	-	626	492	(2,132)	(1,014)	-
Open Space	394	108	-	16	(140)	-	378	588	(1,789)	(823)	-
Community Facilities	1,175	20	-	49	(10)	-	1,234	186	(2,728)	(1,308)	-
Civic Improvements	(69)	-	-	1	-	-	(68)	-	(4,100)	(4,168)	-
Car Parking	1,690	-	-	49	(181)	-	1,558	-	(1,444)	114	-
Administration	38	15	-	1	-	-	54	96	(512)	(362)	-
Other	-	-	-	-	-	-	-	-	-	-	-
S94 Contributions - under a Plan	3,778	198	-	137	(331)	-	3,782	1,362	(12,705)	(7,561)	-
S94A Levies - under a Plan	107	95	-	5	-	-	207				-
Total S94 Revenue Under Plans	3,885	293	-	142	(331)	-	3,989				-
S94 not under Plans	-	-	-	-	-	-	-	-	-	-	-
S93F Planning Agreements	339	446	-	14	(519)	-	280				-
S64 Contributions	3,609	379	-	163	(292)	-	3,859				-
Total Contributions	7,833	1,118	-	319	(1,142)	-	8,128	1,362	(12,705)	(7,561)	-

Mid-Western Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 17. Statement of Developer Contributions (continued)

\$ '000

S94 CONTRIBUTIONS - UNDER A PLAN

CONTRIBUTION PLAN: MID-WESTERN REGIONAL 2005 - 2021

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Transport Management	550	55	-	21	-	-	626	492	(2,132)	(1,014)	-
Open Space	394	108	-	16	(140)	-	378	588	(1,789)	(823)	-
Community Facilities	1,175	20	-	49	(10)	-	1,234	186	(2,728)	(1,308)	-
Civic Improvements	(69)	-	-	1	-	-	(68)	-	(4,100)	(4,168)	-
Car Parking	1,690	-	-	49	(181)	-	1,558	-	(1,444)	114	-
Administration	38	15	-	1	-	-	54	96	(512)	(362)	-
Other	-	-	-	-	-	-	-	-	-	-	-
Total	3,778	198	-	137	(331)	-	3,782	1,362	(12,705)	(7,561)	-

S94A LEVIES - UNDER A PLAN

CONTRIBUTION PLAN: MID-WESTERN REGIONAL 2005 - 2021

PURPOSE	Opening Balance	Contributions received during the Year		Interest earned in Year	Expenditure during Year	Internal Borrowing (to)/from	Held as Restricted Asset	Projections			Cumulative Internal Borrowings due/(payable)
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding	
Transport Management	107	95	-	5	-	-	207	720	-	927	-
Total	107	95	-	5	-	-	207	720	-	927	-

Mid-Western Regional Council

Notes to the Financial Statements for the financial year ended 30 June 2009

Note 18. Contingencies & Other Assets/Liabilities Not Recognised

\$ '000

The following assets and liabilities do not qualify for recognition in the Balance Sheet, but their knowledge & disclosure is considered relevant to the users of Council's Financial Report.

LIABILITIES NOT RECOGNISED:

1. Guarantees

(i) Defined Benefit Superannuation Contribution Plans

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

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

The Schemes most recent full actuarial review indicated that the Net Assets of the Scheme were not sufficient to meet the accrued benefits of the Schemes Defined Benefit member category and that member Councils will need to make significantly higher contributions from 2009/10 & beyond.

The Local Government Superannuation Scheme however is unable to provide Council with an accurate estimate of its share of the net deficit & accordingly Council has not recorded any net liability from it's Defined Benefit Scheme obligations in accordance with AASB 119.

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

(ii) StateCover Limited

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

StateCover is a company providing workers compensation insurance cover to the NSW Local Government Industry and specifically Council.

Council has a contingent liability to contribute further equity in the event of the erosion of the Company's capital base as a result of the company's past performance and/or claims experience or as a of any increased prudential requirements of APRA.

These future equity contributions would be required to maintain the company's minimum level of Net Assets in accordance with its Licence Requirements.

(iii) Other Guarantees

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

2. Other Liabilities

(i). Third Party Claims

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

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

(ii) S94 Plans

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

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

Mid-Western Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 18. Contingencies & Other Assets/Liabilities Not Recognised (continued)

\$ '000

LIABILITIES NOT RECOGNISED:

2. Other Liabilities (continued)

(ii) S94 Plans (continued)

As well, these Plans indicate proposed future expenditure to be undertaken by Council, which will be funded by making levies and receipting funds in future years.

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

ASSETS NOT RECOGNISED:

(i) Land Under Roads

As permitted under AASB 1051, Council has elected not to bring to account Land Under Roads that it owned or controlled up to & including 30/6/08.

(ii) Infringement Notices/Fines

Fines & Penalty Income, the result of Council issuing Infringement Notices is followed up and collected by the Infringement Processing Bureau.

Councils Revenue Recognition policy for such income is to account for it as revenue on receipt.

Accordingly, at Year End, there is a potential asset due to Council representing issued but updated Infringement Notices.

Due to the limited information available on the status, value and duration of outstanding Notices, Council is unable to determine the value of outstanding income.

(iii) Deed of Option

On 20 September 2006 Council executed a contract for the sale of various parcels of land collectively known as the Mortimer Street Carpark for the sum of \$1.5M plus GST.

At the same time as the sale of land contract was executed, Council also executed a Deed of Covenant with the purchaser for the provision of carparking spaces on the subject land. In order to secure the performance of the purchaser, Council entered into a Deed of Option to purchase the subject land at a price of \$1.2M plus GST subject to a number of conditions.

The Option lapses once the purchaser constructs more than 25% of the gross lettable floor area of the approved Development. It is becoming increasingly likely that the developer will fail to achieve this requirement, thus giving the Council the potential to exercise the Option.

(iii) Bank Guarantees

Council holds a number bank guarantees to the value of \$466,412.84. These guarantees are provided by various developers across the Mid-Western Region to secure performance of conditions of consent in relation to approved Development Applications.

The guarantees will be returned once the associated conditions of consent have been satisfied.

Mid-Western Regional Council

Notes to the Financial Statements for the financial year ended 30 June 2009

Note 19. Controlled Entities, Associated Entities & Interests in Joint Ventures

\$ '000

Council has no interest in any Controlled Entities, Associated Entities or Joint Ventures.

Mid-Western Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 20. Equity - Retained Earnings and Revaluation Reserves

\$ '000	Notes	Actual 2009	Actual 2008
a. Retained Earnings			
Movements in Retained Earnings were as follows:			
Balance at beginning of Year (from previous years audited accounts)		264,619	258,969
a. Correction of Prior Period Errors	20 (c)	-	-
b. Changes in Accounting Policies (Prior Period Effects)	20 (d)	-	-
c. Current Year Income & Expenses Recognised direct to Equity excluding direct to Reserves transactions		-	-
d. Net Operating Result for the Year		10,084	5,650
e. Distributions to/(Contributions from) Minority Interests		-	-
f. Transfers between Equity		160	-
g. Other Changes (disclosure required)		-	-
Balance at End of the Reporting Period		274,863	264,619
b. Reserves			
(i) Reserves are represented by:			
- Infrastructure, Property, Plant & Equipment Revaluation Reserve		90,967	88,487
- "Available for Sale" Financial Investments Revaluation Reserve		(305)	(367)
- Other Reserves (Specify)		-	-
Total		90,662	88,120
(ii). Reconciliation of movements in Reserves:			
Infrastructure, Property, Plant & Equipment Revaluation Reserve			
- Opening Balance		88,487	21,167
- Revaluations for the year	9(a)	2,640	67,320
- Impairment of revalued assets (incl. impairment reversals)	9(a)	-	-
- Transfer to Retained Earnings for Assets Disposed of		(160)	-
- Balance at End of Year		90,967	88,487
"Available for Sale" Financial Investments Revaluation Reserve			
- Opening Balance		(367)	(55)
- Gains/(Losses) in Value for the year		62	(312)
- Balance at End of Year		(305)	(367)
TOTAL VALUE OF RESERVES		90,662	88,120

Mid-Western Regional Council

Notes to the Financial Statements for the financial year ended 30 June 2009

Note 20. Equity - Retained Earnings and Revaluation Reserves

\$ '000	Notes	Actual 2009	Actual 2008
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b. Reserves (continued)

(iii). Nature & Purpose of Reserves

Infrastructure, Property, Plant & Equipment Revaluation Reserve

- The Infrastructure, Property, Plant & Equipment Revaluation Reserve is used to record increments/decrements of Non Current Asset values due to their revaluation.

"Available for Sale" Financial Investments Revaluation Reserve

- The "Available for Sale" Financial Investments Revaluation Reserve is used to account for the Fair Value movements in all financial assets so classified that remain on hand at year end.

Upon sale, amounts in Reserves are recognised in the Income Statement (in full) by way of transfer from the Reserve.

c. Correction of Error/s relating to a Previous Reporting Period

Council made no correction of errors during the current reporting period.

d. Voluntary Changes in Accounting Policies

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

Mid-Western Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 21. Financial Result & Financial Position by Fund

Income Statement by Fund	Actual	Actual	Actual	Actual
\$ '000	2009	2009	2009	2009
Continuing Operations	General	Water	Sewer	Other
Income from Continuing Operations				
Rates & Annual Charges	14,966	1,018	2,733	-
User Charges & Fees	7,510	2,753	94	-
Interest & Investment Revenue	1,376	294	385	-
Other Revenues	1,335	16	14	-
Grants & Contributions provided for Operating Purposes	12,156	289	70	-
Grants & Contributions provided for Capital Purposes	7,461	251	154	-
Other Income				
Net Gains from Disposal of Assets	-	-	-	-
Share of interests in Joint Ventures & Associates using the Equity Method	-	-	-	-
Total Income from Continuing Operations	44,804	4,621	3,450	-
Expenses from Continuing Operations				
Employee Benefits & on-costs	15,108	913	780	-
Borrowing Costs	120	357	53	-
Materials & Contracts	9,911	1,145	546	-
Depreciation & Amortisation	7,086	1,381	1,203	-
Impairment	-	-	-	-
Other Expenses	2,167	1,136	852	-
Interest & Investment Losses	-	-	-	-
Net Losses from the Disposal of Assets	33	-	-	-
Share of interests in Joint Ventures & Associates using the Equity Method	-	-	-	-
Total Expenses from Continuing Operations	34,425	4,932	3,434	-
Operating Result from Continuing Operations	10,379	(311)	16	-
Discontinued Operations				
Net Profit/(Loss) from Discontinued Operations	-	-	-	-
Net Operating Result for the Year	10,379	(311)	16	-
Net Operating Result attributable to each Council Fund	10,379	(311)	16	-
Net Operating Result attributable to Minority Interests	-	-	-	-
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes	2,918	(562)	(138)	-

Mid-Western Regional Council

Notes to the Financial Statements

as at 30 June 2009

Note 21. Financial Result & Financial Position by Fund

Balance Sheet by Fund	Actual	Actual	Actual	Actual
\$ '000	2009	2009	2009	2009
ASSETS	General	Water	Sewer	Other
Current Assets				
Cash & Cash Equivalents	20,669	5,374	7,216	-
Investments	2,950	-	-	-
Receivables	2,063	1,031	95	-
Inventories	460	137	18	-
Other	2	-	-	-
Non-current assets classified as "held for sale"	50	-	-	-
Total Current Assets	26,194	6,542	7,329	-
Non-Current Assets				
Investments	2,195	-	-	-
Receivables	-	-	-	-
Inventories	1,821	-	-	-
Infrastructure, Property, Plant & Equipment	244,988	62,599	31,190	-
Investments Accounted for using the equity method	-	-	-	-
Investment Property	-	-	-	-
Intangible Assets	221	-	-	-
Other	-	-	-	-
Total Non-Current Assets	249,225	62,599	31,190	-
TOTAL ASSETS	275,419	69,141	38,519	-
LIABILITIES				
Current Liabilities				
Payables	3,888	307	123	-
Borrowings	168	283	58	-
Provisions	4,715	-	-	-
Total Current Liabilities	8,771	590	181	-
Non-Current Liabilities				
Payables	-	-	-	-
Borrowings	985	5,119	728	-
Provisions	1,180	-	-	-
Total Non-Current Liabilities	2,165	5,119	728	-
TOTAL LIABILITIES	10,936	5,709	909	-
Net Assets	264,483	63,432	37,610	-
EQUITY				
Retained Earnings	204,525	45,805	24,533	-
Revaluation Reserves	59,958	17,627	13,077	-
Total Equity	264,483	63,432	37,610	-

Mid-Western Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 22. Non Current Assets/Liabilities classified as "Held for Sale"

\$ '000	2009		2008	
	Current	Non Current	Current	Non Current
(i) Non Current Assets & Disposal Group Assets				
Non Current Assets "Held for Sale"				
Land	50	-	65	-
Total Non Current Assets "Held for Sale"	50	-	65	-
Disposal Group Assets "Held for Sale"				
None				
<u>TOTAL NON CURRENT ASSETS CLASSIFIED AS "HELD FOR SALE"</u>	<u>50</u>	<u>-</u>	<u>65</u>	<u>-</u>

(ii) Details of Assets & Disposal Groups

Residential land parcels surplus to requirement.

