



A progressive and prosperous community we proudly call home.



# Financial Reports

30 June 2010



# Mid-Western Regional Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2010

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



## Mid-Western Regional Council

### General Purpose Financial Statements for the financial year ended 30 June 2010

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#### Overview

- (i) These financial statements are General Purpose Financial Statements and cover 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 these financial statements are presented in Australian Currency.
- (iv) These financial statements were authorised for issue by the Council on 14/09/10.  
Council has the power to amend and reissue the financial statements.
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## Mid-Western Regional Council

### General Purpose Financial Statements for the financial year ended 30 June 2010

### 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 Statements have been prepared in accordance with:

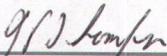
- The Local Government Act 1993 (as amended) and the Regulations made thereunder,
- The Australian Accounting Standards and professional pronouncements, and
- The Local Government Code of Accounting Practice and Financial Reporting.

To the best of our knowledge and belief, these Financial Statements:

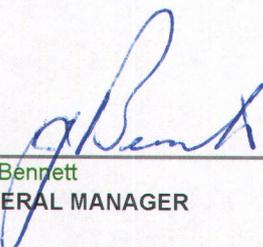
- present fairly the Council's operating result and financial position for the year, and
- accords with Council's accounting and other records.

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

Signed in accordance with a resolution of Council made on 18 August 2010.

  
\_\_\_\_\_  
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 2010

Budget <sup>(1)</sup>			Actual	Actual
2010	\$ '000	Notes	2010	2009
<b>Income from Continuing Operations</b>				
<b>Revenue:</b>				
19,628	Rates & Annual Charges	3a	19,520	18,717
9,233	User Charges & Fees	3b	10,783	10,357
898	Interest & Investment Revenue	3c	1,752	2,055
1,491	Other Revenues	3d	1,884	1,365
10,151	Grants & Contributions provided for Operating Purposes	3e,f	11,072	12,515
7,558	Grants & Contributions provided for Capital Purposes	3e,f	8,624	7,866
<b>Other Income:</b>				
233	Net gains from the disposal of assets	5	-	-
-	Net Share of interests in Joint Ventures & Associated Entities using the equity method	19	-	-
<b>49,192</b>	<b>Total Income from Continuing Operations</b>		<b>53,635</b>	<b>52,875</b>
<b>Expenses from Continuing Operations</b>				
17,379	Employee Benefits & On-Costs	4a	17,921	16,801
632	Borrowing Costs	4b	533	530
11,231	Materials & Contracts	4c	11,681	11,602
8,620	Depreciation & Amortisation	4d	10,058	9,670
-	Impairment	4d	-	-
4,653	Other Expenses	4e	5,014	4,155
-	Net Losses from the Disposal of Assets	5	406	33
<b>42,515</b>	<b>Total Expenses from Continuing Operations</b>		<b>45,613</b>	<b>42,791</b>
<b>6,677</b>	<b>Operating Result from Continuing Operations</b>		<b>8,022</b>	<b>10,084</b>
<b>Discontinued Operations</b>				
-	Net Profit/(Loss) from Discontinued Operations	24	-	-
<b>6,677</b>	<b>Net Operating Result for the Year</b>		<b>8,022</b>	<b>10,084</b>
6,677	Net Operating Result attributable to Council		8,022	10,084
-	Net Operating Result attributable to Minority Interests		-	-
<b>(881)</b>	<b>Net Operating Result for the year before Grants and Contributions provided for Capital Purposes</b>		<b>(602)</b>	<b>2,218</b>

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

## Mid-Western Regional Council

### Statement of Comprehensive Income for the financial year ended 30 June 2010

\$ '000	Notes	Actual 2010	Actual 2009
<b>Net Operating Result for the year (as per Income statement)</b>		<b>8,022</b>	<b>10,084</b>
<b>Other Comprehensive Income</b>			
Gain (loss) on revaluation & impairment of I,PP&E	20b (ii)	165,853	2,640
Gain (loss) on revaluation of available-for-sale investments	20b (ii)	73	62
Gain (loss) on revaluation of other reserves	20b (ii)	-	-
Realised (gain) loss on available-for-sale investments recognised in P&L	20b (ii)	-	-
Realised (gain) loss from other reserves recognised in P&L	20b (ii)	-	-
Other Movements in Reserves	20b (ii)	420	(952)
<b>Total Other Comprehensive Income for the year</b>		<b>166,346</b>	<b>1,750</b>
<b>Total Comprehensive Income for the Year</b>		<b>174,368</b>	<b>11,834</b>
<b>Total Comprehensive Income attributable to Council</b>		<b>174,368</b>	<b>11,834</b>
<b>Total Comprehensive Income attributable to Minority Interests</b>		<b>-</b>	<b>-</b>

## Mid-Western Regional Council

### Balance Sheet

as at 30 June 2010

\$ '000	Notes	Actual 2010	Actual 2009
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash & Cash Equivalents	6a	30,030	33,259
Investments	6b	1,000	2,950
Receivables	7	4,433	3,189
Inventories	8	1,263	615
Other	8	-	2
Non-current assets classified as "held for sale"	22	1,288	50
<b>Total Current Assets</b>		<b>38,014</b>	<b>40,065</b>
<b>Non-Current Assets</b>			
Investments	6b	2,268	2,195
Receivables	7	-	-
Inventories	8	1,547	869
Infrastructure, Property, Plant & Equipment	9	515,660	338,777
Investments accounted for using the equity method	19	-	-
Investment Property	14	-	-
Intangible Assets	25	321	221
Non-current assets classified as "held for sale"	22	-	-
Other	8	-	-
<b>Total Non-Current Assets</b>		<b>519,796</b>	<b>342,062</b>
<b>TOTAL ASSETS</b>		<b>557,810</b>	<b>382,127</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	10	5,168	4,318
Borrowings	10	577	509
Provisions	10	4,855	4,715
<b>Total Current Liabilities</b>		<b>10,600</b>	<b>9,542</b>
<b>Non-Current Liabilities</b>			
Payables	10	-	-
Borrowings	10	7,216	6,832
Provisions	10	1,053	1,180
<b>Total Non-Current Liabilities</b>		<b>8,269</b>	<b>8,012</b>
<b>TOTAL LIABILITIES</b>		<b>18,869</b>	<b>17,554</b>
<b>Net Assets</b>		<b>538,941</b>	<b>364,573</b>
<b>EQUITY</b>			
Retained Earnings	20	283,775	274,863
Revaluation Reserves	20	255,166	89,710
Council Equity Interest		538,941	364,573
Minority Equity Interest		-	-
<b>Total Equity</b>		<b>538,941</b>	<b>364,573</b>

## Mid-Western Regional Council

### Statement of Changes in Equity for the financial year ended 30 June 2010

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Equity Interest	Minority Interest	Total Equity
<b>2010</b>						
<b>Opening Balance</b> (as per Last Year's Audited Accounts)		274,863	90,662	365,525	-	365,525
a. Correction of Prior Period Errors	20 (c)	-	(952)	(952)	-	(952)
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
<b>Revised Opening Balance</b> (as at 1/7/09)		<b>274,863</b>	<b>89,710</b>	<b>364,573</b>	<b>-</b>	<b>364,573</b>
<b>c. Net Operating Result for the Year</b>		<b>8,022</b>	<b>-</b>	<b>8,022</b>	<b>-</b>	<b>8,022</b>
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Reserve	20b (ii)	-	165,853	165,853	-	165,853
- Revaluations: Other Reserves	20b (ii)	-	73	73	-	73
- Transfers to Income Statement	20b (ii)	-	-	-	-	-
- Other Movements (IPP&E disposal reversal)	20b (ii)	420	-	420	-	420
<b>Other Comprehensive Income</b>		<b>420</b>	<b>165,926</b>	<b>166,346</b>	<b>-</b>	<b>166,346</b>
<b>Total Comprehensive Income</b> (c&d)		<b>8,442</b>	<b>165,926</b>	<b>174,368</b>	<b>-</b>	<b>174,368</b>
e. Distributions to/(Contributions from) Minority Interests		-	-	-	-	-
f. Transfers between Equity		470	(470)	-	-	-
<b>Equity - Balance at end of the reporting period</b>		<b>283,775</b>	<b>255,166</b>	<b>538,941</b>	<b>-</b>	<b>538,941</b>

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Equity Interest	Minority Interest	Total Equity
<b>2009</b>						
<b>Opening Balance</b> (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)	-	-	-	-	-
<b>Revised Opening Balance</b> (as at 1/7/08)		<b>264,619</b>	<b>88,120</b>	<b>352,739</b>	<b>-</b>	<b>352,739</b>
<b>c. Net Operating Result for the Year</b>		<b>10,084</b>	<b>-</b>	<b>10,084</b>	<b>-</b>	<b>10,084</b>
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsv	20b (ii)	-	2,640	2,640	-	2,640
- Revaluations: Other Reserves	20b (ii)	-	-	-	-	-
- Transfers to Income Statement	20b (ii)	-	62	62	-	62
- Other Movements	20b (ii)	-	(952)	(952)	-	(952)
<b>Other Comprehensive Income</b>		<b>-</b>	<b>1,750</b>	<b>1,750</b>	<b>-</b>	<b>1,750</b>
<b>Total Comprehensive Income</b> (c&d)		<b>10,084</b>	<b>1,750</b>	<b>11,834</b>	<b>-</b>	<b>11,834</b>
e. Distributions to/(Contributions from) Minority Interests		-	-	-	-	-
f. Transfers between Equity		160	(160)	-	-	-
<b>Equity - Balance at end of the reporting period</b>		<b>274,863</b>	<b>89,710</b>	<b>364,573</b>	<b>-</b>	<b>364,573</b>

## Mid-Western Regional Council

### Statement of Cash Flows

for the financial year ended 30 June 2010

Budget 2010	\$ '000	Notes	Actual 2010	Actual 2009
<b>Cash Flows from Operating Activities</b>				
<b>Receipts:</b>				
19,628	Rates & Annual Charges		19,538	18,740
9,420	User Charges & Fees		9,389	12,080
898	Investment & Interest Revenue Received		1,741	2,116
17,709	Grants & Contributions		20,378	21,126
1,491	Other		3,795	2,907
<b>Payments:</b>				
(17,179)	Employee Benefits & On-Costs		(17,811)	(16,334)
(11,283)	Materials & Contracts		(14,948)	(12,866)
(632)	Borrowing Costs		(476)	(383)
(4,653)	Other		(4,620)	(5,961)
<b>15,399</b>	<b>Net Cash provided (or used in) Operating Activities</b>	11b	<b>16,986</b>	<b>21,425</b>
<b>Cash Flows from Investing Activities</b>				
<b>Receipts:</b>				
-	Sale of Investment Securities		2,950	7,250
783	Sale of Infrastructure, Property, Plant & Equipment		657	1,057
<b>Payments:</b>				
(17)	Purchase of Investment Securities		(1,000)	(2,950)
(21,879)	Purchase of Infrastructure, Property, Plant & Equipmer		(22,427)	(19,857)
-	Purchase of Real Estate Assets		(847)	(117)
<b>(21,113)</b>	<b>Net Cash provided (or used in) Investing Activities</b>		<b>(20,667)</b>	<b>(14,617)</b>
<b>Cash Flows from Financing Activities</b>				
<b>Receipts:</b>				
2,600	Proceeds from Borrowings & Advances		1,000	-
<b>Payments:</b>				
(460)	Repayment of Borrowings & Advances		(431)	(368)
(99)	Repayment of Finance Lease Liabilities		(117)	(115)
<b>2,041</b>	<b>Net Cash Flow provided (used in) Financing Activities</b>		<b>452</b>	<b>(483)</b>
<b>(3,673)</b>	<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>		<b>(3,229)</b>	<b>6,325</b>
29,869	plus: <b>Cash &amp; Cash Equivalents - beginning of year</b>	11a	33,259	26,934
<b>26,196</b>	<b>Cash &amp; Cash Equivalents - end of the year</b>	11a	<b>30,030</b>	<b>33,259</b>
Additional Information:				
	plus: <b>Investments on hand - end of year</b>	6b	3,268	5,145
	<b>Total Cash, Cash Equivalents &amp; Investments</b>		<b>33,298</b>	<b>38,404</b>

Please refer to Note 11 for additional cash flow information.