\$ '000	Assets "Held for Sale"		Disposal Groups	
	2009	2008	2009	2008
(iii) Reconciliation of Non Current Assets "Held for Sale" & Disposal Groups - i.e. Discontinued Operations				
Opening Balance	65	-	-	-
less: Carrying Value of Assets/Operations Sold	(15)	-	-	-
Balance still unsold after 12 months:	50	-	-	-
less: Assets no longer classified as "Held for Sale"	-	-	-	-
plus New Transfer in:				
Assets "Held for Sale"	-	65	-	-
Discontinued Operations	-	-	-	-
less Impairment Losses:				
Assets "Held for Sale" - Losses on Reclassification	-	-	-	-
Discontinued Operation - Losses on Reclassification	-	-	-	-
less: Carrying Value of Assets/Operations Sold that were re-classified this reporting period	-	-	-	-
Closing Balance of "Held for Sale" Non Current Assets & Operations	50	65	-	-

Mid-Western Regional Council

Notes to the Financial Statements for the financial year ended 30 June 2009

Note 23. Events occurring after Balance Sheet Date

\$ '000

Events that occur after the reporting date of 30 June 2009, up to and including the date when the financial report is "authorised for issue" have been taken into account in preparing this financial report.

Council has adopted the date of receipt of the Auditors' Report as the appropriate "authorised for issue" date relating to this General Purpose Financial Report.

Accordingly, the "authorised for issue" date is 25/09/09.

Events that occur after the Reporting Date represent one of two types:

(i) Events that have provided evidence of conditions that existed at the Reporting Date

These financial reports (and the figures therein) incorporate all "adjusting events" that provided evidence of conditions that existed at 30 June 2009.

(ii) Events that have provided evidence of conditions that arose after the Reporting Date

These financial reports (and figures therein) do not incorporate any "non adjusting events" that have occurred after 30 June 2009 and which are only indicative of conditions that arose after 30 June 2009.

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

Note 24. Discontinued Operations

Council did not classify any of its Operations as "Discontinued".

Mid-Western Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 25. Intangible Assets

\$ '000

Intangible Assets represent identifiable non-monetary asset without physical substance.

	Actual 2009 Carrying Amount	Actual 2008 Carrying Amount
Intangible Assets are as follows;		
Opening Values:		
Gross Book Value (1/7)	136	-
Accumulated Amortisation & Impairment	-	-
Net Book Value - Opening Balance	136	-
Movements for the year		
- Purchases	112	136
- Amortisation charges	(27)	-
Closing Values:		
Gross Book Value (30/6)	248	136
Accumulated Amortisation & Impairment	(27)	-
<u>TOTAL INTANGIBLE ASSETS - NET BOOK VALUE</u> ¹	<u>221</u>	<u>136</u>

¹ The Net Book Value of Intangible Assets represent:

- Software	218	136
- Easements	3	-
	<u>221</u>	<u>136</u>

Mid-Western Regional Council

Notes to the Financial Statements

for the financial year ended 30 June 2009

Note 26. Reinstatement, Rehabilitation & Restoration Liabilities

\$ '000

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

Asset/Operation	Estimated year of restoration	NPV of Provision	
		2009	2008
Waste Transfer Stations & Tips - Region Wide	2009 - 2019	879	720
Quarries & Gravel Pits - Region Wide	2038	202	150
Balance at End of the Reporting Period	10	1,081	870

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

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

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

Specific uncertainties relating to the final costs and the assumptions made in determining the amounts of provisions include:

- the actual future costs (compared to the estimates used),
- the timing of the actual expenditure, &
- the applicable discount rates utilised.

Reconciliation of movement in Provision for year:

Balance at beginning of year	870	715
Amounts capitalised to new or existing assets:		
- Waste Transfer Stations & Tips (region wide)	163	-
- Quarries & Gravel Pits (region wide)	4	76
Effect of a change in discount rates used in PV calculations	120	38
Effect of a change in other calculation estimates used	-	(13)
Amortisation of discount (expensed to borrowing costs)	32	54
Expenditure incurred attributable to Provisions	(108)	-
Total - Reinstatement, rehabilitation and restoration provision	1,081	870

Amount of Expected Reimbursements

Of the above Provisions for Reinstatement, Rehabilitation and Restoration works, those applicable to Garbage Services & Waste Management are able to be funded through future charges incorporated within Council's Annual Domestic Waste Management Charge.

Mid-Western Regional Council

Notes to the Financial Statements for the financial year ended 30 June 2009

Note 27. Additional Council Disclosures - Council Information

Principal Place of Business:

86 Market Street
Mudgee NSW 2850

Contact Details
Mailing Address:

PO Box 156
Mudgee NSW 2850

Telephone: 02 6378 2850

Facsimile: 02 6378 2815

Opening Hours

Mudgee, Gulgong & Rylstone Administration Centres
8:00am to 4:30pm
Monday to Friday

Internet: www.midwestern.nsw.gov.au

Email: council@midwestern.nsw.gov.au

Officers
GENERAL MANAGER

Mr Warwick Bennett

RESPONSIBLE ACCOUNTING OFFICER

Mrs Clare Phelan

PUBLIC OFFICER

Mr Ian Roberts

AUDITORS

Morse Group

Elected Members
MAYOR

Clr Percy Thompson

COUNCILLORS

Clr Max Walker

Clr Russell Holden

Clr Des Kennedy

Clr Elwyn Lang

Clr James Loneragan

Clr Esme Martens

Clr Peter Shelley

Clr John Webb

Other Information

ABN: 96 149 391 332

**INDEPENDENT AUDITOR'S REPORT
ON THE GENERAL PURPOSE FINANCIAL REPORT OF
MID-WESTERN REGIONAL COUNCIL**

Report on the Financial Report

We have audited the accompanying financial report of Mid-Western Regional Council for the financial year ended 30 June 2009. The financial report comprises the Statement by Council, Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and accompanying Notes to the Financial Statements. Our audit responsibility does not extend to the original budget figures included in the Income Statement and Cash Flow Statement, the original budget disclosures in Notes 2(a) and 16, nor the projected revenue and expenditure of developer contributions reported in Note 17 and accordingly, we express no opinion on them.

Councils' Responsibility for the Financial Report

The Council are responsible for the preparation and fair presentation of the financial report in accordance with the Local Government Act 1993. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors Responsibility

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

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

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

Independence

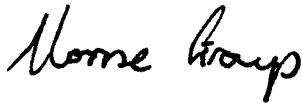
In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.



Audit Opinion

In our opinion:

- (a) the Council's accounting records have been kept in accordance with the requirements of the Local Government Act 1993, Chapter 13, Part 3, Division 2;
- (b) the Council's financial report:
 - (i) has been prepared in accordance with the requirements of this Division;
 - (ii) is consistent with the Council's accounting records;
 - (iii) presents fairly the Council's financial position, the results of its operations and cashflows; and
 - (iv) is in accordance with applicable Australian Accounting Standards, and other mandatory professional reporting requirements.
- (c) all information relevant to the conduct of the audit has been obtained; and
- (d) there are no material deficiencies in the accounting records or financial report that have come to light in the course of the audit.



MORSE GROUP

237 Lords Place
Orange

Dated: 25 September 2009



JD O'MALLEY
PARTNER

**INDEPENDENT AUDITOR'S REPORT ON THE CONDUCT OF THE AUDIT OF
MID-WESTERN REGIONAL COUNCIL**

We have audited the financial reports of Mid-Western Regional Council for the financial year ended 30 June 2009. The financial reports include the general purpose consolidated accounts of the economic entity comprising the Council and its controlled entities and the special purpose financial report, detailing the income and expenditure of Council's business units and their financial position at balance date. The contents of both of these reports include the Council's Certificate as required by section 413(2)(c) of the Local Government Act 1993. The Council is responsible for the preparation and presentation of the financial reports and the information they contain. We have conducted an independent audit of these financial reports in order to express an opinion on them to the Council.

In accordance with Section 417 of the Local Government Act 1993 we submit our report on the conduct of the audit of Mid-Western Regional Council for the year ended 30 June 2009. Our audit reports on the general purpose financial statements of Council and the special purpose financial statements on Council's business units outline the legislative framework of our audit and should be referred to in order to establish the context in which our comments are made.

Council's Responsibility for the Financial Report

The Council is responsible for the preparation and fair presentation of the financial report in accordance with the Local Government Act 1993. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

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

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



Review of Financial Results

(a) Operating Result

As disclosed in Council's Income Statement the year's operations resulted in a net operating result of \$10,084,000 (2008 - \$5,650,000). Selected items of note in the operating statement include:

Revenue

- The operating result from ordinary activities *before* capital amounts was \$2,218,000 (2008 - \$1,689,000).
- User charges and fees decreased \$1,781,000 (14.7%) to \$10,357,000 (2008 - \$12,138,000) primarily due to a \$3,680,000 reduction in RTA works on State Roads following major work in the 2008 year. This was partially offset by a \$1,309,000 increase in private works income.
- Operating grants and contributions were \$2,482,000 up on the prior year, primarily due to the early payment of the first instalment of the 2010 Financial Assistance Grant from the federal government. This is expected to result in a drop in operating grant income next year.
- Capital grants and contributions were \$3,905,000 higher than last year. This is largely as a result of federal funding for the Willow Bend sporting complex under the RLCIP program.

Expenditure

- Materials and contracts expenditure decreased by \$2,387,000 (17%) to \$11,602,000 (2008 - \$13,989,000), primarily due to additional State roads contract works in the 2008 financial year. This is consistent with the reduction in revenue noted above.
- Depreciation expense grew by \$1,125,000 to \$9,670,000 (2008 - \$8,545,000) following revaluation of Council's water and sewer infrastructure in 2007 and buildings in 2008.

Council's other major items of income and expenditure were relatively consistent with the prior period.

(b) Financial Position

The Balance Sheet discloses that for the year ended 30 June 2009 Council's net assets stood at \$365,525,000 (2008 - \$352,739,000), which represents an increase of \$12,786,000 being the net operating surplus after capital amounts of \$10,084,000 combined with the net asset revaluation increment of \$2,702,000 relating to the indexed revaluation of Council's water and sewer infrastructure and the write-back of the asset revaluation reserve relating to assets disposed.

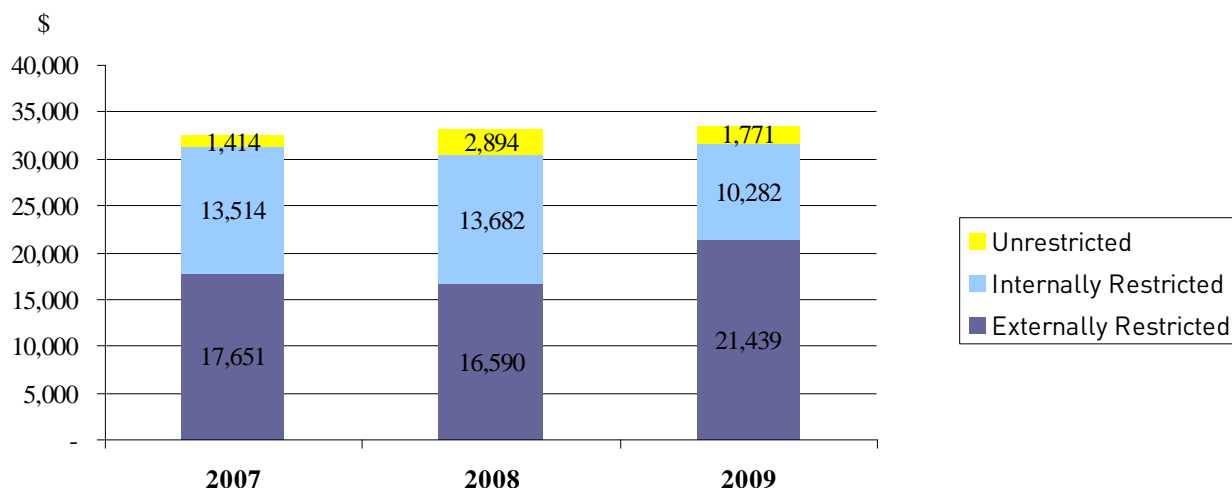
To assess the health of Council's net current asset position (available working capital) it is necessary to review the level of restrictions placed against the use of Council's assets. The notes to the financial statements indicate clearly where restrictions exist, and the effect of the restrictions is summarised as follows: -

	2009 \$'000	2008 \$'000
Net current assets	30,523	29,410
Less: Amounts externally restricted for special purposes refer Notes 6; 7; & 8 of financial statements	(22,946)	(18,322)
Less: Council internally imposed restrictions (refer Note 6 of financial statements)	(10,282)	(13,682)
Add: Applicable current liabilities refer Note 10		
- Water	590	483
- Sewerage	181	225
- Domestic Waste Management	150	475
- Other	586	549
Add: Employee Leave Entitlements to be paid > 12 months	2,969	2,276
Unrestricted net current asset surplus/(deficit)	<u>1,771</u>	<u>2,894</u>
Unrestricted net current assets comprise: -		
Assets		
Cash	4,378	3,424
Receivables	1,947	1,743
Inventories	462	361
Non current assets held for sale	50	65
	<u>6,837</u>	<u>5,593</u>
Less: General Purpose Liabilities	(8,035)	(6,455)
Plus: Employee Leave Entitlements to be paid > 12 months	2,969	2,276
Unrestricted net current asset surplus/(deficit)	<u>1,771</u>	<u>2,894</u>

Council's continues to enjoy a surplus of net current assets to cover the restrictions placed on those assets however the extent of surplus has declined.

The following table shows the impact of these funding decisions on Council's calculated unrestricted net current asset position:

Net Current Asset Position



Liquidity

Note 6 to the accounts discloses total cash and investments of \$38,404,000 (2008 - \$36,317,000), of this amount \$23,744,000 (2008 - \$19,211,000) is subject to external restrictions requiring Council to commit those funds to the purposes for which they were provided and \$10,282,000 (2008 - \$13,682,000) is subject to internal restrictions agreed upon by Council for designated purposes. These internal restrictions may be altered at the discretion of Council, consistent with its management plan.

The unrestricted balance of \$4,378,000 (2008 - \$3,424,000) represents liquid assets available to cover non-budgeted discretionary expenditure and short-term cash flow requirements and reflects Council's strong financial position.

Whilst the consolidated financial report displays healthy levels of cash and investments, we remind the reader that the consolidated data is not necessarily reflective of the position of the individual funds (General, Water & Sewer) and this is equally applicable when reviewing the performance indicators considered below.

(c) Performance Indicators

Note 13 to the Financial Statements provides a measure of Council's performance using a number of selected ratios as follows:

Unrestricted Current Ratio

The Unrestricted Current Ratio is a measure of Council's liquidity that demonstrates its ability to satisfy obligations out of short-term and immediate asset balances. Council's ratio of 3.38:1 indicates that it is comfortably able to satisfy its debts as and when they fall due.

Debt Service Ratio

The cost of repaying debt is reflected in the debt service ratio, which expresses that cost as a percentage of revenue from continuing operations, excluding capital items and specific purpose grants and contributions.

Whilst there is no definitive guide on what constitutes an acceptable ratio it is generally accepted that a ratio of up to 20% depending on the level of long-term development (infrastructure) plans, is considered manageable. At 2.52% (2008 - 2.53%) Mid-Western Regional Council's ratio is well below these industry benchmarks and represents manageable debt.

Rates & Annual Charges Coverage Ratio

The ability of Council to meet community expectations for the delivery of services and provision of facilities is directly influenced by the discretion it can exercise in the allocation of resources.

This ratio indicates the proportion of revenue generated by Council's through rates and annual charges.

Mid-Western Regional Council's ratio of 35.40% (2008 – 39.22%) is slightly lower than the prior period, primarily due to increased capital grants and the early instalment of the Financial Assistance Grant.

Rates & Annual Charges Outstanding Ratio

The rates and annual charges outstanding percentage is a measure of management efficiency. Whilst prevailing economic conditions may influence Council's ability to collect revenue, the efficiency and application of collection procedures are still the largest determinant of this ratio.

Mid-Western Regional Council's rates and annual charges outstanding percentage of 4.35% (2008 - 4.02%) continues to indicate effective debtor management.

Building & Infrastructure Renewals Ratio

The purpose of this ratio is to assess the rate at which infrastructure assets are being renewed against the rate at which they are depreciating.

While the distinction between replacements, renewals and repairs is not well defined, the fact that this ratio has been in excess of 100% for the past two years suggests that Council is effectively maintaining it's infrastructure assets.

(d) Cash Flow Statement

The Statement of Cash Flows reports a net increase in cash assets held of \$6,325,000 (2008 – decrease of \$6,492,000) as follows:

	2009 \$'000	2008 \$'000	Movement \$'000
Cash flow provided by / (used in)			
Operating activities	21,425	15,716	5,709
Investing activities	(14,617)	(21,739)	7,122
Financing activities	(483)	(469)	(14)
	<hr/>		
Net increase / (decrease) in cash held	6,325	(6,492)	12,817

Cash flows from operating activities

The cashflows from operating activities have increased due to the substantial increase in grants and contributions.

Cash flows from investing activities

The major cash outflows related to acquisitions property, plant and equipment.

Cash flows from financing activities

The net cash flow used in financing activities was for loan repayments. No new borrowings were drawn in the current financial year.

(e) Comparison of Actual and Budgeted Performance

Council's surplus from ordinary activities after capital amounts of \$10,084,000 was \$171,000 less than Council's original estimates.

The nature of this report does not lend itself to detailed analysis of individual budget variations, though it appears that the main variance was in relation to the budgeted amount for income from Grants and Contributions, investment revenues and gains on disposal of assets. Note 16 of Council's financial statements addresses the contributing factors to this variation in detail.

(f) Other Matters

National Competition Policy

In accordance with the requirements of National Competition Policy guidelines, Mid-Western Regional Council has prepared a special purpose financial report on its business units for the year ended 30 June 2009. Council has determined that it has five business units within its operations: Water Supply, Waste Water Supply, Private Works, Sale Yards and Child Care Centre.

The Department of Local Government's July 1997 guidelines 'Pricing and Costing for Council Businesses: A Guide to Competitive Neutrality' outlines the process for identifying and allocating costs of activities and provide a standard of disclosure requirements. These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents, Council subsidies, rate of return on investments in business units and dividends paid.

An unqualified audit report on the special purpose reports for the year ended 30 June 2009 has been issued.

Management Letters

Our most recent management letter was issued on 2 March 2009. Matters raised via management letters have been satisfactorily addressed.

(g) Progress of Asset Revaluation Program

In Circular 09/09, the Department of Local Government advised the industry that revaluations of roads, drainage and related infrastructure was to be deferred until 30 June 2010.

Mid-Western Regional Council has continued to progress this valuation process in order to ensure that they are able to recognise these revaluations at that time.

Council has the following in place:

- a project committee with senior representatives from the relevant departments
- a detailed project plan which establishes key deadlines and responsibilities
- regular reporting on the achievement of milestone in the project plan
- documentation which supports
 - the methodology for identifying all assets under council's control
 - capitalisation thresholds for each asset type for accounting and asset management purposes
 - the methodology used to value each asset type
 - a condition assessment model which allows for the identification of each assets' remaining useful life, annual depreciation and on going assessment of its performance

It is expected that Council will complete it's revaluation of roads, bridges and footpaths in the required timeframe and of a suitably professional nature.

(h) Legislative compliance

As a result of our audit we advise that there are no material deficiencies in the accounting records or financial reports that have come to our attention during the conduct of the audit and that Mid-Western Regional Council's accounting records have been kept in accordance with the requirements of the Local Government Act, 1993 and regulations.

Conclusion

- (a) The Council's accounting records have been kept in a manner and form that facilitated the preparation of the general purpose financial report and allowed proper and effective audit of this report;
- (b) The Council's accounting records have been kept in a manner and form that facilitated the preparation of the special purpose financial reports and allowed proper and effective audit of this report; and
- (c) all information relevant to the conduct of the audit has been obtained.


MORSE GROUP

237 Lords Place
Orange
Dated: 25 September 2009


JD O'MALLEY
PARTNER

Mid-Western Regional Council

SPECIAL PURPOSE FINANCIAL REPORTS
for the year ended 30 June 2009

*"a prosperous and progressive
community that we proudly call home"*



Mid-Western Regional Council

Special Purpose Financial Reports

for the financial year ended 30 June 2009

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Background

(i) These Special Purpose Financial Reports have been prepared for the use by both Council and the Department of Local Government in fulfilling their requirements under National Competition Policy.

(ii) The principle of competitive neutrality is based on the concept of a "level playing field" between persons/entities competing in a market place, particularly between private and public sector competitors.

Essentially, the principle is that government businesses, whether Commonwealth, State or Local, should operate without net competitive advantages over other businesses as a result of their public ownership.

(iii) For Council, the principle of competitive neutrality & public reporting applies only to declared business activities.

These include **(a)** those activities classified by the Australian Bureau of Statistics as business activities being water supply, sewerage services, abattoirs, gas production and reticulation and **(b)** those activities with a turnover of over \$2 million that Council has formally declared as a Business Activity (defined as Category 1 activities).

(iv) In preparing these financial reports for Council's self classified Category 1 businesses and ABS defined activities, councils must **(a)** adopt a corporatisation model and **(b)** apply full cost attribution including tax equivalent regime payments & debt guarantee fees (where the business benefits from councils borrowing position by comparison with commercial rates).

Mid-Western Regional Council

Special Purpose Financial Reports

for the financial year ended 30 June 2009

Statement by Councillors and Management

made pursuant to the Local Government Code of Accounting Practice and Financial Reporting

The attached Special Purpose Financial Reports have been prepared in accordance with:

- The NSW Government Policy Statement "Application of National Competition Policy to Local Government"
- The Department of Local Government Guidelines "Pricing & Costing for Council Businesses - A Guide to Competitive Neutrality"
- The Local Government Code of Accounting Practice and Financial Reporting.
- The Department of Water and Energy Best-Practice Management of Water and Sewerage Guidelines.