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2010

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n/a - not applicable

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2010

#### Note 1. Summary of Significant Accounting Policies

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

Under Australian Accounting Standards, 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 statements.

##### (a) Basis of preparation

###### (i) Background

These financial statements are general purpose financial statements which have been prepared in accordance with;

- Australian Accounting Standards,
- Urgent Issues Group Interpretations,
- the Local Government Act (1993) and Regulation, and
- the Local Government Code of Accounting Practice and Financial Reporting.

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

Because Australian Accounting Standards (AASB's) are sector neutral, some standards either:

- (a) 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
- (b) specifically exclude application by Not for Profit entities.

Examples include;

- excluding Local Government from applying AASB 120 (IAS 20) for Grant Accounting and AASB 118 (IAS 18) for Segment Reporting, &
- different requirements on (a) Impairment of Assets relating to Not-For-Profit AASB 136 (IAS 36) and (b) AASB 116 (IAS 16) regarding accounting for the Revaluation of Assets.

**Accordingly in preparing these financial statements 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) Basis of Accounting

These financial statements have been prepared under the **historical cost convention** 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.

###### (iv) 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 statements.

###### (v) Critical Accounting Estimates

The preparation of these financial statements requires the use of certain critical accounting estimates (in conformity with AASB's).

It also requires Council management to exercise their judgement in the process of applying Council's accounting policies.

###### (vi) Financial Statements Presentation

The Council has applied the revised **AASB 101, Presentation of Financial Statements** which became effective on 1 January 2009.

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2010

#### Note 1. Summary of Significant Accounting Policies (continued)

The revised standard requires the separate presentation of a statement of comprehensive income and a statement of changes in equity.

All non-owner changes in equity must now be presented in the statement of comprehensive income.

As a consequence, the Council had to change the presentation of its financial statements.

Comparative information has been re-presented so that it is also in conformity with the revised standard.

#### (b) Revenue recognition

Council recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Council's activities as described below.

Council bases any estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

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, **(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.

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2010

#### Note 1. Summary of Significant Accounting Policies (continued)

##### 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.

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

##### (c) Principles of Consolidation

These financial statements incorporate **(i)** the assets and liabilities of Council and any entities (or operations) that it **controls** (as at 30/6/10) and **(ii)** all the related operating results (for the financial year ended the 30th June 2010).

The financial statements 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 statements.

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

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.

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2010

#### Note 1. Summary of Significant Accounting Policies (continued)

##### (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.

##### (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 a Finance Lease or an Operating Lease.

##### 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**.

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2010

#### Note 1. Summary of Significant Accounting Policies (continued)

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".

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 primarily 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**

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.

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2010

#### Note 1. Summary of Significant Accounting Policies (continued)

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.

#### 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) Regulation 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 amended its 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. These will be disposed of when most financially advantageous to Council.

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2010

#### Note 1. Summary of Significant Accounting Policies (continued)

##### (g) Fair value estimation

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

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

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 (ie. an allowance account) 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.

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2010

#### Note 1. Summary of Significant Accounting Policies (continued)

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

#### Land Held for Resale/Capitalisation of Borrowing Costs

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

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

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

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

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

#### (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 Division of Local Government.

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

- **Water and Sewerage Networks**  
(Internal Valuation)
- **Operational Land** (External Valuation)
- **Buildings – Specialised/Non Specialised**  
(External Valuation)
- **Plant and Equipment** (as approximated by depreciated historical cost)
- **Roads Assets incl. roads, bridges & footpaths**  
(Internal Valuation)
- **Drainage Assets** (Internal Valuation)
- **Bulk Earthworks** (Internal Valuation)

The only remaining asset classes that are to be revalued in a future reporting period are;

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

Until the designated future reporting periods, the above remaining asset class is 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 statements 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 2010

#### 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 NSW Office of Water 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 (purchases after 30/6/08)	100% Capitalised

##### Plant & Equipment

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

##### Buildings & Land Improvements

Park Furniture & Equipment	> \$2,000
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Building	
- construction/extensions	100% Capitalised
- renovations	> \$5,000

Other Structures	> \$2,000
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##### 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
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#### Depreciation

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

Land is not depreciated.

Estimated useful lives for Council's I,PP&E 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 : Masonry	50 to 100 years
- Buildings : Other	20 to 40 years

##### Stormwater Drainage

- Drains	50 years
- Culverts	60 years

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2010

#### Note 1. Summary of Significant Accounting Policies (continued)

<b>Transportation Assets</b>	
- Sealed Roads	100 years
- Unsealed roads	20 years
- Bridges	80 years
- Kerb, Gutter & Paths	30 to 70 years
<b>Water &amp; Sewer Assets</b>	
- 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
<b>Other Infrastructure Assets</b>	
- Bulk earthworks	Infinite

All asset residual values and useful lives are reviewed and adjusted (where 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 (other than Land under Roads) is in accordance with Part 2 of Chapter 6 of the Local Government Act (1993) classified as either Operational or Community.

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 review the recognition of 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.

#### (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.

While ownership of the reserves remains with the Crown, Council retains operational control of the reserves and is responsible for their maintenance and

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2010

#### Note 1. Summary of Significant Accounting Policies (continued)

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.

Representations are currently being sought across State and Local Government to develop a consistent accounting treatment for Crown Reserves 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 statements where reliable information is available in relation to said assets.

#### (p) Investment property

Investment property comprises land &/or buildings that are principally held for long-term rental yields, capital gains or both that 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.

This amortisation of the disclosed as a borrowing cost in Note 4(b).

Other movements in the provisions for Close down, Restoration and Remediation costs including those

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2010

#### Note 1. Summary of Significant Accounting Policies (continued)

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 Council's 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.

#### **(s) Impairment of assets**

All Council's I,PP&E is subject to an annual assessment of impairment.

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2010

#### Note 1. Summary of Significant Accounting Policies (continued)

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 & 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 removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired.

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 are expensed.

#### (w) Provisions

Provisions for legal claims, service warranties and other like liabilities 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.

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.

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2010

#### Note 1. Summary of Significant Accounting Policies (continued)

##### (x) Employee benefits

###### (i) Short Term Obligations

Short term employee benefit obligations include liabilities for wages and salaries (including non-monetary benefits), annual leave and vesting sick leave expected to be settled within the 12 months after the reporting period.

Leave liabilities are recognised in the provision for employee benefits in respect of employees' services up to the reporting date with other short term employee benefit obligations disclosed under payables..

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

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) Other Long Term Obligations

The liability for all long service and annual leave (which is not expected to be settled within the 12 months after the reporting period) are recognised in the provision for employee benefits in respect of services provided by employees up to the reporting date.

These liabilities are 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.

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.

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2010

#### Note 1. Summary of Significant Accounting Policies (continued)

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 \$286 million at 30 June 2010.

As a result, they have asked for significant increases in future contributions 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 these financial statements.

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.

#### Define 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 30/6/10.

#### (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.

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.

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2010

#### Note 1. Summary of Significant Accounting Policies (continued)

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 ATO.

#### **(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 2010.

**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:**

***AASB 9 Financial Instruments and AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 (effective from 1 January 2013)***

AASB 9 Financial Instruments addresses the classification and measurement of financial assets and is likely to affect Council's accounting for its financial assets.

The standard is not applicable until 1 January 2013 but is available for early adoption.

Council is yet to assess its full impact.

However, initial indications are that it may affect Council's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other

comprehensive income if they relate to equity investments that are not held for trading.

Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss.

**Applicable to Local Government but no implications for Council;**

***AASB 2009-8 Amendments to Australian Accounting Standards – Group Cash-Settled Share-based Payment Transactions [AASB 2] (effective from 1 January 2010)***

The amendments made by the AASB to AASB 2 confirm that an entity receiving goods or services in a group share-based payment arrangement must recognise an expense for those goods or services regardless of which entity in the group settles the transaction or whether the transaction is settled in shares or cash.

They also clarify how the group share-based payment arrangement should be measured, that is, whether it is measured as an equity- or a cash-settled transaction.

***AASB 2009-10 Amendments to Australian Accounting Standards – Classification of Rights Issues [AASB 132] (effective from 1 February 2010)***

In October 2009 the AASB issued an amendment to AASB 132 Financial Instruments: Presentation which addresses the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer.

Provided certain conditions are met, such rights issues are now classified as equity regardless of the currency in which the exercise price is denominated. Previously, these issues had to be accounted for as derivative liabilities.

The amendment must be applied retrospectively in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors.

***AASB 2009-14 Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement (effective from 1 January 2011)***

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2010

#### Note 1. Summary of Significant Accounting Policies (continued)

In December 2009, the AASB made an amendment to Interpretation 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.

The amendment removes an unintended consequence of the interpretation related to voluntary prepayments when there is a minimum funding requirement in regard to the entity's defined benefit scheme.

It permits entities to recognise an asset for a prepayment of contributions made to cover minimum funding requirements.

Council does not make any such prepayments. The amendment is therefore not expected to have any impact on Council.

***AASB Interpretation 19 Extinguishing financial liabilities with equity instruments and AASB 2009-13 Amendments to Australian Accounting Standards arising from Interpretation 19 (effective from 1 July 2010)***

AASB Interpretation 19 clarifies the accounting when an entity renegotiates the terms of its debt with the result that the liability is extinguished by the debtor issuing its own equity instruments to the creditor (debt for equity swap).

It requires a gain or loss to be recognised in profit or loss which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

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

None

**Not applicable to Local Government per se;**

***Revised AASB 124 Related Party Disclosures and AASB 2009-12 Amendments to Australian Accounting Standards (effective from 1 January 2011)***

In December 2009 the AASB issued a revised AASB 124 Related Party Disclosures. It is effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively.

The amendment removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities and clarifies and simplifies the definition of a related party.

**(ac) Rounding of amounts**

Unless otherwise indicated, amounts in the financial statements 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 these financial statements and/or the notes.