To the best of our knowledge and belief, these Reports:

- Present fairly the Operating Result and Financial Position for each of Council's declared Business Activities for the year, and
- Accord with Council's accounting and other records.

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

Signed in accordance with a resolution of Council made on 19 August 2009.



J P Thompson
MAYOR

M B Walker
COUNCILLOR

W L Bennett
GENERAL MANAGER

C E Phelan
RESPONSIBLE ACCOUNTING OFFICER

Mid-Western Regional Council

Income Statement of Council's Water Supply Business Activity

for the financial year ended 30 June 2009

\$ '000	Actual 2009	Actual 2008	Actual 2007
Income from continuing operations			
Access charges	1,018	2,026	1,962
User charges	2,679	2,046	2,191
Fees	74	94	185
Interest	294	310	287
Grants and contributions provided for non capital purposes	289	66	74
Profit from the sale of assets	-	-	-
Other income	16	16	6
Total income from continuing operations	4,370	4,558	4,705
Expenses from continuing operations			
Employee benefits and on-costs	913	903	948
Borrowing costs	357	374	388
Materials and contracts	1,145	981	990
Depreciation and impairment	1,381	1,207	1,273
Water purchase charges	-	-	-
Loss on sale of assets	-	360	-
Calculated taxation equivalents	15	12	12
Debt guarantee fee (if applicable)	-	-	-
Other expenses	1,136	959	911
Total expenses from continuing operations	4,947	4,796	4,522
Surplus (deficit) from Continuing Operations before capital amounts	(577)	(238)	183
Grants and contributions provided for capital purposes	251	257	740
Surplus (deficit) from Continuing Operations after capital amounts	(326)	19	923
Surplus (deficit) from Discontinued Operations	-	-	-
Surplus (deficit) from ALL Operations before tax	(326)	19	923
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-	(55)
SURPLUS (DEFICIT) AFTER TAX	(326)	19	868
plus Opening Retained Profits	46,116	46,085	45,150
plus/less: Prior Period Adjustments	-	-	-
plus Adjustments for amounts unpaid:			
- Taxation equivalent payments	15	12	12
- Debt guarantee fees	-	-	-
- Corporate taxation equivalent	-	-	55
less:			
- Tax Equivalent Dividend paid	-	-	-
- Surplus dividend paid	-	-	-
Closing Retained Profits	45,805	46,116	46,085
Return on Capital %	-0.4%	0.2%	1.0%
Subsidy from Council	3,688	3,680	2,999
Calculation of dividend payable:			
Surplus (deficit) after tax	(326)	19	868
less: Capital grants and contributions (excluding developer contributions)	(251)	-	(299)
Surplus for dividend calculation purposes	-	19	569
Potential Dividend calculated from surplus	-	10	285

Mid-Western Regional Council

Income Statement of Council's Sewerage Business Activity

for the financial year ended 30 June 2009

\$ '000	Actual 2009	Actual 2008	Actual 2007
Income from continuing operations			
Access charges	2,733	2,970	2,803
User charges	-	-	134
Liquid Trade Waste Charges	-	-	-
Fees	94	94	-
Interest	385	394	287
Grants and contributions provided for non capital purposes	70	62	62
Profit from the sale of assets	-	-	-
Other income	14	13	2
Total income from continuing operations	3,296	3,533	3,288
Expenses from continuing operations			
Employee benefits and on-costs	780	797	849
Borrowing costs	53	57	60
Materials and contracts	546	509	441
Depreciation and impairment	1,203	1,144	739
Loss on sale of assets	-	268	-
Calculated taxation equivalents	8	11	12
Debt guarantee fee (if applicable)	-	-	-
Other expenses	852	696	560
Total expenses from continuing operations	3,442	3,482	2,661
Surplus (deficit) from Continuing Operations before capital amounts	(146)	51	627
Grants and contributions provided for capital purposes	154	198	317
Surplus (deficit) from Continuing Operations after capital amounts	8	249	944
Surplus (deficit) from discontinued operations	-	-	-
Surplus (deficit) from ALL Operations before tax	8	249	944
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	(15)	(188)
SURPLUS (DEFICIT) AFTER TAX	8	234	756
plus Opening Retained Profits	24,517	24,257	23,301
plus/less: Prior Period Adjustments	-	-	-
plus Adjustments for amounts unpaid:			
- Taxation equivalent payments	8	11	12
- Debt guarantee fees	-	-	-
- Corporate taxation equivalent	-	15	188
less:			
- Tax Equivalent Dividend paid	-	-	-
- Surplus dividend paid	-	-	-
Closing Retained Profits	24,533	24,517	24,257
Return on Capital %	-0.3%	0.4%	2.4%
Subsidy from Council	1,821	1,779	1,123
Calculation of dividend payable:			
Surplus (deficit) after tax	8	234	756
less: Capital grants and contributions (excluding developer contributions)	(154)	-	(2)
Surplus for dividend calculation purposes	-	234	754
Potential Dividend calculated from surplus	-	117	377

Mid-Western Regional Council

Income Statement of Council's Other Business Activities

for the financial year ended 30 June 2009

\$ '000	Private Works		Saleyards	
	Actual 2009	Actual 2008	Actual 2009	Actual 2008
Income from continuing operations				
Access charges	-	-	-	-
User charges	1,554	236	310	268
Fees	-	-	-	-
Interest	9	-	-	-
Grants and contributions provided for non capital purposes	-	-	-	-
Profit from the sale of assets	-	-	-	-
Other income	-	-	18	22
Total income from continuing operations	1,563	236	328	290
Expenses from continuing operations				
Employee benefits and on-costs	185	69	93	79
Borrowing costs	-	3	5	6
Materials and contracts	869	132	65	54
Depreciation and impairment	-	-	125	60
Loss on sale of assets	-	-	-	-
Calculated taxation equivalents	-	-	-	-
Debt guarantee fee (if applicable)	-	-	-	-
Other expenses	371	16	85	89
Total expenses from continuing operations	1,425	220	373	288
Surplus (deficit) from Continuing Operations before capital amounts	138	16	(45)	2
Grants and contributions provided for capital purposes	-	-	-	-
Surplus (deficit) from Continuing Operations after capital amounts	138	16	(45)	2
Surplus (deficit) from discontinued operations	-	-	-	-
Surplus (deficit) from ALL Operations before tax	138	16	(45)	2
less: Corporate Taxation Equivalent (30%) [based on result before capital]	(41)	(5)	-	(1)
SURPLUS (DEFICIT) AFTER TAX	97	11	(45)	1
plus Opening Retained Profits	(58)	(74)	437	435
plus/less: Prior Period Adjustments	-	-	-	-
plus Adjustments for amounts unpaid:				
- Taxation equivalent payments	-	-	-	-
- Debt guarantee fees	-	-	-	-
- Corporate taxation equivalent	41	5	-	1
add:				
- Subsidy Paid/Contribution To Operations	-	-	-	-
less:				
- TER dividend paid	-	-	-	-
- Dividend paid	-	-	-	-
Closing Retained Profits	80	(58)	392	437
Return on Capital %	n/a	n/a	-0.6%	0.1%
Subsidy from Council	-	-	387	391

Mid-Western Regional Council

Income Statement of Council's Other Business Activities

for the financial year ended 30 June 2009

\$ '000	Childcare Centre	
	Actual 2009	Actual 2008
Income from continuing operations		
Access charges		-
User charges	282	334
Fees		-
Interest		1
Grants and contributions provided for non capital purposes	265	297
Profit from the sale of assets		-
Other income		2
Total income from continuing operations	547	634
Expenses from continuing operations		
Employee benefits and on-costs	546	604
Borrowing costs	-	-
Materials and contracts	60	67
Depreciation and impairment	-	-
Loss on sale of assets		-
Calculated taxation equivalents		-
Debt guarantee fee (if applicable)		-
Other expenses	12	5
Total expenses from continuing operations	618	676
Surplus (deficit) from Continuing Operations before capital amounts	(71)	(42)
Grants and contributions provided for capital purposes		-
Surplus (deficit) from Continuing Operations after capital amounts	(71)	(42)
Surplus (deficit) from discontinued operations		-
Surplus (deficit) from ALL Operations before tax	(71)	(42)
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-
SURPLUS (DEFICIT) AFTER TAX	(71)	(42)
plus Opening Retained Profits	(23)	19
plus/less: Prior Period Adjustments		-
plus Adjustments for amounts unpaid:		
- Taxation equivalent payments	-	-
- Debt guarantee fees	-	-
- Corporate taxation equivalent	-	-
add:		
- Subsidy Paid/Contribution To Operations		-
less:		
- TER dividend paid		-
- Dividend paid		-
Closing Retained Profits	(94)	(23)
Return on Capital %	n/a	n/a
Subsidy from Council	71	42

Mid-Western Regional Council

Balance Sheet of Council's Water Supply Business Activity

as at 30 June 2009

\$ '000	Actual 2009	Actual 2008
ASSETS		
Current Assets		
Cash and cash equivalents	5,374	4,811
Investments	-	-
Receivables	1,031	850
Inventories	137	138
Other	-	-
Non-current assets classified as held for sale	-	-
Total Current Assets	6,542	5,799
Non-Current Assets		
Investments	-	-
Receivables	-	44
Inventories	-	-
Infrastructure, property, plant and equipment	62,599	61,059
Investments accounted for using equity method	-	-
Investment property	-	-
Other	-	-
Total non-Current Assets	62,599	61,103
TOTAL ASSETS	69,141	66,902
LIABILITIES		
Current Liabilities		
Payables	307	231
Interest bearing liabilities	283	252
Provisions	-	-
Total Current Liabilities	590	483
Non-Current Liabilities		
Payables	-	-
Interest bearing liabilities	5,119	5,388
Provisions	-	-
Total Non-Current Liabilities	5,119	5,388
TOTAL LIABILITIES	5,709	5,871
NET ASSETS	63,432	61,031
EQUITY		
Retained earnings	45,805	46,116
Revaluation reserves	17,627	14,915
Council equity interest	63,432	61,031
Minority equity interest	-	-
TOTAL EQUITY	63,432	61,031

Mid-Western Regional Council

Balance Sheet of Council's Sewerage Business Activity

as at 30 June 2009

\$ '000	Actual 2009	Actual 2008
ASSETS		
Current Assets		
Cash and cash equivalents	7,216	7,505
Investments	-	-
Receivables	95	84
Inventories	18	26
Other	-	-
Non-current assets classified as held for sale	-	-
Total Current Assets	7,329	7,615
Non-Current Assets		
Investments	-	-
Receivables	-	-
Inventories	-	-
Infrastructure, property, plant and equipment	31,190	30,189
Investments accounted for using equity method	-	-
Investment property	-	-
Other	-	-
Total non-Current Assets	31,190	30,189
TOTAL ASSETS	38,519	37,804
LIABILITIES		
Current Liabilities		
Payables	123	171
Interest bearing liabilities	58	54
Provisions	-	-
Total Current Liabilities	181	225
Non-Current Liabilities		
Payables	-	-
Interest bearing liabilities	728	786
Provisions	-	-
Total Non-Current Liabilities	728	786
TOTAL LIABILITIES	909	1,011
NET ASSETS	37,610	36,793
EQUITY		
Retained earnings	24,533	24,517
Revaluation reserves	13,077	12,276
Council equity interest	37,610	36,793
Minority equity interest	-	-
TOTAL EQUITY	37,610	36,793