**(ae) Disclaimer**

Nothing contained within these statements 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 2010

### Note 2(a). Council Functions / Activities - Financial Information

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 2(b).												
	Income from Continuing Operations			Expenses from Continuing Operations			Operating Result from Continuing Operations			Grants included in Income from Continuing		Total Assets held (Current & Non-current)	
	Original Budget	Actual	Actual	Original Budget	Actual	Actual	Original Budget	Actual	Actual	Actual	Actual	Actual	Actual
	2010	2010	2009	2010	2010	2009	2010	2010	2009	2010	2009	2010	2009
Governance	63	65	49	442	550	584	(379)	(485)	(535)	-	-	(951)	(952)
Administration & Management	21,232	21,921	22,549	9,779	9,637	8,424	11,453	12,284	14,125	4,111	5,103	56,690	46,919
Regulatory Control	165	388	290	625	653	474	(460)	(265)	(184)	262	100	88	91
Development & Environmental Services	357	688	662	1,695	1,633	1,713	(1,338)	(945)	(1,051)	127	103	5	10
Community Services	2,207	2,493	2,325	2,410	2,885	2,516	(203)	(392)	(191)	1,778	1,594	733	721
Cemeteries	148	169	171	228	266	266	(80)	(97)	(95)	-	-	408	385
Waste Management	3,528	3,656	3,800	2,991	3,347	3,272	537	309	528	299	337	5,496	8,380
Stormwater & Drainage	27	26	114	317	912	366	(290)	(886)	(252)	158	173	18,820	19,466
Water Supply	4,394	3,840	3,595	3,619	4,320	4,193	775	(480)	(598)	73	315	63,458	69,141
Sewer Services	3,132	2,627	2,520	2,889	2,922	2,763	243	(295)	(243)	63	63	31,105	38,519
Libraries	93	105	106	842	865	902	(749)	(760)	(796)	85	84	355	385
Corporate & Community Buildings	243	513	(21)	815	849	774	(572)	(336)	(795)	510	40	57,653	52,526
Swimming Pools	112	152	136	745	790	723	(633)	(638)	(587)	-	-	898	894
Parks & Reserves	1,782	1,668	2,681	1,320	1,725	1,603	462	(57)	1,078	1,756	2,818	21,303	18,463
Roads & Bridges	8,797	12,445	10,743	12,297	12,271	11,365	(3,500)	174	(622)	2,856	4,396	281,338	108,340
Carparking, Cycleways, Streetscaping & Footpaths	(24)	249	89	475	604	483	(499)	(355)	(394)	198	34	9,477	9,291
Mudgee Airport	79	97	104	157	249	187	(78)	(152)	(83)	-	-	2,761	2,222
Economic Development & Tourism	996	728	1,524	869	1,135	2,183	127	(407)	(659)	85	-	8,173	7,326
<b>Total Functions &amp; Activities</b>	<b>47,331</b>	<b>51,830</b>	<b>51,437</b>	<b>42,515</b>	<b>45,613</b>	<b>42,791</b>	<b>4,816</b>	<b>6,217</b>	<b>8,646</b>	<b>12,361</b>	<b>15,160</b>	<b>557,810</b>	<b>382,127</b>
S94 & S64 Contributions (incl. Interest)	1,861	1,805	1,438	-	-	-	1,861	1,805	1,438			-	-
<b>Operating Result from Continuing Operations</b>	<b>49,192</b>	<b>53,635</b>	<b>52,875</b>	<b>42,515</b>	<b>45,613</b>	<b>42,791</b>	<b>6,677</b>	<b>8,022</b>	<b>10,084</b>	<b>12,361</b>	<b>15,160</b>	<b>557,810</b>	<b>382,127</b>

## Mid-Western Regional Council

### Notes to the Financial Statements for the financial year ended 30 June 2010

#### Note 2(b). Council Functions / Activities - Component Descriptions

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

##### **GOVERNANCE**

Elected members expenses and support

##### **ADMINISTRATION & MANAGEMENT**

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, strategic planning, environmental protection, food control, building control

##### **COMMUNITY SERVICES**

Community services administration, family day care, child care, youth services, aged and disabled services, 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

##### **CARPARKING, CYCLEWAYS, STREETSCAPING & FOOTPATHS**

Footpaths and cycleways, carparks, street lighting, streetscaping, bus shelters

##### **MUDGEER AIRPORT**

Mudgeer airport operations

##### **ECONOMIC DEVELOPMENT & TOURISM**

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

## Mid-Western Regional Council

### Notes to the Financial Statements for the financial year ended 30 June 2010

#### Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2010	Actual 2009
<b>(a). Rates &amp; Annual Charges</b>			
<b>Ordinary Rates</b>			
Residential		6,826	6,480
Farmland		4,179	4,084
Mining		691	657
Business		1,098	1,064
<b>Total Ordinary Rates</b>		<b>12,794</b>	<b>12,285</b>
<b>Special Rates</b>			
Hunter Valley Catchment Special Rate		11	11
<b>Total Special Rates</b>		<b>11</b>	<b>11</b>
<b>Annual Charges</b> (pursuant to s.496 & s.501)			
Domestic Waste Management Services		812	814
Water Supply Services		1,072	1,018
Sewerage Services		2,906	2,732
Waste Management Services (non-domestic)		1,925	1,857
<b>Total Annual Charges</b>		<b>6,715</b>	<b>6,421</b>
<b>TOTAL RATES &amp; ANNUAL CHARGES</b>		<b>19,520</b>	<b>18,717</b>

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 2010

#### Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2010	Actual 2009
<b>(b). User Charges &amp; Fees</b>			
<b>Specific User Charges</b> (per s.502 - Specific "actual use" charges)			
Water Supply Services		3,056	2,620
<b>Total User Charges</b>		<b>3,056</b>	<b>2,620</b>
<b>Other User Charges &amp; Fees</b>			
<b>(i) Fees &amp; Charges - Statutory &amp; Regulatory Functions</b> (per s608, 610A & 611)			
Planning & Building Regulation		651	637
Private Works - Section 67		146	1,558
<b>Total Fees &amp; Charges - Statutory/Regulatory</b>		<b>797</b>	<b>2,195</b>
<b>(ii) Fees &amp; Charges - Other (incl. General User Charges</b> (per s.610C))			
Aerodrome		105	101
Aged & Disabled Care		228	220
Cemeteries		208	179
Childrens Services		325	359
Leaseback Fees - Council Vehicles		68	97
RTA Charges (State Roads not controlled by Council)		4,745	3,411
Saleyards		327	310
Swimming Centres		166	128
Waste Depot		586	520
Water Connection Fees		77	83
Waste Water Services		47	94
Other		48	40
<b>Total Fees &amp; Charges - Other</b>		<b>6,930</b>	<b>5,542</b>
<b>TOTAL USER CHARGES &amp; FEES</b>		<b>10,783</b>	<b>10,357</b>

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2010

#### Note 3. Income from Continuing Operations (continued)

\$ '000	Notes	Actual 2010	Actual 2009
<b>(c). Interest &amp; Investment Revenue (incl. losses)</b>			
<b>Interest &amp; Dividends</b>			
- Interest on Overdue Rates & Annual Charges		87	98
- Interest earned on Investments (interest & coupon payment income)		1,665	1,957
<b><u>TOTAL INTEREST &amp; INVESTMENT REVENUE</u></b>		<b><u>1,752</u></b>	<b><u>2,055</u></b>
<b>Interest Revenue is attributable to:</b>			
<b>Unrestricted Investments/Financial Assets:</b>			
Overdue Rates & Annual Charges		87	67
General Council Cash & Investments		760	956
<b>Restricted Investments/Funds - External:</b>			
Development Contributions			
- Section 94		163	156
- Section 64		146	163
Water Fund Operations		195	236
Sewerage Fund Operations		286	280
Domestic Waste Management operations		30	197
Other Externally Restricted Assets		85	-
<b><u>Total Interest &amp; Investment Revenue Recognised</u></b>		<b><u>1,752</u></b>	<b><u>2,055</u></b>
<b>(d). Other Revenues</b>			
Rental Income - Other Council Properties		379	315
Fines		99	72
Legal Fees Recovery - Rates & Charges (Extra Charges)		146	127
Commissions & Agency Fees		12	11
Diesel Rebate		131	102
Insurance Claim Recoveries		81	189
Recycling Income (non domestic)		354	345
Sales - General		31	28
Sales - Ironed Out		69	100
S44 Bushfire		512	-
Other		70	76
<b><u>TOTAL OTHER REVENUE</u></b>		<b><u>1,884</u></b>	<b><u>1,365</u></b>

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2010

#### Note 3. Income from Continuing Operations (continued)

\$ '000	2010 Operating	2009 Operating	2010 Capital	2009 Capital
<b>(e). Grants</b>				
<b>General Purpose (Untied)</b>				
Financial Assistance - General Component	3,301	3,999	-	-
Financial Assistance - Local Roads Component	1,903	2,294	-	-
Pensioners' Rates Subsidies - General Component	217	215	-	-
<b>Total General Purpose</b>	<b>5,421</b>	<b>6,508</b>	<b>-</b>	<b>-</b>
<b>Specific Purpose</b>				
Pensioners' Rates Subsidies:				
- Water	67	61	-	-
- Sewerage	63	63	-	-
- Domestic Waste Management	76	78	-	-
Water Supplies	-	-	-	251
Aged & Disabled Services	872	857	50	-
Bushfire & Emergency Services	587	521	50	335
Childrens Services	975	886	-	-
Employment & Training Programs	12	6	-	-
Environmental Programs	151	115	-	-
Heritage & Cultural	12	18	-	-
Library	85	84	-	-
Noxious Weeds	262	100	-	-
Recreation & Culture	-	-	1,956	2,858
Transport (Roads to Recovery)	-	-	1,076	1,275
Transport (Other Roads & Bridges Funding)	-	-	150	1,034
Youth Services	100	110	-	-
Doctors Residence	-	-	290	-
Tourism	-	-	85	-
Other	21	-	-	-
<b>Total Specific Purpose</b>	<b>3,283</b>	<b>2,899</b>	<b>3,657</b>	<b>5,753</b>
<b>Total Grants</b>	<b>8,704</b>	<b>9,407</b>	<b>3,657</b>	<b>5,753</b>
<b>Grant Revenue is attributable to:</b>				
- Commonwealth Funding	6,212	7,185	3,377	5,165
- State Funding	2,392	2,116	280	588
- Other Funding	100	106	-	-
	<b>8,704</b>	<b>9,407</b>	<b>3,657</b>	<b>5,753</b>

## Mid-Western Regional Council

### Notes to the Financial Statements for the financial year ended 30 June 2010

#### Note 3. Income from Continuing Operations (continued)

\$ '000	2010 Operating	2009 Operating	2010 Capital	2009 Capital
<b>(f). Contributions</b>				
<b>Developer Contributions:</b>				
<b>(s93 &amp; s94 - EP&amp;A Act, s64 of the NSW LG Act):</b>				
S 93F - Contributions using Planning Agreements	-	-	959	446
S 94 - Contributions towards amenities/services	-	-	260	198
S 94A - Fixed Development Consent Levies	-	-	21	95
S 64 - Water Supply Contributions	-	-	159	225
S 64 - Sewerage Service Contributions	-	-	96	154
<b>Total Developer Contributions</b>	<b>17</b>	<b>-</b>	<b>1,495</b>	<b>1,118</b>
<b>Other Contributions:</b>				
Community Services	-	-	5	-
Environment Programs	-	49	-	-
Kerb & Gutter	-	-	-	-
Occupational Health & Safety	40	38	-	-
Other Councils - Joint Works/Services	50	30	-	-
Paving	-	-	-	-
Recreation & Culture	33	43	30	-
Roads & Bridges	95	549	1,858	525
RTA Contributions (Regional/Local, Block Grant)	2,038	2,248	1,485	463
Sewerage (excl. Section 64 contributions)	-	-	-	7
Other	112	151	94	-
<b>Total Other Contributions</b>	<b>2,368</b>	<b>3,108</b>	<b>3,472</b>	<b>995</b>
<b>Total Contributions</b>	<b>2,368</b>	<b>3,108</b>	<b>4,967</b>	<b>2,113</b>
<b>TOTAL GRANTS &amp; CONTRIBUTIONS</b>	<b>11,072</b>	<b>12,515</b>	<b>8,624</b>	<b>7,866</b>