Mid-Western Regional Council

Balance Sheet of Council's Other Business Activities

as at 30 June 2009

\$ '000	Private Works		Saleyards	
	Category 2		Category 2	
	Actual 2009	Actual 2008	Actual 2009	Actual 2008
ASSETS				
Current Assets				
Cash and cash equivalents	80	-	-	-
Investments	-	-	-	-
Receivables	-	-	-	-
Inventories	-	-	-	-
Other	-	-	-	-
Non-current assets classified as held for sale	-	-	-	-
Total Current Assets	80	-	-	-
Non-Current Assets				
Investments	-	-	-	-
Receivables	-	-	-	-
Inventories	-	-	-	-
Infrastructure, property, plant and equipment	-	-	6,260	6,385
Investments accounted for using equity method	-	-	-	-
Investment property	-	-	-	-
Other	-	-	-	-
Total Non-Current Assets	-	-	6,260	6,385
TOTAL ASSETS	80	-	6,260	6,385
LIABILITIES				
Current Liabilities				
Payables	-	-	-	-
Bank Overdraft	-	58	1,091	576
Interest bearing liabilities	-	-	7	6
Provisions	-	-	-	-
Total Current Liabilities	-	58	1,098	582
Non-Current Liabilities				
Payables	-	-	-	-
Interest bearing liabilities	-	-	74	80
Provisions	-	-	-	-
Other Liabilities	-	-	-	-
Total Non-Current Liabilities	-	-	74	80
TOTAL LIABILITIES	-	58	1,172	662
NET ASSETS	80	(58)	5,088	5,723
EQUITY				
Retained earnings	80	(58)	392	437
Revaluation reserves	-	-	4,696	5,286
Council equity interest	80	(58)	5,088	5,723
Minority equity interest	-	-	-	-
TOTAL EQUITY	80	(58)	5,088	5,723

Mid-Western Regional Council

Balance Sheet of Council's Other Business Activities

as at 30 June 2009

\$ '000	Childcare Centre	
	Category 2	
	Actual 2009	Actual 2008
ASSETS		
Current Assets		
Cash and cash equivalents	-	-
Investments	-	-
Receivables	-	2
Inventories	-	-
Other	-	-
Non-current assets classified as held for sale	-	-
Total Current Assets	-	2
Non-Current Assets		
Investments	-	-
Receivables	-	-
Inventories	-	-
Infrastructure, property, plant and equipment	-	-
Investments accounted for using equity method	-	-
Investment property	-	-
Other	-	-
Total Non-Current Assets	-	-
TOTAL ASSETS	-	2
LIABILITIES		
Current Liabilities		
Payables	-	-
Bank Overdraft	94	25
Interest bearing liabilities	-	-
Provisions	-	-
Total Current Liabilities	94	25
Non-Current Liabilities		
Payables	-	-
Interest bearing liabilities	-	-
Provisions	-	-
Other Liabilities	-	-
Total Non-Current Liabilities	-	-
TOTAL LIABILITIES	94	25
NET ASSETS	(94)	(23)
EQUITY		
Retained earnings	(94)	(23)
Revaluation reserves	-	-
Council equity interest	(94)	(23)
Minority equity interest	-	-
TOTAL EQUITY	(94)	(23)

Mid-Western Regional Council

Special Purpose Financial Reports for the financial year ended 30 June 2009

Contents of the Notes accompanying the Financial Statements

Note	Details	Page
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2	Water Supply Business Best Practice Management disclosure requirements	15
3	Sewerage Business Best Practice Management disclosure requirements	17

Mid-Western Regional Council

Notes to the Special Purpose Financial Reports

for the financial year ended 30 June 2009

Note 1. Significant Accounting Policies

These financial statements are a Special Purpose Financial Report (SPFR) prepared for use by the Council and the Department of Local Government.

For the purposes of these statements, the Council's business activities (reported herein) are not reporting entities.

This special purpose financial report, unless otherwise stated, has been prepared in accordance with;

- applicable Australian Accounting Standards,
- other authoritative pronouncements of the Australian Accounting Standards Board,
- Urgent Issues Group Consensus Views,
- the Local Government Act and Regulations,
- the Local Government Code of Accounting Practice and Financial Reporting, and
- the Local Government Asset Accounting Manual.

The statements are also prepared on an accruals basis. They are based on historic costs and do not take into account changing money values nor current values of non-current assets (except where specifically stated).

Certain taxes and other costs (appropriately described) have been imputed for the purposes of the National Competition Policy.

National Competition Policy

Council has adopted the principle of 'competitive neutrality' to its business activities as part of the national competition policy which is being applied throughout Australia at all levels of government.

The framework for its application is set out in the June 1996 Government Policy statement on the "Application of National Competition Policy to Local Government".

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

The pricing and costing guidelines outline the process for identifying and allocating costs to activities and

provide a standard of disclosure requirements. These disclosures are reflected in Council's pricing and/or financial reporting systems and include taxation equivalents; council subsidies; return on investments (rate of return); and dividends paid.

Declared Business Activities

In accordance with *Pricing & Costing for Council Businesses - A Guide to Competitive Neutrality*, council has declared that the following are to be considered as business activities:

Category 1

(where gross operating turnover is over \$2 million)

a. Mid-Western Regional Council Water Supply

Comprising the activities and net assets of the water supply operations servicing the towns of Mudgee, Gulgong, Rylstone, and Kandos.

b. Mid-Western Regional Council Waste Water Services

Comprising the activities and net assets of the sewerage reticulation and treatment operations servicing the towns of Mudgee, Gulgong, Rylstone, and Kandos.

Category 2

(where gross operating turnover is less than \$2 million)

a. Mid-Western Regional Council Private Works

Comprising the whole of the activities and net assets utilised in providing Private Works to the public and other agencies.

b. Mid-Western Regional Council Saleyards

Comprising the whole of the activities and net assets utilised in providing a facility for the conduct of livestock sales.

c. Mid-Western Regional Council Child Care Centre

Comprising the whole of the activities and net assets utilised in providing a facility for the conduct of long day child care.

Mid-Western Regional Council

Notes to the Special Purpose Financial Reports

for the financial year ended 30 June 2009

Note 1. Significant Accounting Policies (continued)

Monetary Amounts

Amounts shown in the financial statements are in Australian currency and rounded to the nearest one thousand dollars, with the exception of some figures disclosed in Note 2 (Water Supply Best Practice Management Disclosures) and Note 3 (Sewerage Best Practice Management Disclosures).

As required by the Department of Water & Energy, some amounts shown in Notes 2 and Note 3 are shown in whole dollars.

(i) Taxation Equivalent Charges

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

However, where council does not pay some taxes which are generally paid by private sector businesses, such as income tax, these equivalent tax payments have been applied to all council nominated business activities and are reflected in the SPFR.

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

Notional Rate Applied %

Corporate Income Tax Rate – 30%

Land Tax – The first **\$368,000** of combined land values attracts **0%**. From \$368,001 to \$2,250,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$2,250,000, a premium marginal rate of **2.0%** applies.

Payroll Tax – **5.875%** on the value of taxable salaries and wages in excess of \$623,000.

In accordance with the guidelines for Best Practice Management of Water Supply and Sewerage, a payment for the amount calculated as the annual tax equivalent charges (excluding income tax) must be paid from Water Supply and Sewerage Business activities.

The payment of taxation equivalent charges, referred in the Best Practice Management of Water Supply and Sewerage Guides to as a “Dividend for Taxation equivalent”, may be applied for any purpose allowed under the Local Government Act, 1993.

Achievement of substantial compliance against the guidelines for Best Practice Management of Water Supply and Sewerage is not a prerequisite for the payment of the tax equivalent charges, however the payment must not exceed \$3 per assessment.

Income Tax

An income tax equivalent has been applied on the profits of the business.

Whilst income tax is not a specific cost for the purpose of pricing a good or service, it needs to be taken into account of in terms of assessing the rate of return required on capital invested.

Accordingly, the return on capital invested is set at a pre-tax level (gain/(loss) from ordinary activities before capital amounts) as would be applied by a private sector competitor – that is, it should include a provision equivalent to the corporate income tax rate, currently 30%.

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

Since the taxation equivalent is notional - that is, it is payable to the “Council” as the owner of business operations, it represents an internal payment and has no effect on the operations of the council. Accordingly, there is no need for disclosure of internal charges in the GPFR.

The rate applied of 30% is the equivalent company tax rate prevalent as at balance date. No adjustments have been made for variations that have occurred during the year.

Local Government Rates & Charges

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

Mid-Western Regional Council

Notes to the Special Purpose Financial Reports

for the financial year ended 30 June 2009

Note 1. Significant Accounting Policies (continued)

Loan & Debt Guarantee Fees

The debt guarantee fee is designed to ensure that council business activities face “true” commercial borrowing costs in line with private sector competitors.

In order to calculate a debt guarantee fee, council has determined what the differential borrowing rate would have been between the commercial rate and the council’s borrowing rate for its business activities.

(ii) Subsidies

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

Subsidies occur where council provides services on a less than cost recovery basis. This option is exercised on a range of services in order for council to meet its community service obligations.

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

The overall effect of subsidies is contained within the Income Statement of Business Activities.

(iii) Return on Investments (Rate of Return)

The Policy statement requires that councils with Category 1 businesses “would be expected to generate a return on capital funds employed that is comparable to rates of return for private businesses operating in a similar field”.

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

The Rate of Return on Capital is calculated as follows:

Operating Result before Capital Income + Interest Expense

Written Down Value of I,PP&E as at 30 June

As a minimum, business activities should generate a return equal to the Commonwealth 10 year bond rate which is 5.54% at 30/6/09.

The actual rate of return achieved by each business activity is disclosed at the foot of each respective Income Statement.

(iv) Dividends

Council is not required to pay dividends to either itself as owner of a range of businesses or to any external entities.

Local Government Water Supply and Sewerage Businesses are permitted to pay an annual dividend from its water supply or sewerage business surplus.

The dividend, calculated and approved in accordance with the Best Practice Management Guidelines, must not exceed either (i) 50% of this surplus in any one year, or (ii) the number of water supply or sewerage assessments at 30 June 2009 multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with the guidelines for Best Practice Management of Water Supply and Sewerage, a Dividend Payment form, Statement of Compliance, Unqualified Independent Financial Audit Report and Compliance Audit Report are required to be submitted to the Department of Water & Energy prior to making the dividend and only after the Department has approved its payment.

Mid-Western Regional Council

Notes to the Special Purpose Financial Reports for the financial year ended 30 June 2009

Note 2. Water Supply Business Best Practice Management disclosure requirements

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated)

2009

1. Calculation and Payment of Tax-Equivalents

[All Local Government Local Water Utilities must pay this dividend for tax-equivalents]

(i)	Calculated Tax Equivalents	15,000
(ii)	No of assessments multiplied by \$3/assessment	20,889
(iii)	Amounts payable for tax-equivalents [lesser of (i) and (ii)]	15,000
(iv)	Amounts actually paid for Tax Equivalents	-

2. Dividend from Surplus

(i)	50% of Surplus before Dividends [Calculated in accordance with Best Practice Management for Water Supply and Sewerage Guidelines]	-												
(ii)	No. of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment	193,890												
(iii)	Cumulative surplus before Dividends for the 3 years to 30 June 2009, less the cumulative dividends paid for the 2 years to 30 June 2008	588,100												
<table border="1"> <tr> <td>2009 Surplus</td> <td>-</td> <td>2008 Surplus</td> <td>19,000</td> <td>2007 Surplus</td> <td>569,100</td> </tr> <tr> <td></td> <td></td> <td>2008 Dividend</td> <td>-</td> <td>2007 Dividend</td> <td>-</td> </tr> </table>			2009 Surplus	-	2008 Surplus	19,000	2007 Surplus	569,100			2008 Dividend	-	2007 Dividend	-
2009 Surplus	-	2008 Surplus	19,000	2007 Surplus	569,100									
		2008 Dividend	-	2007 Dividend	-									
(iv)	Maximum Dividend from Surplus [least of (i), (ii) and (iii) above]	-												
(v)	Dividend paid from Surplus [refer below for required pre-dividend payment Criteria]	-												

3. Required outcomes for 6 Criteria

[To be eligible for the payment of a "Dividend from Surplus", ALL the Criteria below need a "YES"]

(i)	Completion of Strategic Business Plan (including Financial Plan)	YES
(ii)	Full Cost Recovery, without significant cross subsidies [Refer Item 2(a) in Table 1 on page 22 of the Best Practice Guidelines]	YES
	- Complying charges [Item 2(b) in Table 1]	YES
	- DSP with Commercial Developer Charges [Item 2(e) in Table 1]	YES
	- If Dual Water Supplies, Complying Charges [Item 2(g) in Table 1]	YES
(iii)	Sound Water Conservation and Demand Management implemented	YES
(iv)	Sound Drought Management implemented	YES
(v)	Complete Performance Reporting Form (by 15 September each year)	YES
(vi)	a. Integrated Water Cycle Management Evaluation	NO
	b. Complete and implement Integrated Water Cycle Management Strategy	NO

Mid-Western Regional Council

Notes to the Special Purpose Financial Reports for the financial year ended 30 June 2009

Note 2. Water Supply Business Best Practice Management disclosure requirements (continued)

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated)

2009

National Water Initiative (NWI) Financial Performance Indicators

NWI F1	Total Revenue (Water) Total Income (w13) - Grants for the Acquisition of Assets (w11a) - Interest Income (w9)	\$'000	4,076
NWI F4	Revenue from Residential Usage Charges (Water) Income from Residential Usage Charges (w6b) x 100 divided by the sum of [Income from Residential Usage Charges (w6a) + Income from Residential Access Charges (w6b)]	%	72.01%
NWI F9	Written Down Replacement Cost of Fixed Assets (Water) Written down current cost of system assets (w47)	\$'000	62,599
NWI F11	Operating Cost (OMA) (Water) Management Expenses (w1) + Operational & Maintenance Expenses (w2)	\$'000	3,193
NWI F14	Capital Expenditure (Water) Acquisition of fixed assets (w16)	\$'000	1,235
NWI F17	Economic Real Rate of Return (Water) [Total Income (w13) - Interest Income (w9) - Grants for acquisition of assets (w11a) - Operating Costs (NWI F11) - Current Cost Depreciation (w3)] x 100 divided by [Written Down Current Cost of System Assets (w47) + Plant & Equipment (w33b)]	%	-0.80%
NWI F26	Capital Works Grants (Water) Grants for the Acquisition of Assets (w11a)	\$'000	251

- Notes:
- References to w (eg. w12) refer to item numbers within Special Schedules No. 3 & 4 of Council's Annual Financial Statements.
 - The NWI Performance Indicators are based upon the National Performance Framework Handbook for Urban Performance Reporting Indicators & Definitions.

Mid-Western Regional Council

Notes to the Special Purpose Financial Reports for the financial year ended 30 June 2009

Note 3. Sewerage Business Best Practice Management disclosure requirements

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated)

2009

1. Calculation and Payment of Tax-Equivalents

[All Local Government Local Water Utilities must pay this dividend for tax-equivalents]

(i)	Calculated Tax Equivalents	8,000
(ii)	No of assessments multiplied by \$3/assessment	19,395
(iii)	Amounts payable for Tax Equivalents [lesser of (i) and (ii)]	8,000
(iv)	Amounts actually paid for Tax Equivalents	-

2. Dividend from Surplus

(i)	50% of Surplus before Dividends [Calculated in accordance with Best Practice Management for Water Supply and Sewerage Guidelines]	-
(ii)	No. of assessments x (\$30 less tax equivalent charges per assessment)	185,950
(iii)	Cumulative surplus before dividends for the 3 years to 30 June 2009, less the cumulative dividends paid for the 2 years to 30 June 2008	987,600

2009 Surplus	-	2008 Surplus	233,700	2007 Surplus	753,900
		2008 Dividend	-	2007 Dividend	-

(iv)	Maximum dividend from surplus [least of (i), (ii) and (iii) above]	-
(v)	Dividend actually paid from surplus [refer below for required pre-dividend payment Criteria]	-

3. Required outcomes for 4 Criteria

[To be eligible for the payment of a "Dividend from Surplus", ALL the Criteria below need a "YES"]

(i)	Completion of Strategic Business Plan (including Financial Plan)	YES
(ii)	Pricing with full cost-recovery, without significant cross subsidies [Refer Item 2(a) in Table 1 on page 22 of the Best Practice Guidelines]	NO
	Complying charges (a) Residential [Item 2(c) in Table 1]	NO
	(b) Non Residential [Item 2(c) in Table 1]	NO
	(c) Trade Waste [Item 2(d) in Table 1]	NO
	DSP with Commercial Developer Charges [Item 2(e) in Table 1]	YES
	Liquid Trade Waste Approvals & Policy [Item 2(f) in Table 1]	NO
(iii)	Complete Performance Reporting Form (by 15 September each year)	YES
(iv)	a. Integrated Water Cycle Management Evaluation	NO
	b. Complete and implement Integrated Water Cycle Management Strategy	NO

Mid-Western Regional Council

Notes to the Special Purpose Financial Reports for the financial year ended 30 June 2009

Note 3. Sewerage Business Best Practice Management disclosure requirements (continued)

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated)

2009

National Water Initiative (NWI) Financial Performance Indicators

NWI F2	Total Revenue (Sewerage) Total Income (s14) - Grants for Acquisition of Assets (s12a) - Interest Income (s10)	\$'000	3,065
NWI F10	Written Down Replacement Cost of Fixed Assets (Sewerage) Written down current cost of system assets (s48)	\$'000	31,190
NWI F12	Operating Cost (Sewerage) Management Expenses (s1) + Operational & Maintenance Expenses (s2)	\$'000	2,178
NWI F15	Capital Expenditure (Sewerage) Acquisition of Fixed Assets (s17)	\$'000	1,034
NWI F18	Economic Real Rate of Return (Sewerage) [Total Income (s14) - Interest Income (s10) - Grants for acquisition of Assets (s12a) - Operating cost (NWI F12) - Current cost depreciation (s3)] x 100 divided by [Written down current cost (ie. WDCC) of System Assets (s48) + Plant & Equipment (s34b)]	%	-1.01%
NWI F27	Capital Works Grants (Sewerage) Grants for the Acquisition of Assets (12a)	\$'000	-

National Water Initiative (NWI) Financial Performance Indicators Water & Sewer (combined)

NWI F3	Total Income (Water & Sewerage) Total Income (w13 + s14) + Gain/Loss on disposal of assets (w14 + s15) minus Grants for acquisition of assets (w11a + s12a) - Interest Income (w9 + s10)	\$'000	7,141
NWI F8	Revenue from Community Service Obligations (Water & Sewerage) Community Service Obligations (NWI F25) x 100 divided by Total Income (NWI F3)	%	1.74%
NWI F16	Capital Expenditure (Water & Sewerage) Acquisition of Fixed Assets (w16 + s17)	\$'000	2,269
NWI F19	Economic Real Rate of Return (Water & Sewerage) [Total Income (w13 + s14) - Interest Income (w9 + s10) - Grants for acquisition of assets (w11a + s12a) - Operating Cost (NWI F11 + NWI F12) - Current cost depreciation (w3 + s3)] x 100 divided by [Written down replacement cost of fixed assets (NWI F9 + NWI F10) + Plant & equipment (w33b + s34b)]	%	-0.87%
NWI F20	Dividend (Water & Sewerage) Dividend paid from surplus (2(v) of Note 2 + 2(v) of Note 3)	\$'000	-
NWI F21	Dividend Payout Ratio (Water & Sewerage) Dividend (NWI F20) x 100 divided by Net Profit after tax (NWI F24)	%	0.00%

Mid-Western Regional Council

Notes to the Special Purpose Financial Reports for the financial year ended 30 June 2009

Note 3. Sewerage Business Best Practice Management disclosure requirements (continued)

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated)

2009

National Water Initiative (NWI) Financial Performance Indicators Water & Sewer (combined)

NWI F22	Net Debt to Equity (Water & Sewerage) Overdraft (w36 + s37) + Borrowings (w38 + s39) - Cash & Investments (w30 + s31) x 100 divided by [Total Assets (w35 + s36) - Total Liabilities (w40 + s41)]	%	-6.34%
NWI F23	Interest Cover (Water & Sewerage) Earnings before Interest & Tax (EBIT) divided by Net Interest Earnings before Interest & Tax (EBIT): Operating Result (w15a + s16a) + Interest expense (w4a + s4a) - Interest Income (w9 + s10) - Gain/Loss on disposal of assets (w14 + s15) + Miscellaneous Expenses (w4b + w4c + s4b + s4c) Net Interest: Interest Expense (w4a + s4a) - Interest Income (w9 + s10)		-
NWI F24	Net Profit After Tax (Water & Sewerage) Surplus before dividends (w15a + s16a) - Tax equivalents paid (Note 2-1(iv) + Note 3-1(iv))	\$'000	(546)
NWI F25	Community Service Obligations (Water & Sewerage) Grants for Pensioner Rebates (w11b + s12b)	\$'000	124

- Notes:
- References to w (eg. s12) refer to item numbers within Special Schedules No. 5 & 6 of Council's Annual Financial Statements.
 - The NWI Performance Indicators are based upon the National Performance Framework Handbook for Urban Performance Reporting Indicators & Definitions.

INDEPENDENT AUDITOR'S REPORT ON THE SPECIAL PURPOSE FINANCIAL REPORT OF MID-WESTERN REGIONAL COUNCIL

Report on the Financial Report

We have audited the special purpose financial report of Mid-Western Regional Council for the year ended 30 June 2009, comprising the Statement by Council, Income Statement by Business Activities, Balance Sheet by Business Activities, and accompanying Notes to the Financial Statements. Our audit responsibility does not extend to the best practice management disclosures in Notes 2 and 3 and accordingly we express no opinion on them.

Councils' Responsibility for the Financial Report

The Council are responsible for the preparation and fair presentation of the financial report and have determined that the accounting policies described in Note 1 to the financial statements which form part of the financial report are appropriate to meet the financial reporting requirements of the Council and the Department of Local Government for the purpose of fulfilling the requirements of National Competition Policy reporting. The Council's responsibility also includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. No opinion is expressed as to whether the accounting policies used, as described in Note 1, are appropriate to meet the needs of the Council. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council as well as evaluating the overall presentation of the financial report.

The special purpose financial report has been prepared for distribution to the Council and the Department of Local Government for the purpose of fulfilling the requirements of National Competition Policy reporting. We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the Council or the Department of Local Government or for any purpose other than for which the report was prepared.

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



Independence

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

Audit Opinion

In our opinion, the special purpose financial report of Mid-Western Regional Council is presented fairly in accordance with the requirements of those applicable accounting policies detailed in Note 1, the accounting requirements of the Local Government Act 1993 and the Local Government Code of Accounting Practice and Financial Reporting.


MORSE GROUP

237 Lords Place
Orange
Dated: 25 September 2009


JO O'MALLEY
PARTNER

Mid-Western Regional Council

SPECIAL SCHEDULES

for the year ended 30 June 2009

*“a prosperous and progressive
community that we proudly call home”*



Mid-Western Regional Council

Special Schedules

for the financial year ended 30 June 2009

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¹ Special Purpose Schedules are not audited.