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2010

#### Note 3. Income from Continuing Operations (continued)

\$ '000	Actual 2010	Actual 2009
<b>(g). Restrictions relating to Grants and Contributions</b>		
<b>Certain grants &amp; contributions are obtained by Council on condition that they be spent in a specified manner:</b>		
Unexpended at the Close of the Previous Reporting Period	12,209	8,204
<b>add:</b> Grants and contributions recognised in the current period which have not been spent:	5,817	5,019
<b>less:</b> Grants and contributions recognised in a previous reporting period which have been spent in the current reporting period:	(6,314)	(1,014)
<b>Net Increase (Decrease) in Restricted Assets during the Current Reporting Period</b>	<b>(497)</b>	<b>4,005</b>
<b>Unexpended at the Close of this Reporting Period and held as Restricted Assets</b>	<b>11,712</b>	<b>12,209</b>
<b>Comprising:</b>		
- Specific Purpose Unexpended Grants	4,124	4,081
- Developer Contributions	7,588	8,128
	<b>11,712</b>	<b>12,209</b>

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2010

#### Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2010	Actual 2009
<b>(a) Employee Benefits &amp; On-Costs</b>			
Salaries and Wages		13,731	13,527
Travelling		21	42
Employee Leave Entitlements (ELE)		3,137	2,994
Superannuation - Defined Contribution Plans		1,134	1,080
Superannuation - Defined Benefit Plans		661	371
Workers' Compensation Insurance		773	539
Fringe Benefit Tax (FBT)		92	71
Payroll Tax		55	64
Training Costs (other than Salaries & Wages)		265	244
Protective Clothing		70	68
Recruitment Costs		18	17
Other		22	11
<b>Total Employee Costs</b>		<b>19,979</b>	<b>19,028</b>
less: Capitalised Costs		(2,058)	(2,227)
<b>TOTAL EMPLOYEE COSTS EXPENSED</b>		<b>17,921</b>	<b>16,801</b>
Number of "Equivalent Full Time" Employees at year end		280	283
Number of "Equivalent Full Time" Employees at year end (incl. vacancies)		286	295
<b>(b) Borrowing Costs</b>			
<b>(i) Interest Bearing Liability Costs</b>			
Interest on Loans		481	471
Charges relating to Finance Leases		15	27
<b>Total Interest Bearing Liability Costs</b>		<b>496</b>	<b>498</b>
less: Capitalised Costs		-	-
<b>Total Interest Bearing Liability Costs Expensed</b>		<b>496</b>	<b>498</b>
<b>(ii) Other Borrowing Costs</b>			
Discount adjustments relating to movements in Provisions (other than ELE			
- Remediation Liabilities	26	37	32
<b>Total Other Borrowing Costs</b>		<b>37</b>	<b>32</b>
<b>TOTAL BORROWING COSTS EXPENSED</b>		<b>533</b>	<b>530</b>

## Mid-Western Regional Council

### Notes to the Financial Statements for the financial year ended 30 June 2010

#### Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2010	Actual 2009
<b>(c) Materials &amp; Contracts</b>			
Raw Materials & Consumables		4,440	4,356
Contractor & Consultancy Costs		-	
- Contractor & Consultancy Costs (Spray Seal Contract)		1,166	1,404
- Contractor & Consultancy Costs (Asphalt Contract)		-	752
- Other Contractor & Consultancy Costs		5,121	4,238
Auditors Remuneration			
i. Audit Services - Council's Auditor		39	41
ii. Other Services - Council's Auditor		10	12
Legal Expenses:			
- Legal Expenses - Planning & Development		28	33
- Legal Expenses - Other		58	56
- Legal Expenses - Debt Recovery		148	138
Operating Leases:			
Operating Lease Rentals - Minimum Lease Payments <sup>(1)</sup>		649	561
Operating Lease Rentals - Contingent Rentals <sup>(1)</sup>		22	11
<b>Total Materials &amp; Contracts</b>		<b>11,681</b>	<b>11,602</b>
less: Capitalised Costs		-	-
<b><u>TOTAL MATERIALS &amp; CONTRACTS</u></b>		<b><u>11,681</u></b>	<b><u>11,602</u></b>
<b>1. Operating Lease Payments are attributable to:</b>			
- Computers		359	296
- Motor Vehicles		312	276
		<b><u>671</u></b>	<b><u>572</u></b>

## Mid-Western Regional Council

### Notes to the Financial Statements for the financial year ended 30 June 2010

#### Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Impairment Costs		Depreciation/Amortisation	
		Actual 2010	Actual 2009	Actual 2010	Actual 2009
Plant and Equipment		-	-	1,454	1,413
Office Equipment		-	-	65	67
Furniture & Fittings		-	-	50	51
Property, Plant & Equipment - Leased		-	-	-	18
Land Improvements (depreciable)		-	-	6	1
Buildings - Non Specialised		-	-	880	459
Buildings - Specialised		-	-	267	637
Other Structures		-	-	426	350
Infrastructure:					
- Roads, Bridges & Footpaths		-	-	3,884	3,770
- Stormwater Drainage		-	-	158	147
- Water Supply Network		-	-	1,429	1,367
- Sewerage Network		-	-	1,238	1,192
Other Assets					
- Library Books		-	-	87	84
Asset Reinstatement Costs	9 & 26	-	-	44	87
Intangible Assets	25	-	-	70	27
<b>Total Depreciation &amp; Impairment Costs</b>		<b>-</b>	<b>-</b>	<b>10,058</b>	<b>9,670</b>
less: Capitalised Costs		-	-	-	-
less: Impairments offset in ARR (Equity)	9a	-	-	-	-
<b>TOTAL DEPRECIATION &amp; IMPAIRMENT COSTS EXPENSED</b>		<b>-</b>	<b>-</b>	<b>10,058</b>	<b>9,670</b>

## Mid-Western Regional Council

### Notes to the Financial Statements for the financial year ended 30 June 2010

#### Note 4. Expenses from Continuing Operations (continued)

\$ '000	Notes	Actual 2010	Actual 2009
<b>(e) Other Expenses</b>			
Other Expenses for the year include the following:			
Bad & Doubtful Debts		29	68
Contributions/Levies to Other Levels of Government			
- NSW Fire Brigade Levy		46	46
- NSW Rural Fire Service Levy		407	399
- Department of Planning Levy		14	67
- Other Contributions/Levies		309	263
Contributions to Tourism Centre		300	320
Councillor Expenses - Mayoral Fee		20	20
Councillor Expenses - Councillors' Fees		79	79
Councillors' Expenses (incl. Mayor) - Other (excluding fees above)		56	46
Donations, Contributions & Assistance to other organisations (Section 356)		344	259
- Airline Flight Subsidy		120	-
Election Expenses		82	124
Electricity & Heating		746	606
Family Day Care Benefit		628	495
Insurance		823	774
Property Rental		31	29
Revaluation Decrements (Fair Valuation of I,PP&E Assets)	9(a)	531	-
Street Lighting		166	226
Telephone & Communications		283	328
Other		-	6
<b>Total Other Expenses</b>		<b>5,014</b>	<b>4,155</b>
less: Capitalised Costs		-	-
<b><u>TOTAL OTHER EXPENSES</u></b>		<b><u>5,014</u></b>	<b><u>4,155</u></b>

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2010

#### Note 5. Gains or Losses from the Disposal of Assets

\$ '000	Notes	Actual 2010	Actual 2009
<b>Property</b> (excl. Investment Property)			
Proceeds from Disposal		169	230
less: Carrying Amount of Property Assets Sold		(270)	(629)
<b>Net Gain/(Loss) on Disposal</b>		<b>(101)</b>	<b>(399)</b>
<b>Plant &amp; Equipment</b>			
Proceeds from Disposal		542	807
less: Carrying Amount of P&E Assets Sold		(368)	(446)
<b>Net Gain/(Loss) on Disposal</b>		<b>174</b>	<b>361</b>
<b>Infrastructure</b>			
Proceeds from Disposal		-	-
less: Carrying Amount of Infrastructure Assets Sold		(486)	-
<b>Net Gain/(Loss) on Disposal</b>		<b>(486)</b>	<b>-</b>
<b>Non Current Assets Classified as "Held for Sale"</b>			
Proceeds from Disposal		17	20
less: Carrying Amount of "Held for Sale" Assets Sold		(10)	(15)
<b>Net Gain/(Loss) on Disposal</b>		<b>7</b>	<b>5</b>
<b>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</b>		<b>(406)</b>	<b>(33)</b>

## Mid-Western Regional Council

### Notes to the Financial Statements for the financial year ended 30 June 2010

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

\$ '000	Notes	2010	2010	2009	2009
		Actual Current	Actual Non Current	Actual Current	Actual Non Current
<b>Cash &amp; Cash Equivalents (Note 6a)</b>					
Cash on Hand and at Bank		275	-	439	-
Cash-Equivalent Assets <sup>1</sup>					
- Deposits at Call		3,905	-	2,020	-
- Short Term Deposits		25,850	-	30,800	-
<b>Total Cash &amp; Cash Equivalents</b>		<b>30,030</b>	<b>-</b>	<b>33,259</b>	<b>-</b>
<b>Investment Securities (Note 6b)</b>					
- Term Deposits		1,000	-	2,950	-
- Equity Linked Notes		-	1,268	-	1,195
- NCD's, FRN's (with Maturities > 3 months)		-	1,000	-	1,000
<b>Total Investment Securities</b>		<b>1,000</b>	<b>2,268</b>	<b>2,950</b>	<b>2,195</b>
<b>TOTAL CASH ASSETS, CASH EQUIVALENTS &amp; INVESTMENTS</b>		<b>31,030</b>	<b>2,268</b>	<b>36,209</b>	<b>2,195</b>

<sup>1</sup> 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"		<b>30,030</b>	<b>-</b>	<b>33,259</b>	<b>-</b>
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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)	1,000	1,000	2,950	1,000
c. "Loans & Receivables"	6(b-iii)	-	-	-	-
d. "Available for Sale"	6(b-iv)	-	1,268	-	1,195
<b>Investments</b>		<b>1,000</b>	<b>2,268</b>	<b>2,950</b>	<b>2,195</b>

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2010

#### Note 6b. Investments (continued)

\$ '000	2010 Actual Current	2010 Actual Non Current	2009 Actual Current	2009 Actual Non Current
<b>Note 6(b-i)</b>				
<b>Reconciliation of Investments classified as "At Fair Value through the Profit &amp; Loss"</b>				
Nil				
<b>Note 6(b-ii)</b>				
<b>Reconciliation of Investments classified as "Held to Maturity"</b>				
Balance at the Beginning of the Year	2,950	1,000	7,250	1,000
Additions	1,000	-	2,950	-
Disposals (sales & redemptions)	(2,950)	-	(7,250)	-
<b>Balance at End of Year</b>	<b>1,000</b>	<b>1,000</b>	<b>2,950</b>	<b>1,000</b>
<b>Comprising:</b>				
- Term Deposits	1,000	-	2,950	-
- NCD's, FRN's (with Maturities > 3 months)	-	1,000	-	1,000
<b>Total</b>	<b>1,000</b>	<b>1,000</b>	<b>2,950</b>	<b>1,000</b>
<b>Note 6(b-iii)</b>				
<b>Reconciliation of Investments classified as "Loans &amp; Receivables"</b>				
Nil				
<b>Note 6(b-iv)</b>				
<b>Reconciliation of Investments classified as "Available for Sale"</b>				
Balance at the Beginning of the Year	-	1,195	-	1,133
Revaluation (transferred to ARR in Equity)	-	73	-	62
<b>Balance at End of Year</b>	<b>-</b>	<b>1,268</b>	<b>-</b>	<b>1,195</b>
<b>Comprising:</b>				
- Equity Linked Notes	-	1,268	-	1,195
<b>Total</b>	<b>-</b>	<b>1,268</b>	<b>-</b>	<b>1,195</b>

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2010

#### Note 6c. Restricted Cash, Cash Equivalents & Investments

\$ '000	2010	2010	2009	2009
	Actual Current	Actual Non Current	Actual Current	Actual Non Current
<b>Total Cash, Cash Equivalents and Investment Securities</b>	<b>31,030</b>	<b>2,268</b>	<b>36,209</b>	<b>2,195</b>
<b>attributable to:</b>				
External Restrictions (refer below)	20,300	2,268	21,549	2,195
Internal Restrictions (refer below)	6,190	-	10,282	-
Unrestricted	4,540	-	4,378	-
	<b>31,030</b>	<b>2,268</b>	<b>36,209</b>	<b>2,195</b>

2010 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
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#### Details of Restrictions

##### External Restrictions - Included in Liabilities

Specific Purpose Unexpended Loans-General (A)	-	40	-	40
Trust Deposits	586	56	-	642
<b>External Restrictions - Included in Liabilities</b>	<b>586</b>	<b>96</b>	<b>-</b>	<b>682</b>

##### External Restrictions - Other

Developer Contributions - General (D)	4,269	1,703	(2,274)	3,698
Developer Contributions - Water Fund (D)	1,461	101	-	1,562
Developer Contributions - Sewer Fund (D)	2,398	-	(70)	2,328
Specific Purpose Unexpended Grants (F)	4,031	82	-	4,113
Specific Purpose Unexpended Grants (F) - Water Fund	50	-	(39)	11
Water Supplies (G)	3,863	-	(675)	3,188
Sewerage Services (G)	4,818	665	-	5,483
Domestic Waste Management (G)	1,945	-	(990)	955
Child Care Centres	(91)	343	(252)	-
Community Services	77	-	-	77
Community Tenancy Scheme	232	28	-	260
Family Day Care	23	-	(6)	17
Section 355 Committees	82	-	-	82
Bequest - Simpkins Park	-	84	-	84
Bequest - Kandos Museum	-	28	-	28
<b>External Restrictions - Other</b>	<b>23,158</b>	<b>3,034</b>	<b>(4,306)</b>	<b>21,886</b>
<b>Total External Restrictions</b>	<b>23,744</b>	<b>3,130</b>	<b>(4,306)</b>	<b>22,568</b>

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2010

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

2010 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
<b>Internal Restrictions</b>				
Plant & Vehicle Replacement	827	1,870	(1,221)	1,476
Employees Leave Entitlement	2,885	170	(20)	3,035
Asset Replacement	2,337	696	(1,610)	1,423
Capital Program	3,268	878	(4,047)	99
Community Services (Rylstone)	19	-	-	19
Council Elections	73	40	(80)	33
Emergency Disaster	100	100	-	200
Land Development	81	74	(580)	(425)
Saleyards	73	30	(19)	84
State Roads Warranty	500	-	(100)	400
Airport Development	119	-	(273)	(154)
<b>Total Internal Restrictions</b>	<b>10,282</b>	<b>3,858</b>	<b>(7,950)</b>	<b>6,190</b>
<b>TOTAL RESTRICTIONS</b>	<b>34,026</b>	<b>6,988</b>	<b>(12,256)</b>	<b>28,758</b>

- 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 2010

#### Note 7. Receivables

\$ '000	Notes	2010		2009	
		Current	Non Current	Current	Non Current
<b>Purpose</b>					
Rates & Annual Charges		797	-	753	-
Interest & Extra Charges		236	-	216	-
User Charges & Fees		2,259	-	1,386	-
Capital Debtors (being sale of assets)					
- Other Asset Sales		71	-	-	-
Accrued Revenues					
- Interest on Investments		125	-	129	-
Government Grants & Subsidies		169	-	186	-
Net GST Receivable		865	-	602	-
Other Debtors		35	-	35	-
<b>Total</b>		<b>4,557</b>	<b>-</b>	<b>3,307</b>	<b>-</b>
<b>less: Provision for Impairment</b>					
Rates & Annual Charges		(92)	-	(87)	-
Interest & Extra Charges		(28)	-	(23)	-
User Charges & Fees		(4)	-	(8)	-
<b>Total Provision for Impairment - Receivables</b>		<b>(124)</b>	<b>-</b>	<b>(118)</b>	<b>-</b>
<b><u>TOTAL NET RECEIVABLES</u></b>		<b><u>4,433</u></b>	<b><u>-</u></b>	<b><u>3,189</u></b>	<b><u>-</u></b>
<b>Externally Restricted Receivables</b>					
<b>Water Supply</b>					
- Specific Purpose Grants		9	-	10	-
- Rates & Availability Charges		51	-	55	-
- Other		926	-	966	-
<b>Sewerage Services</b>					
- Specific Purpose Grants		1	-	1	-
- Rates & Availability Charges		100	-	94	-
<b>Domestic Waste Management</b>		<b>118</b>	<b>-</b>	<b>116</b>	<b>-</b>
<b>Total External Restrictions</b>		<b>1,205</b>	<b>-</b>	<b>1,242</b>	<b>-</b>
<b>Unrestricted Receivables</b>		<b>3,228</b>	<b>-</b>	<b>1,947</b>	<b>-</b>
<b>TOTAL NET RECEIVABLES</b>		<b>4,433</b>	<b>-</b>	<b>3,189</b>	<b>-</b>

#### 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 9.00% (2009 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 2010

#### Note 8. Inventories & Other Assets

\$ '000	Notes	2010		2009	
		Current	Non Current	Current	Non Current
<b>Inventories</b>					
Real Estate for resale (refer below)		169	1,547	-	869
Stores & Materials		919	-	552	-
Gravel Quarries		175	-	63	-
<b>Total Inventories</b>		<b>1,263</b>	<b>1,547</b>	<b>615</b>	<b>869</b>
<b>Other Assets</b>					
Prepayments		-	-	2	-
<b>Total Other Assets</b>		<b>-</b>	<b>-</b>	<b>2</b>	<b>-</b>
<b>TOTAL INVENTORIES &amp; OTHER ASSETS</b>		<b>1,263</b>	<b>1,547</b>	<b>617</b>	<b>869</b>
<b>Details for Real Estate Development</b>					
Residential		169	1,547	-	869
<b>Total Real Estate for Resale</b>		<b>169</b>	<b>1,547</b>	<b>-</b>	<b>869</b>
(Valued at the lower of cost and net realisable value)					
<b>Represented by:</b>					
Acquisition Costs		-	361	-	361
Development Costs		169	678	-	-
Other Properties - Book Value		-	508	-	508
<b>Total Costs</b>		<b>169</b>	<b>1,547</b>	<b>-</b>	<b>869</b>
less: Provision for Under Recovery		-	-	-	-
<b>Total Real Estate for Resale</b>		<b>169</b>	<b>1,547</b>	<b>-</b>	<b>869</b>
<b>Movements:</b>					
Real Estate assets at beginning of the year		-	869	-	-
- Purchases and other costs		169	678	-	361
- Transfers in from (out to) Note 9		-	-	508	-
- Transfer between Current/Non Current		-	-	(508)	508
<b>Total Real Estate for Resale</b>		<b>169</b>	<b>1,547</b>	<b>-</b>	<b>869</b>
<b>(i) Externally Restricted Assets</b>					
<b>Water</b>					
Stores & Materials		320	-	137	-
<b>Total Water</b>		<b>320</b>	<b>-</b>	<b>137</b>	<b>-</b>
<b>Sewerage</b>					
Stores & Materials		24	-	18	-
<b>Total Sewerage</b>		<b>24</b>	<b>-</b>	<b>18</b>	<b>-</b>
<b>Total Externally Restricted Assets</b>		<b>344</b>	<b>-</b>	<b>155</b>	<b>-</b>
<b>Total Unrestricted Assets</b>		<b>919</b>	<b>1,547</b>	<b>462</b>	<b>869</b>
<b>TOTAL INVENTORIES &amp; OTHER ASSETS</b>		<b>1,263</b>	<b>1,547</b>	<b>617</b>	<b>869</b>