Background

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

Mid-Western Regional Council

Special Schedule No. 1 - Net Cost of Services

for the financial year ended 30 June 2009

\$'000

Function or Activity	Expenses from continuing operations		Income from continuing operations			Net Cost of Services	
	Expenses	Group Totals	Non Capital Revenues	Capital Revenues	Group Totals	Net Cost	Group Totals
Governance	593	593	49	-	49	(544)	(544)
Administration							
Corporate Support	5,888		2,052	1,118		(2,718)	
Engineering and Works	1,878		2,481	-		603	
Other Support Services	-	7,766	-	-	5,651	-	(2,115)
Public Order and Safety							
Contributions to Fire Service Levy	46		-	-		(46)	
Fire Protection – Other	1,018		496	281		(241)	
Animal Control	101		9	-		(92)	
Beach Control	-		-	-		-	
Enforcement of Local Govt Regs	-		-	-		-	
Emergency Services	86		-	54		(32)	
Other	73	1,324	65	-	905	(8)	(419)
Health							
Administration and Inspection	-		-	-		-	
Immunisations	-		-	-		-	
Food Control	3		5	-		2	
Insect/Vermin Control	3		-	-		(3)	
Noxious Plants	297		108	-		(189)	
Health Centres	-		-	-		-	
Other	5	308	-	-	113	(5)	(195)
Community Services and Education							
Administration	219		75	-		(144)	
Family Day Care	699		696	-		(3)	
Child Care	645		547	-		(98)	
Youth Services	3		102	-		99	
Other Families and Children	-		-	-		-	
Aged and Disabled	885		873	-		(12)	
Migrant Services	-		-	-		-	
Aboriginal Services	-		-	-		-	
Other Community Services	45		9	-		(36)	
Education	-	2,496	-	-	2,302	-	(194)

Mid-Western Regional Council

Special Schedule No. 1 - Net Cost of Services (continued) for the financial year ended 30 June 2009

\$'000

Function or Activity	Expenses from continuing operations		Income from continuing operations			Net Cost of Services	
	Expenses	Group Totals	Non Capital Revenues	Capital Revenues	Group Totals	Net Cost	Group Totals
Housing and Community Amenities							
Housing	42		27	-		(15)	
Town Planning	1,126		543	-		(583)	
Domestic Waste Management	440		444	-		4	
Other Waste Management	2,832		3,371	-		539	
Street Cleaning	179		-	-		(179)	
Other Sanitation and Garbage	-		-	-		-	
Drainage	366		(57)	53		(370)	
Stormwater Management	-		-	-		-	
Environmental Protection	400		131	-		(269)	
Public Cemeteries	266		175	-		(91)	
Public Conveniences	36		(2)	-		(38)	
Other Community Amenities	-	5,687	-	-	4,685	-	(1,002)
Water Supplies	4,193	4,193	3,366	251	3,617	(576)	(576)
Sewerage Services	2,763	2,763	2,527	7	2,534	(229)	(229)
Recreation and Culture							
Public Libraries	905		110	-		(795)	
Museums	7		5	-		(2)	
Art Galleries	-		-	-		-	
Community Centres	14		2	-		(12)	
Public Halls	225		(143)	40		(328)	
Other Cultural Services	-		-	-		-	
Swimming Pools	723		138	-		(585)	
Sporting Grounds	834		16	2,800		1,982	
Parks and Gardens (Lakes)	733		(137)	18		(852)	
Other Sport and Recreation	-	3,441	-	-	2,849	-	(592)
Fuel and Energy							
Gas Supplies	-	-	-	-	-	-	-
Mining, Manufacturing and Construction							
Building Control	183		100	-		(83)	
Abattoirs	-		-	-		-	
Quarries and Pits	-		-	-		-	
Other	-	183	-	-	100	-	(83)

Mid-Western Regional Council

Special Schedule No. 1 - Net Cost of Services (continued)

for the financial year ended 30 June 2009

\$'000

Function or Activity	Expenses from continuing operations		Income from continuing operations			Net Cost of Services	
	Expenses	Group Totals	Non Capital Revenues	Capital Revenues	Group Totals	Net Cost	Group Totals
Transport and Communication							
Urban Roads (UR) - Local	1,214		(8)	297		(925)	
Urban Roads - Regional	20		195	-		175	
Sealed Rural Roads (SRR) - Local	2,819		61	688		(2,070)	
Sealed Rural Roads - Regional	1,973		1,141	-		(832)	
Unsealed Rural Roads (URR) - Local	1,804		221	237		(1,346)	
Unsealed Rural Roads - Regional	77		580	1,925		2,428	
Bridges on UR - Local	-		-	-		-	
Bridges on UR - Regional	-		-	-		-	
Bridges on SRR - Local	267		-	-		(267)	
Bridges on SRR - Regional	243		130	-		(113)	
Bridges on URR - Local	-		-	-		-	
Bridges on URR - Regional	-		-	-		-	
Footpaths	146		-	97		(49)	
Aerodromes	187		112	-		(75)	
Parking Areas	5		(2)	-		(7)	
Bus Shelters and Services	-		-	-		-	
Water Transport	-		-	-		-	
RTA Works (State)	2,845		3,099	-		254	
Street Lighting	257		-	-		(257)	
Other	-	11,857	-	-	8,773	-	(3,084)
Economic Affairs							
Camping Areas	-		-	-		-	
Caravan Parks	32		98	-		66	
Tourism and Area Promotion	320		12	-		(308)	
Industrial Development Promotion	29		27	-		(2)	
Saleyards and Markets	300		261	-		(39)	
Real Estate Development	445		(42)	-		(487)	
Commercial Nurseries	-		-	-		-	
Other Business Undertakings	1,054	2,180	1,192	-	1,548	138	(632)
Totals – Functions		42,791	25,260	7,866	33,126		(9,665)
General Purpose Revenues⁽¹⁾			19,749	-	19,749	19,749	19,749
Share of interests - joint ventures & associates using the equity method	-	-	-	-	-	-	-
NET OPERATING RESULT FOR YEAR		42,791	45,009	7,866	52,875	10,084	10,084

Notes:

(1) Includes: Rates & Annual Charges (incl. Ex Gratia), Untied General Purpose Grants & Interest on Investments (excl. Restricted Assets)

Mid-Western Regional Council

Special Schedule No. 2(a) - Statement of Long Term Debt (all purpose) for the financial year ended 30 June 2009

\$'000

Classification of Debt	Principal outstanding at beginning of the year			New Loans raised during the year	Debt redemption during the year		Transfers to Sinking Funds	Interest applicable for Year	Principal outstanding at the end of the year		
	Current	Non Current	Total		From Revenue	Sinking Funds			Current	Non Current	Total
Loans (by Source)											
Commonwealth Government	-	-	-	-	-	-	-	-	-	-	-
Treasury Corporation	-	-	-	-	-	-	-	-	-	-	-
Other State Government	-	-	-	-	-	-	-	-	-	-	-
Public Subscription	-	-	-	-	-	-	-	-	-	-	-
Financial Institutions	368	7,068	7,436	-	368	-	-	471	392	6,676	7,068
Other	-	-	-	-	-	-	-	-	-	-	-
Total Loans	368	7,068	7,436	-	368	-	-	471	392	6,676	7,068
Other Long Term Debt											
Ratepayers Advances	-	-	-	-	-	-	-	-	-	-	-
Government Advances	-	-	-	-	-	-	-	-	-	-	-
Finance Leases	313	75	388	-	115	-	-	27	117	156	273
Deferred Payments	-	-	-	-	-	-	-	-	-	-	-
Total Long Term Debt	313	75	388	-	115	-	-	27	117	156	273
Total Debt	681	7,143	7,824	-	483	-	-	498	509	6,832	7,341

Notes: Excludes (i) Internal Loans & (ii) Principal Inflows/Outflows relating to Loan Re-Financing.

This Schedule is prepared using the Face Value of debt obligations, rather than Fair Value (as per the GPFR's).

Mid-Western Regional Council

Special Schedule No. 2(b) - Statement of Internal Loans [Section 410(3) LGA 1993] for the financial year ended 30 June 2009

\$'000

Summary of Internal Loans

Borrower (by purpose)	Amount originally raised	Total repaid during the year (Principal & Interest)	Principal Outstanding at end of year
General			
Water			
Sewer			
Domestic Waste Management			
Gas			
Other			
Totals	-	-	-

Note: The summary of Internal Loans (above) represents the total of Council's Internal Loans categorised according to the borrower.

Details of Individual Internal Loans

Borrower (by purpose)	Lender (by purpose)	Date of Minister's Approval	Date Raised	Term (years)	Dates of Maturity	Rate of Interest	Amount Originally raised	Total repaid during year (Princ. & Int.)	Principal Outstanding at end of year
Totals							-	-	-

Mid-Western Regional Council

Special Schedule No. 3 - Water Supply Income Statement

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2009

\$'000	Actuals 2009	Actuals 2008
A Expenses and Income		
Expenses		
1. Management expenses		
a. Administration	720	570
b. Engineering and Supervision	510	264
2. Operation and Maintenance		
- Dams & Weirs		
a. Operation expenses	-	-
b. Maintenance expenses	-	-
- Mains		
c. Operation expenses	-	-
d. Maintenance expenses	745	756
- Reservoirs		
e. Operation expenses	-	-
f. Maintenance expenses	142	116
- Pumping Stations		
g. Operation expenses (excluding energy costs)	68	-
h. Energy costs	78	124
i. Maintenance expenses	5	117
- Treatment		
j. Operation expenses (excluding energy costs)	693	699
k. Chemical costs	175	147
l. Maintenance expenses	-	-
- Other		
m. Operation expenses	-	-
n. Maintenance expenses	-	-
o. Purchase of water	57	49
3. Depreciation		
a. System assets	1,382	1,207
b. Plant and equipment	-	-
4. Miscellaneous expenses		
a. Interest expenses	357	374
b. Revaluation Decrements	-	-
c. Other expenses	-	1
d. Tax Equivalents Dividends (actually paid)	-	-
5. Total expenses	4,932	4,424

Mid-Western Regional Council

Special Schedule No. 3 - Water Supply Income Statement (continued)

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2009

\$'000	Actuals 2009	Actuals 2008
Income		
6. Residential charges		
a. Access (including rates)	814	1,745
b. Usage charges	2,094	1,452
7. Non-residential charges		
a. Access (including rates)	204	281
b. Usage charges	585	593
8. Extra charges	-	-
9. Interest income	294	310
10. Other income	90	111
11. Grants		
a. Grants for acquisition of assets	251	-
b. Grants for pensioner rebates	61	66
c. Other grants	3	-
12. Contributions		
a. Developer charges	225	257
b. Developer provided assets	-	-
c. Other contributions	-	-
13. Total income	4,621	4,815
14. Gain or loss on disposal of assets	-	(360)
15. Operating Result	(311)	31
15a. Operating Result (less grants for acquisition of assets)	(562)	31

Mid-Western Regional Council

Special Schedule No. 3 - Water Supply Income Statement (continued)

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2009

\$'000	Actuals 2009	Actuals 2008
B Capital transactions		
Non-operating expenditures		
16. Acquisition of Fixed Assets		
a. Subsidised scheme	-	-
b. Other new system assets	1,235	1,598
c. Renewals	-	-
d. Plant and equipment	-	-
17. Repayment of debt		
a. Loans	238	236
b. Advances	-	-
c. Finance leases	-	-
18. Transfer to sinking fund	-	-
19. Totals	1,473	1,834
Non-operating funds employed		
20. Proceeds from disposal of assets	-	-
21. Borrowing utilised		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
22. Transfer from sinking fund	-	-
23. Totals	-	-
C Rates and charges		
24. Number of assessments		
a. Residential (occupied)	5,845	6,016
b. Residential (unoccupied, ie. vacant lot)	430	186
c. Non-residential (occupied)	598	580
d. Non-residential (unoccupied, ie. vacant lot)	90	50
25. Number of ETs for which developer charges were received	32 ET	114 ET
26. Total amount (actual dollars) of pensioner rebates	\$ 111,542	\$ 119,226

Mid-Western Regional Council

Special Schedule No. 3 - Water Supply Cross Subsidies for the financial year ended 30 June 2009

\$'000	Yes	No	Amount
D Best practice annual charges and developer charges*			
27. Annual charges			
a. Does Council have best-practice water supply annual charges and usage charges*?	<input type="checkbox"/>	<input type="checkbox"/>	
If Yes, go to 28a.			
If No, please report if council has removed land value from access charges (ie rates)?			
	<input type="checkbox"/>	<input type="checkbox"/>	
NB. Such charges for both residential customers and non-residential customers comply with section 3.2 of Water Supply, Sewerage and Trade Waste Pricing Guidelines, Department of Water & Energy, December, '2002. Such charges do not involved significant cross subsidies.			
b. Cross-subsidy from residential customers using less than allowance (page 25 of Guidelines)			<input type="text"/>
c. Cross-subsidy to non-residential customers (page 24 of Guidelines)			<input type="text"/>
d. Cross-subsidy to large connections in unmetered supplies (page 26 of Guidelines)			<input type="text"/>
28. Developer charges			
a. Has council completed a water supply Development Servicing** Plan?	<input type="checkbox"/>	<input type="checkbox"/>	
b. Total cross-subsidy in water supply developer charges for 2008/09 (page 47 of Guidelines)			<input type="text" value="Unknown"/>
** In accordance with page 9 of Developer Charges Guidelines for Water Supply, Sewerage and Stormwater, Department of Water and Energy, Dec 2002.			
29. Disclosure of cross-subsidies			
Total of cross-subsidies (27b +27c + 27d + 28b)			<input type="text" value="#VALUE!"/>
* Councils which have not yet implemented best practice water supply pricing should disclose cross-subsidies in items 27b, 27c and 27d above.			
However, disclosure of cross-subsidies is not required where a Council has implemented best practice pricing and is phasing in such pricing over a period of 3 years.			