Mid-Western Regional Council

Notes to the Financial Statements  
for the financial year ended 30 June 2010

Note 9a. Infrastructure, Property, Plant & Equipment

\$ '000	as at 30/6/2009					Asset Movements during the Reporting Period									as at 30/6/2010				
	At	At	Accumulated		Carrying	Asset Additions	WDV of Asset Disposals	Depreciation Expense	Impairment Loss (recognised in P/L)	Adjustments & Transfers	Tfrs from/(to) "Held for Sale" category	Revaluation Decrements to P&L	Revaluation Decrements to Equity (ARR)	Revaluation Increments to Equity (ARR)	At	At	Accumulated		Carrying
	Cost	Fair Value	Deprec.	Impairment	Value										Cost	Fair Value	Dep'n	Impairment	Value
Capital Work in Progress	2,834	-	-	-	2,834	2,491	-	-	-	-	-	-	-	-	5,325	-	-	-	5,325
Plant & Equipment	-	20,817	10,104	-	10,713	2,187	(368)	(1,454)	-	-	-	-	-	-	-	21,766	10,688	-	11,078
Office Equipment	-	2,825	2,619	-	206	-	-	(65)	-	-	-	-	-	-	-	2,826	2,685	-	141
Furniture & Fittings	-	507	165	-	342	13	-	(50)	-	-	-	-	-	-	-	520	215	-	305
Plant & Equipment (under Finance Lease)	-	1,563	907	-	656	-	-	-	-	-	-	-	-	-	-	1,563	907	-	656
<b>Land:</b>																			
- Operational Land	-	29,393	-	-	29,393	3,556	(175)	-	-	-	(444)	-	(211)	-	-	32,119	-	-	32,119
- Community Land	14,413	-	-	-	14,413	-	-	-	-	-	-	-	-	-	14,413	-	-	-	14,413
- Land under Roads (post 30/6/08)	-	-	-	-	-	155	-	-	-	-	-	-	-	-	155	-	-	-	155
Land Improvements - non depreciable	27	-	-	-	27	-	-	-	-	78	-	-	-	-	105	-	-	-	105
Land Improvements - depreciable	238	-	84	-	154	261	-	(6)	-	187	-	-	-	-	768	-	172	-	596
Buildings - Non Specialised	-	25,375	2,037	-	23,338	1,927	(95)	(880)	-	7,316	(804)	-	-	-	-	36,278	5,476	-	30,802
Buildings - Specialised	-	34,243	5,055	-	29,188	1,402	(134)	(267)	-	(6,893)	-	-	-	-	-	26,317	3,021	-	23,296
Other Structures	11,692	-	4,906	-	6,786	1,794	-	(426)	-	(275)	-	-	-	-	13,100	-	5,221	-	7,879
<b>Infrastructure:</b>																			
- Roads, Bridges, Footpaths	223,075	-	121,311	-	101,764	8,552	-	(3,884)	-	16	-	-	114,143	-	321,146	100,555	-	-	220,591
- Bulk Earthworks (non-depreciable)	24,075	-	-	-	24,075	-	-	-	-	-	-	-	49,377	-	73,452	-	-	-	73,452
- Stormwater Drainage	11,657	-	5,523	-	6,134	208	-	(158)	-	-	-	(531)	-	-	13,264	7,611	-	-	5,653
- Water Supply Network	-	96,411	37,421	-	58,990	947	(266)	(1,429)	-	-	-	-	1,719	-	99,715	39,754	-	-	59,961
- Sewerage Network	-	69,315	40,453	-	28,862	189	(86)	(1,238)	-	-	-	-	825	-	71,328	42,776	-	-	28,552
<b>Other Assets:</b>																			
- Library Books	1,249	-	986	-	263	79	-	(87)	-	-	-	-	-	-	1,328	-	1,073	-	255
<b>Reinstatement, Rehabilitation &amp; Restoration Assets (refer Note 26)</b>																			
- Tip Asset	769	-	262	-	507	-	-	(44)	-	(262)	-	-	-	-	528	-	327	-	201
- Quarry Asset	187	-	55	-	132	-	-	-	-	(7)	-	-	-	-	159	-	34	-	125
<b>TOTAL INFRASTRUCTURE, PROPERTY, PLANT &amp; EQUIP.</b>	<b>290,216</b>	<b>280,449</b>	<b>231,888</b>	<b>-</b>	<b>338,777</b>	<b>23,761</b>	<b>(1,124)</b>	<b>(9,988)</b>	<b>-</b>	<b>160</b>	<b>(1,248)</b>	<b>(531)</b>	<b>(211)</b>	<b>166,064</b>	<b>35,881</b>	<b>700,294</b>	<b>220,515</b>	<b>-</b>	<b>515,660</b>

## Mid-Western Regional Council

### Notes to the Financial Statements for the financial year ended 30 June 2010

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

\$ '000 Class of Asset	Actual 2010				Actual 2009			
	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value
<b>Water Supply</b>								
Land								
- Operational Land	-	2,337	-	<b>2,337</b>	-	2,336	-	<b>2,336</b>
- Improvements - depreciable	49	-	18	<b>31</b>	26	-	18	<b>8</b>
Buildings	-	655	31	<b>624</b>	-	655	17	<b>638</b>
Other Structures	42	-	1	<b>41</b>	42	-	1	<b>41</b>
Infrastructure	-	101,041	39,754	<b>61,287</b>	-	96,994	37,418	<b>59,576</b>
<b>Total Water Supply</b>	<b>91</b>	<b>104,033</b>	<b>39,804</b>	<b>64,320</b>	<b>68</b>	<b>99,985</b>	<b>37,454</b>	<b>62,599</b>
<b>Sewerage Services</b>								
Land								
- Operational Land	-	969	-	<b>969</b>	-	969	-	<b>969</b>
- Improvements - depreciable	138	-	32	<b>106</b>	58	-	32	<b>26</b>
Buildings	-	531	52	<b>479</b>	-	506	39	<b>467</b>
Infrastructure	-	72,593	42,776	<b>29,817</b>	-	70,181	40,453	<b>29,728</b>
<b>Total Sewerage Services</b>	<b>138</b>	<b>74,093</b>	<b>42,860</b>	<b>31,371</b>	<b>58</b>	<b>71,656</b>	<b>40,524</b>	<b>31,190</b>
<b>Domestic Waste Management</b>								
Plant & Equipment	-	1,521	524	<b>997</b>	-	1,007	270	<b>737</b>
Land								
- Operational Land	-	2,276	-	<b>2,276</b>	-	2,512	-	<b>2,512</b>
- Community Land	151	-	-	<b>151</b>	151	-	-	<b>151</b>
- Improvements - depreciable	65	-	-	<b>65</b>	16	-	-	<b>16</b>
Buildings	-	694	57	<b>637</b>	-	124	8	<b>116</b>
Other Assets	2,323	-	397	<b>1,926</b>	3,328	-	542	<b>2,786</b>
<b>Total DWM</b>	<b>2,539</b>	<b>4,491</b>	<b>978</b>	<b>6,052</b>	<b>3,495</b>	<b>3,643</b>	<b>820</b>	<b>6,318</b>
<b>TOTAL RESTRICTED I,PP&amp;E</b>	<b>2,768</b>	<b>182,617</b>	<b>83,642</b>	<b>101,743</b>	<b>3,621</b>	<b>175,284</b>	<b>78,798</b>	<b>100,107</b>

#### Note 9c. Infrastructure, Property, Plant & Equipment - Current Year Impairments

\$ '000

Council has recognised no 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 2010

#### Note 10a. Payables, Borrowings & Provisions

\$ '000	Notes	2010		2009	
		Current	Non Current	Current	Non Current
<b>Payables</b>					
Goods & Services - operating expenditure		1,572	-	1,178	-
Goods & Services - capital expenditure		2,461	-	957	-
Payments Received In Advance		365	-	1,487	-
Accrued Expenses:					
- Borrowings		98	-	78	-
Security Bonds, Deposits & Retentions		642	-	586	-
Other		30	-	32	-
<b>Total Payables</b>		<b>5,168</b>	<b>-</b>	<b>4,318</b>	<b>-</b>
<b>Borrowings</b>					
Loans - Secured <sup>1</sup>		439	7,198	392	6,676
Finance Lease Liabilities		138	18	117	156
<b>Total Borrowings</b>		<b>577</b>	<b>7,216</b>	<b>509</b>	<b>6,832</b>
<b>Provisions</b>					
<b>Employee Benefits;</b>					
Annual Leave		1,170	-	1,028	-
Sick Leave		1,209	18	1,202	28
Long Service Leave		2,476	186	2,421	135
<b>Sub Total - Aggregate Employee Benefits</b>		<b>4,855</b>	<b>204</b>	<b>4,651</b>	<b>163</b>
Asset Remediation/Restoration (Future Works)	26	-	849	64	1,017
<b>Total Provisions</b>		<b>4,855</b>	<b>1,053</b>	<b>4,715</b>	<b>1,180</b>
<b>Total Payables, Borrowings &amp; Provisions</b>		<b>10,600</b>	<b>8,269</b>	<b>9,542</b>	<b>8,012</b>

#### (i) Liabilities relating to Restricted Assets

	2010		2009	
	Current	Non Current	Current	Non Current
<b>Externally Restricted Assets</b>				
Domestic Waste Management	107	1,362	150	1,618
Water	650	4,833	590	5,119
Sewer	296	667	181	728
Trust Deposits	642	-	586	-
Loans	40	-	-	-
<b>Liabilities relating to externally restricted assets</b>	<b>1,735</b>	<b>6,862</b>	<b>1,507</b>	<b>7,465</b>
<b>Internally Restricted Assets</b>				
Employee Leave Entitlements	3,035	-	2,885	-
<b>Liabilities relating to internally restricted assets</b>	<b>3,035</b>	<b>-</b>	<b>2,885</b>	<b>-</b>
<b>Total Liabilities relating to restricted assets</b>	<b>4,770</b>	<b>6,862</b>	<b>4,392</b>	<b>7,465</b>

<sup>1</sup> 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 2010

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

\$ '000	2010	2009
<b>(ii) Current Liabilities not anticipated to be settled within the next 12 months</b>		
The following Liabilities, even though classified as current, are not expected to be settled in the next 12 months.		
Provisions - Employees Benefits	3,597	2,969
	<b>3,597</b>	<b>2,969</b>

#### Note 10b. Description of and movements in Provisions

Class of Provision	2009			2010		Closing Balance as at 30/6/10
	Opening Balance as at 1/7/09	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	
Annual Leave	1,028	1,145	(1,004)	1	-	1,170
Sick Leave	1,230	210	(247)	34	-	1,227
Long Service Leave	2,556	580	(547)	73	-	2,662
Asset Remediation	1,081	29	(42)	(219)	-	849
<b>TOTAL</b>	<b>5,895</b>	<b>1,964</b>	<b>(1,840)</b>	<b>(111)</b>	<b>-</b>	<b>5,908</b>

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 2010

#### Note 11. Statement of Cash Flows - Additional Information

\$ '000	Notes	Actual 2010	Actual 2009
<b>(a) Reconciliation of Cash Assets</b>			
Total Cash & Cash Equivalent Assets	6a	30,030	33,259
Less Bank Overdraft	10	-	-
<b>BALANCE as per the STATEMENT of CASH FLOWS</b>		<b>30,030</b>	<b>33,259</b>
<b>(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities</b>			
<b>Net Operating Result from Income Statement</b>		<b>8,022</b>	<b>10,084</b>
<b>Adjust for non cash items:</b>			
Depreciation & Amortisation		10,058	9,670
Net Losses/(Gains) on Disposal of Assets		406	33
- Write Offs relating to the Fair Valuation of I,PP&E		531	-
Unwinding of Discount Rates on Reinstatement Provisions		37	152
<b>+/- Movement in Operating Assets and Liabilities &amp; Other Cash Items:</b>			
Decrease/(Increase) in Receivables		(1,179)	(213)
Increase/(Decrease) in Provision for Doubtful Debts		6	(29)
Decrease/(Increase) in Inventories		(479)	(90)
Decrease/(Increase) in Other Current Assets		2	(2)
Increase/(Decrease) in Payables		394	(65)
Increase/(Decrease) in accrued Interest Payable		20	(5)
Increase/(Decrease) in other accrued Expenses Payable		-	(4)
Increase/(Decrease) in Other Current Liabilities		(1,068)	1,240
Increase/(Decrease) in Employee Leave Entitlements		245	602
Increase/(Decrease) in Other Provisions		(9)	59
<b>NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS</b>		<b>16,986</b>	<b>21,425</b>

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2010

#### Note 11. Statement of Cash Flows - Additional Information (continued)

\$ '000	Notes	Actual 2010	Actual 2009
<b>(c) Non-Cash Investing &amp; Financing Activities</b>			
Nil			
<b>(d) Financing Arrangements</b>			
<b>(i) Unrestricted access was available at balance date to the following lines of credit:</b>			
Bank Overdraft Facilities <sup>(1)</sup>		700	700
Credit Cards / Purchase Cards		200	200
Standby Credit Facilities		310	310
Operating Lease Facility		600	600
<b>Total Financing Arrangements</b>		<b>1,810</b>	<b>1,810</b>
<b>Amounts utilised as at Balance Date:</b>			
- Credit Cards / Purchase Cards		152	143
- Operating Lease Facility		491	600
<b>Total Financing Arrangements Utilised</b>		<b>643</b>	<b>743</b>