Mid-Western Regional Council

Special Schedule No. 4 - Water Supply Balance Sheet

Includes INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
as at 30 June 2009

\$'000	Actuals Current	Actuals Non Current	Actuals Total
ASSETS			
30. Cash and investments			
a. Developer charges	1,461	-	1,461
b. Special purpose grants	50	-	50
c. Accrued leave	-	-	-
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	3,863	-	3,863
31. Receivables			
a. Specific purpose grants	10	-	10
b. Rates and charges	55	-	55
c. Other	966	-	966
32. Inventories	137	-	137
33. Property, plant and equipment			
a. System assets	-	62,599	62,599
b. Plant and equipment	-	-	-
34. Other assets	-	-	-
35. Total assets	<u>6,542</u>	<u>62,599</u>	<u>69,141</u>
LIABILITIES			
36. Bank overdraft	-	-	-
37. Creditors	307	-	307
38. Borrowings			
a. Loans	283	5,119	5,402
b. Advances	-	-	-
c. Finance leases	-	-	-
39. Provisions			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	-	-	-
40. Total liabilities	<u>590</u>	<u>5,119</u>	<u>5,709</u>
41. NET ASSETS COMMITTED	<u>5,952</u>	<u>57,480</u>	<u>63,432</u>
EQUITY			
42. Accumulated surplus			45,805
43. Asset revaluation reserve			17,627
44. TOTAL EQUITY			<u>63,432</u>
Note to system assets:			
45. Current replacement cost of system assets			100,053
46. Accumulated current cost depreciation of system assets			(37,454)
47. Written down current cost of system assets			<u>62,599</u>

Mid-Western Regional Council

Special Schedule No. 5 - Sewerage Income Statement

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2009

\$'000	Actuals 2009	Actuals 2008
A Expenses and Income		
Expenses		
1. Management expenses		
a. Administration	642	503
b. Engineering and Supervision	220	164
2. Operation and Maintenance		
- Mains		
a. Operation expenses	-	63
b. Maintenance expenses	418	418
- Pumping Stations		
c. Operation expenses (excluding energy costs)	118	-
d. Energy costs	20	17
e. Maintenance expenses	12	137
- Treatment		
f. Operation expenses (excl. chemical, energy, effluent & biosolids management costs)	687	667
g. Chemical costs	1	2
h. Energy costs	29	28
i. Effluent Management	-	-
j. Biosolids Management	-	-
k. Maintenance expenses	31	-
- Other		
l. Operation expenses	-	-
m. Maintenance expenses	-	2
3. Depreciation		
a. System assets	1,203	1,144
b. Plant and equipment	-	-
4. Miscellaneous expenses		
a. Interest expenses	53	57
b. Revaluation Decrements	-	-
c. Other expenses	-	-
d. Tax Equivalent Dividends (actually paid)	-	-
5. Total expenses	3,434	3,202

Mid-Western Regional Council

Special Schedule No. 5 - Sewerage Income Statement (continued)

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2009

\$'000	Actuals 2009	Actuals 2008
Income		
6. Residential charges (including rates)	2,483	2,525
7. Non-residential charges		
a. Access (including rates)	250	444
b. Usage charges	-	-
8. Trade Waste Charges		
a. Annual Fees	-	-
b. Usage charges	-	-
c. Excess mass charges & re-inspection fees	-	-
9. Extra charges	-	-
10. Interest income	385	394
11. Other income	108	107
12. Grants		
a. Grants for acquisition of assets	-	-
b. Grants for pensioner rebates	63	62
c. Other grants	-	-
13. Contributions		
a. Developer charges	154	198
b. Developer provided assets	7	-
c. Other contributions	-	-
14. Total income	3,450	3,730
15. Gain or loss on disposal of assets	-	(268)
16. Operating Result	16	260
16a. Operating Result (less grants for acquisition of assets)	16	260

Mid-Western Regional Council

Special Schedule No. 5 - Sewerage Income Statement (continued)

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
for the financial year ended 30 June 2009

\$'000	Actuals 2009	Actuals 2008
B Capital transactions		
Non-operating expenditures		
17. Acquisition of Fixed Assets		
a. Subsidised scheme	-	-
b. Other new system assets	1,034	803
c. Renewals	-	-
d. Plant and equipment	-	-
18. Repayment of debt		
a. Loans	54	52
b. Advances	-	-
c. Finance leases	-	-
19. Transfer to sinking fund	-	-
20. Totals	1,088	855
Non-operating funds employed		
21. Proceeds from disposal of assets	-	-
22. Borrowing utilised		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
23. Transfer from sinking fund	-	-
24. Totals	-	-
C Rates and charges		
25. Number of assessments		
a. Residential (occupied)	5,464	5,567
b. Residential (unoccupied, ie. vacant lot)	373	172
c. Non-residential (occupied)	546	562
d. Non-residential (unoccupied, ie. vacant lot)	82	49
26. Number of ETs for which developer charges were received	48 ET	104 ET
27. Total amount (actual dollars) of pensioner rebates	\$ 113,914	\$ 112,160

Mid-Western Regional Council

Special Schedule No. 5 - Sewerage Cross Subsidies for the financial year ended 30 June 2009

\$'000	Yes	No	Amount
D Best practice annual charges and developer charges*			
28. Annual charges			
a. Does Council have best-practice sewerage annual charges, usage charges and trade waste fees & charges*?	<input type="checkbox"/>	<input type="checkbox"/> No	
If Yes, go to 29a. If No, please report if council has removed land value from access charges (ie rates)?	<input type="checkbox"/> Yes	<input type="checkbox"/>	
NB. Such charges for both residential customers and non-residential customers comply with section 4.2 & 4.3 of the Water Supply, Sewerage and Trade Waste Pricing Guidelines, Department of Water and Energy, December, 2002. Such charges do not involve significant cross subsidies.			
b. Cross-subsidy to non-residential customers (page 45 of Guidelines)			<input type="text" value="Unknown"/>
c. Cross-subsidy to trade waste discharges (page 46 of Guidelines)			<input type="text" value="Unknown"/>
29. Developer charges			
a. Has council completed a sewerage Development Servicing** Plan?	<input type="checkbox"/> Yes	<input type="checkbox"/>	
b. Total cross-subsidy in sewerage developer charges for 2008/09 (page 47 of Guidelines)			<input type="text" value="Unknown"/>
** In accordance with page 9 of Developer Charges Guidelines for Water Supply, Sewerage and Stormwater, Department of Water & Energy , Dec 2002.			
30. Disclosure of cross-subsidies			
Total of cross-subsidies (28b + 28c + 29b)			<input type="text" value="#VALUE!"/>
* Councils which have not yet implemented best practice sewer pricing & liquid waste pricing should disclose cross-subsidies in items 28b and 28c above.			
However, disclosure of cross-subsidies is not required where a Council has implemented best practice sewerage and liquid waste pricing and is phasing in such pricing over a period of 3 years.			

Mid-Western Regional Council

Special Schedule No. 6 - Sewerage Balance Sheet

Includes INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.
as at 30 June 2009

\$'000	Actuals Current	Actuals Non Current	Actuals Total
ASSETS			
31. Cash and investments			
a. Developer charges	2,398	-	2,398
b. Special purpose grants	-	-	-
c. Accrued leave	-	-	-
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	4,818	-	4,818
32. Receivables			
a. Specific purpose grants	1	-	1
b. Rates and charges	94	-	94
c. Other	-	-	-
33. Inventories	18	-	18
34. Property, plant and equipment			
a. System assets	-	31,190	31,190
b. Plant and equipment	-	-	-
35. Other assets	-	-	-
36. Total Assets	7,329	31,190	38,519
LIABILITIES			
37. Bank overdraft	-	-	-
38. Creditors	123	-	123
39. Borrowings			
a. Loans	58	728	786
b. Advances	-	-	-
c. Finance leases	-	-	-
40. Provisions			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	-	-	-
41. Total Liabilities	181	728	909
42. NET ASSETS COMMITTED	7,148	30,462	37,610
EQUITY			
42. Accumulated surplus			24,533
44. Asset revaluation reserve			13,077
45. TOTAL EQUITY			37,610
Note to system assets:			
46. Current replacement cost of system assets			71,714
47. Accumulated current cost depreciation of system assets			(40,524)
48. Written down current cost of system assets			31,190

Mid-Western Regional Council

Notes to Special Schedule No.'s 3 & 5 for the financial year ended 30 June 2009

Administration ⁽¹⁾

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

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

Engineering and supervision ⁽¹⁾

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

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

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

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

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

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

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

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

Trade waste charges (item 8 of Special Schedule 5) include all income from trade waste charges separated into 8a Annual Fees, 8b Usage Charges and 8c Excess Mass Charges and 8d Re-inspection Fees.

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

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

Notes:

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

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

Mid-Western Regional Council

Special Schedule No. 8 - Financial Projections

as at 30 June 2009

\$'000	Actual ⁽¹⁾ 08/09	Forecast 09/10	Forecast 10/11	Forecast ⁽³⁾ 11/12	Forecast ⁽³⁾ 12/13
(i) RECURRENT BUDGET					
Income from continuing operations	52,875	49,192	54,023	50,785	48,711
Expenses from continuing operations	42,791	42,515	42,740	44,222	45,442
Operating Result from Continuing Operations	10,084	6,677	11,283	6,563	3,269
(ii) CAPITAL BUDGET					
New Capital Works ⁽²⁾	11,454	6,462	15,933	426	610
Replacement/Refurbishment of Existing Assets	8,026	14,198	22,037	25,034	10,205
Total Capital Budget	19,480	20,660	37,970	25,460	10,815
Funded by:					
– Loans	-	2,600	6,350	12,475	-
– Asset sales	-	-	-	-	-
– Reserves	10,276	9,146	18,179	6,881	6,601
– Grants/Contributions	6,777	7,443	11,950	4,686	2,068
– Recurrent revenue	2,427	1,471	1,491	1,418	2,146
– Other	-	-	-	-	-
	19,480	20,660	37,970	25,460	10,815

Notes:

(1) From 08/09 Income Statement.

(2) New Capital Works are major non-recurrent projects, eg new Leisure Centre, new Library, new Swimming pool etc.

(3) If Council has only adopted 3 years of projections then only show 3 years.