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 2010

#### Note 12. Commitments for Expenditure

\$ '000	Notes	Actual 2010	Actual 2009
<b>(a) Capital Commitments (exclusive of GST)</b>			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
<b>Property, Plant &amp; Equipment</b>			
Buildings		192	114
Other Structures		127	44
Roads & Transport		97	193
Water Supply Network		529	64
Sewerage Network		14	107
Other Assets		465	136
<b>Total Commitments</b>		<b>1,424</b>	<b>658</b>
<b>These expenditures are payable as follows:</b>			
Within the next year		1,424	658
<b>Total Payable</b>		<b>1,424</b>	<b>658</b>
<b>Sources for Funding of Capital Commitments:</b>			
Unrestricted General Funds		140	78
Future Grants & Contributions		280	-
Sect 64 & 94 Funds/Reserves		6	20
Unexpended Grants		273	59
Externally Restricted Reserves		263	120
Internally Restricted Reserves		462	381
<b>Total Sources of Funding</b>		<b>1,424</b>	<b>658</b>
<b>(b) Other Expenditure Commitments (exclusive of GST)</b>			
Other Non Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
Cleaning Services		98	266
Audit Services		-	38
Courier Services		33	108
Software		305	368
Tourism Support Contract		945	300
Other		324	103
<b>Total Commitments</b>		<b>1,705</b>	<b>1,183</b>
<b>These expenditures are payable as follows:</b>			
Within the next year		862	765
Later than one year and not later than 5 years		843	418
<b>Total Payable</b>		<b>1,705</b>	<b>1,183</b>

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2010

#### Note 12. Commitments for Expenditure (continued)

\$ '000	Notes	Actual 2010	Actual 2009		
<b>(c) Finance Lease Commitments</b>					
<b>(i) Commitments under Finance Leases at the Reporting Date are payable as follows:</b>					
Within the next year		144	136		
Later than one year and not later than 5 years		18	163		
Later than 5 years		-	-		
<b>Total Minimum Lease Payments</b>		<b>162</b>	<b>299</b>		
less: Future Finance Charges		(6)	(26)		
<b>Amount Recognised as a Liability</b>		<b>156</b>	<b>273</b>		
<b>(ii) Finance Lease Liability Recognised represent;</b>					
Current Liabilities		138	117		
Non-Current Liabilities		18	156		
<b>Total Finance Lease Liabilities Disclosed</b>		<b>156</b>	<b>273</b>		
<b>(iii) General Details</b>					
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	140	247
Other Equipment/Assets	5	Y	Y	16	26
<b>Total Carrying Value at Year End</b>				<b>156</b>	<b>273</b>

#### (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	519	514
Later than one year and not later than 5 years	415	511
Later than 5 years	-	-
<b>Total Non Cancellable Operating Lease Commitments</b>	<b>934</b>	<b>1,025</b>

##### 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 2010

#### Note 12. Commitments for Expenditure (continued)

\$ '000	Notes	Actual 2010	Actual 2009
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#### Conditions relating to Finance & Operating Leases:

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

#### (e) Investment Property Commitments

Nil

#### (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	2,340	1,695
Later than one year and not later than 5 years	2,802	2,769
Later than 5 years	-	-
<b>Total Payable</b>	<b>5,142</b>	<b>4,464</b>

#### (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 2010

### Note 13a. Statement of Performance Measurement - Indicators (Consolidated)

\$ '000	Amounts 2010	Indicator 2010	Prior Periods 2009      2008	
<b>1. Unrestricted Current Ratio</b>				
Current Assets less all External Restrictions <sup>(1)</sup>	<b>16,165</b>	<b>3.07 : 1</b>	<b>3.38</b>	<b>4.61</b>
Current Liabilities less Specific Purpose Liabilities <sup>(2,3)</sup>	<b>5,268</b>			
<b>2. Debt Service Ratio</b>				
Debt Service Cost	<b>1,044</b>	<b>2.65%</b>	<b>2.52%</b>	<b>2.53%</b>
Revenue from Continuing Operations excluding Capital Items & Specific Purpose Grants/Contributions	<b>39,360</b>			
<b>3. Rates &amp; Annual Charges Coverage Ratio</b>				
Rates & Annual Charges	<b>19,520</b>	<b>36.39%</b>	<b>35.40%</b>	<b>39.22%</b>
Revenue from Continuing Operations	<b>53,635</b>			
<b>4. Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage</b>				
Rates, Annual & Extra Charges Outstanding	<b>913</b>	<b>4.43%</b>	<b>4.35%</b>	<b>4.02%</b>
Rates, Annual & Extra Charges Collectible	<b>20,612</b>			
<b>5. Building &amp; Infrastructure Renewals Ratio</b>				
Asset Renewals <sup>(4)</sup> [Buildings & Infrastructure]	<b>6,669</b>	<b>84.89%</b>	<b>106.00%</b>	<b>n/a</b>
Depreciation, Amortisation & Impairment (Building & Infrastructure Assets)	<b>7,856</b>			

#### 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 payables & provisions not expected to be paid in the next 12 months (incl. ELE).

(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 2010

#### Note 13a. Statement of Performance Measurement - Graphs (Consolidated)

\$ '000

<p><b>1. Unrestricted Current Ratio</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio : 1</th> </tr> </thead> <tbody> <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> <tr> <td>2010</td> <td>3.07</td> </tr> </tbody> </table>	Year	Ratio : 1	2007	5.34	2008	4.61	2009	3.38	2010	3.07	<p><b>Purpose of Unrestricted Current Ratio</b></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><b>Commentary on 2009/10 Result</b></p> <p><b>2009/10 Ratio 3.07 : 1</b></p> <p>The Unrestricted Current Ratio has not materially changed from 2008/09 levels, however does reflect the continuation of large value capital works initiatives funded from internally restricted reserves.</p>
Year	Ratio : 1											
2007	5.34											
2008	4.61											
2009	3.38											
2010	3.07											
<p><b>2. Debt Service Ratio</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <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> <tr> <td>2010</td> <td>2.65%</td> </tr> </tbody> </table>	Year	Ratio %	2007	3.16%	2008	2.53%	2009	2.52%	2010	2.65%	<p><b>Purpose of Debt Service Ratio</b></p> <p>To assess the impact of loan principal &amp; interest repayments on the discretionary revenue of council.</p>	<p><b>Commentary on 2009/10 Result</b></p> <p><b>2009/10 Ratio 2.65%</b></p> <p>In accordance with the adopted Management Plan, Council drew down \$1m of new borrowings in relation to the upgrade of the Mudgee Showgrounds.</p>
Year	Ratio %											
2007	3.16%											
2008	2.53%											
2009	2.52%											
2010	2.65%											
<p><b>3. Rates &amp; Annual Charges Coverage Ratio</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <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> <tr> <td>2010</td> <td>36.39%</td> </tr> </tbody> </table>	Year	Ratio %	2007	37.79%	2008	39.22%	2009	35.40%	2010	36.39%	<p><b>Purpose of Rates &amp; Annual Charges Coverage Ratio</b></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><b>Commentary on 2009/10 Result</b></p> <p><b>2009/10 Ratio 36.39%</b></p> <p>The 2009/10 Rates &amp; Annual Charges Coverage Ratio has improved slightly on 2008/09. Council received the regular amount of FAG instalments during the financial year, as opposed to 2008/09 which included an additional instalment.</p>
Year	Ratio %											
2007	37.79%											
2008	39.22%											
2009	35.40%											
2010	36.39%											
<p><b>4. Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <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> <tr> <td>2010</td> <td>4.43%</td> </tr> </tbody> </table>	Year	Ratio %	2007	4.16%	2008	4.02%	2009	4.35%	2010	4.43%	<p><b>Purpose of Rates &amp; Annual Charges Outstanding Ratio</b></p> <p>To assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts.</p>	<p><b>Commentary on 2009/10 Result</b></p> <p><b>2009/10 Ratio 4.43%</b></p> <p>Council experienced a slight deterioration in its Rates Outstanding Percentage compared to 2008/09, which reflects the general economic climate and the increased pressures on household income.</p>
Year	Ratio %											
2007	4.16%											
2008	4.02%											
2009	4.35%											
2010	4.43%											

## Mid-Western Regional Council

### Notes to the Financial Statements for the financial year ended 30 June 2010

#### Note 13b. Statement of Performance Measurement - Indicators (by Fund)

\$ '000	Water 2010	Sewer 2010	General <sup>1</sup> 2010
<b>1. Unrestricted Current Ratio</b>			
Current Assets less all External Restrictions <sup>(1)</sup>	<b>6.91 : 1</b>	<b>18.95 : 1</b>	<b>3.07 : 1</b>
Current Liabilities less Specific Purpose Liabilities <sup>(2,3)</sup>			
<b>2. Debt Service Ratio</b>			
Debt Service Cost	<b>13.52%</b>	<b>3.17%</b>	<b>1.00%</b>
Revenue from Continuing Operations excluding Capital Items & Specific Purpose Grants/Contributions			
<b>3. Rates &amp; Annual Charges Coverage Ratio</b>			
Rates & Annual Charges	<b>21.90%</b>	<b>82.59%</b>	<b>34.38%</b>
Revenue from Continuing Operations			
<b>4. Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage</b>			
Rates, Annual & Extra Charges Outstanding	<b>4.88%</b>	<b>3.48%</b>	<b>4.56%</b>
Rates, Annual & Extra Charges Collectible			
<b>5. Building &amp; Infrastructure Renewals Ratio</b>			
Asset Renewals <sup>(4)</sup> [Buildings & Infrastructure]	<b>0.00%</b>	<b>0.00%</b>	<b>129.19%</b>
Depreciation, Amortisation & Impairment (Building & Infrastructure Assets)			

#### Notes

<sup>(1)</sup> General Fund refers to all of Council's activities except for it's Water & Sewer activities which are listed separately.

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2010

#### Note 14. Investment Properties

\$ '000

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

#### Note 15. Financial Risk Management

##### Risk Management

Council's activities expose it to a variety of financial risks including **(1)** price risk, **(2)** credit risk, **(3)** liquidity risk and **(4)** 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	
	2010	2009	2010	2009
<b>Financial Assets</b>				
Cash and Cash Equivalents	30,030	33,259	30,030	33,259
Investments				
- "Held to Maturity"	2,000	3,950	1,856	3,371
- "Available for Sale"	1,268	1,195	1,268	1,195
Receivables	4,433	3,189	4,433	3,189
<b>Total Financial Assets</b>	<b>37,731</b>	<b>41,593</b>	<b>37,587</b>	<b>41,014</b>
<b>Financial Liabilities</b>				
Payables	4,803	2,831	4,803	2,831
Loans / Advances	7,637	7,068	7,195	6,347
Lease Liabilities	156	273	159	180
<b>Total Financial Liabilities</b>	<b>12,596</b>	<b>10,172</b>	<b>12,157</b>	<b>9,358</b>

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 fair value through profit & loss"** or (ii) **Available for Sale** - are based upon quoted market prices (in active markets for identical investments) at the reporting date or independent valuation.

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2010

#### 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 Finance 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 there changes are caused by factors specific to individual financial instruments or their issuers or are caused by factors affecting similar instruments traded in a market.

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
<b>2010</b>				
Possible impact of a 10% movement in Market Values	-	127	-	(127)
Possible impact of a 1% movement in Interest Rates	320	320	(320)	(320)
<b>2009</b>				
Possible impact of a 10% movement in Market Values	-	120	-	(120)
Possible impact of a 1% movement in Interest Rates	384	384	(384)	(384)

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2010

#### 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:

	2010	2010	2009	2009
	Rates & Annual Charges	Other Receivables	Rates & Annual Charges	Other Receivables
<b>(i) Ageing of Receivables</b>				
Current (not yet overdue)	74	3,544	251	2,208
Past due by up to 30 days	5	92	-	25
Past due between 31 and 180 days	183	18	154	51
Past due between 181 and 365 days	145	4	103	139
Past due by more than 1 year	390	102	245	131
	<b>797</b>	<b>3,760</b>	<b>753</b>	<b>2,554</b>
<b>(ii) Movement in Provision for Impairment of Receivables</b>			2010	2009
Balance at the beginning of the year			118	147
+ new provisions recognised during the year			24	32
- amounts already provided for & written off this year			-	(2)
- amounts provided for but recovered during the year			(1)	(59)
- previous impairment losses reversed			(17)	-
<b>Balance at the end of the year</b>			<b>124</b>	<b>118</b>

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2010

#### 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		
<b>2010</b>									
Trade/Other Payables	642	4,024	-	-	-	-	-	4,666	4,803
Loans & Advances	-	941	941	941	941	941	6,612	12,258	7,637
Lease Liabilities	-	144	18	-	-	-	-	162	156
<b>Total Financial Liabilities</b>	<b>642</b>	<b>5,109</b>	<b>959</b>	<b>941</b>	<b>941</b>	<b>941</b>	<b>6,612</b>	<b>17,086</b>	<b>12,596</b>
<b>2009</b>									
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
<b>Total Financial Liabilities</b>	<b>586</b>	<b>3,206</b>	<b>988</b>	<b>862</b>	<b>844</b>	<b>844</b>	<b>6,307</b>	<b>13,637</b>	<b>10,172</b>

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:

	2010		2009	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Trade/Other Payables	4,803	0.0%	2,831	0.0%
Loans & Advances - Fixed Interest Rate	7,637	6.7%	7,068	6.5%
Lease Liabilities	156	7.1%	273	7.1%
	<u>12,596</u>		<u>10,172</u>	

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2010

#### Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 09/10 was incorporated as part of its Management Plan and was adopted by the Council on 24 June 2009.

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	2010 Budget	2010 Actual	2010 Variance*		
<b>REVENUES</b>					
<b>Rates &amp; Annual Charges</b>	<b>19,628</b>	<b>19,520</b>	<b>(108)</b>	(1%)	<b>U</b>
<b>User Charges &amp; Fees</b>	<b>9,233</b>	<b>10,783</b>	<b>1,550</b>	17%	<b>F</b>
Council received an additional \$1.7 million revenue than included in the Original Budget for State Roads contract works undertaken on behalf of the RTA. Revenue from water usage charges was \$376,000 less than provided for in the Original Budget.					
<b>Interest &amp; Investment Revenue</b>	<b>898</b>	<b>1,752</b>	<b>854</b>	95%	<b>F</b>
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 for a number of major projects such as the Mudgee sewer augmentation; Cudgegong Southbank site redevelopment; Pitts Lane intersection; and the airport subdivision. Interest rates on investments were also higher than estimated in the Original Budget.					
<b>Other Revenues</b>	<b>1,491</b>	<b>1,884</b>	<b>393</b>	26%	<b>F</b>
During the year, a section 44 bushfire emergency was declared in the Mid-Western Region. The reimbursement of the S44 claim resulted in an additional \$512,000 of Other Revenues.					
<b>Operating Grants &amp; Contributions</b>	<b>10,151</b>	<b>11,072</b>	<b>921</b>	9%	<b>F</b>
Council received higher than anticipated grant income in areas such as noxious weeds; environment; bushfire and emergency services; and aged and disabled services.					

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2010

#### Note 16. Material Budget Variations (continued)

\$ '000	2010 Budget	2010 Actual	2010 Variance*		
<b>REVENUES (continued)</b>					
<b>Capital Grants &amp; Contributions</b>	<b>7,558</b>	<b>8,624</b>	<b>1,066</b>	14%	<b>F</b>
Council received a contribution towards the upgrade of the Ulan-Wollar Road of \$1.6 million. Grants for sporting facilities were lower than provided for in the Original Budget as a result of the receipt of RLCIP grant income ahead of schedule in June 2009.					
<b>Net Gains from Disposal of Assets</b>	<b>233</b>	-	<b>(233)</b>	(100%)	<b>U</b>
Council's plant replacement program results outperformed Original Budget, however the delays in settlements of property sales combined with the scrapping of replaced infrastructure has resulted in an overall unfavourable budget variance.					
<b>EXPENSES</b>					
<b>Employee Benefits &amp; On-Costs</b>	<b>17,379</b>	<b>17,921</b>	<b>(542)</b>	(3%)	<b>U</b>
<b>Borrowing Costs</b>	<b>632</b>	<b>533</b>	<b>99</b>	16%	<b>F</b>
Council provided in its Original Budget an estimate for drawing down an additional \$2.6 million of loan borrowings. Due to delays in the timing of the Mudgee Sewer Augmentation project, Council did not draw down \$1.6 million of the original estimate, resulting in lower borrowing costs for 2010. This saving was partly offset by higher than anticipated interest rates.					
<b>Materials &amp; Contracts</b>	<b>11,231</b>	<b>11,681</b>	<b>(450)</b>	(4%)	<b>U</b>
<b>Depreciation &amp; Amortisation</b>	<b>8,620</b>	<b>10,058</b>	<b>(1,438)</b>	(17%)	<b>U</b>
Depreciation expenses were higher than estimated across a number of classes of assets including Water Network, Buildings; Roads, Bridges & Footpaths; Buildings and Other Structures. This is the result of a combination of revaluations and the commissioning of a number of high value capital expenditure projects.					
<b>Other Expenses</b>	<b>4,653</b>	<b>5,014</b>	<b>(361)</b>	(8%)	<b>U</b>
<b>Net Losses from Disposal of Assets</b>	-	<b>406</b>	<b>(406)</b>	0%	<b>U</b>
Council's plant replacement program results outperformed Original Budget, however the delays in settlements of property sales combined with the scrapping of replaced infrastructure has resulted in an overall unfavourable budget variance.					

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2010

### 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	
Car Parking	1,558	-	-	61	(1,200)	-	419	-	(244)	175	-
Open Space	378	154	-	12	(213)	-	331	660	(1,569)	(578)	-
Community Facilities	1,234	22	-	48	(10)	-	1,294	187	(2,728)	(1,247)	-
Transport Management	626	61	-	19	(9)	-	697	594	(2,124)	(833)	-
Civic Improvements	(68)	3	-	(3)	-	-	(68)	-	(4,100)	(4,168)	-
Administration	54	20	-	2	-	-	76	88	(512)	(348)	-
Other	-	-	-	-	-	-	-	-	-	-	-
<b>S94 Contributions - under a Plan</b>	<b>3,782</b>	<b>260</b>	<b>-</b>	<b>139</b>	<b>(1,432)</b>	<b>-</b>	<b>2,749</b>	<b>1,529</b>	<b>(11,277)</b>	<b>(6,999)</b>	<b>-</b>
<b>S94A Levies - under a Plan</b>	<b>207</b>	<b>21</b>	<b>-</b>	<b>9</b>	<b>-</b>	<b>-</b>	<b>237</b>		<b>-</b>		<b>-</b>
<b>Total S94 Revenue Under Plans</b>	<b>3,989</b>	<b>281</b>	<b>-</b>	<b>148</b>	<b>(1,432)</b>	<b>-</b>	<b>2,986</b>				<b>-</b>
S94 not under Plans	-	-	-	-	-	-	-	-	-	-	-
S93F Planning Agreements	280	959	-	15	(543)	-	711		<b>-</b>		
S64 Contributions	3,859	255	-	146	(369)	-	3,891				
<b>Total Contributions</b>	<b>8,128</b>	<b>1,495</b>	<b>-</b>	<b>309</b>	<b>(2,344)</b>	<b>-</b>	<b>7,588</b>	<b>1,529</b>	<b>(11,277)</b>	<b>(6,999)</b>	<b>-</b>

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2010

#### 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	
Open Space	378	154	-	12	(213)	-	331	660	(1,569)	(578)	
Community Facilities	1,234	22	-	48	(10)	-	1,294	187	(2,728)	(1,247)	
Transport Management	626	61	-	19	(9)	-	697	594	(2,124)	(833)	
Civic Improvements	(68)	3	-	(3)		-	(68)	-	(4,100)	(4,168)	
Car Parking	1,558	-	-	61	(1,200)	-	419	-	(244)	175	
Administration	54	20	-	2	-	-	76	88	(512)	(348)	
<b>Total</b>	<b>3,782</b>	<b>260</b>	<b>-</b>	<b>139</b>	<b>(1,432)</b>	<b>-</b>	<b>2,749</b>	<b>1,529</b>	<b>(11,277)</b>	<b>(6,999)</b>	<b>-</b>

#### 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	207	21	-	9	-	-	237			237	
<b>Total</b>	<b>207</b>	<b>21</b>	<b>-</b>	<b>9</b>	<b>-</b>	<b>-</b>	<b>237</b>	<b>-</b>	<b>-</b>	<b>237</b>	<b>-</b>

## Mid-Western Regional Council

### Notes to the Financial Statements for the financial year ended 30 June 2010

#### 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 and accordingly Council has not recorded any net liability from its 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) Statewide Limited

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

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

The future realisation and finalisation of claims incurred but not reported to 30/6 this year may result in future liabilities or benefits as a result of past events that Council will be required to fund or share in respectively.

##### (iii) StateCover Limited

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

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

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 result 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.

##### (iv) Other Guarantees

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

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2010

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

\$ '000

#### LIABILITIES NOT RECOGNISED (continued):

##### 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.

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 or where a shortfall exists by the use of Council's General Funds.

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

###### (iii) Bank Guarantees

Council holds a number of bank guarantees to the value of \$511,429.88. 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.

#### 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.

Council's 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.

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2010

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

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

### Note 20. Equity - Retained Earnings and Revaluation Reserves

\$ '000	Notes	Actual 2010	Actual 2009
<b>a. Retained Earnings</b>			
<b>Movements in Retained Earnings were as follows:</b>			
Balance at beginning of Year (from previous years audited accounts)		274,863	264,619
a. Correction of Prior Period Errors	20 (c)	-	-
b. Changes in Accounting Policies (Prior Period Effects)	20 (d)	-	-
c. Other Comprehensive Income (excl. direct to Reserves transactions)		420	-
d. Net Operating Result for the Year		8,022	10,084
e. Distributions to/(Contributions from) Minority Interests		-	-
f. Transfers between Equity		470	160
g. Other Changes		-	-
<b>Balance at End of the Reporting Period</b>		<b>283,775</b>	<b>274,863</b>
<b>b. Reserves</b>			
<b>(i) Reserves are represented by:</b>			
- Infrastructure, Property, Plant & Equipment Revaluation Reserve		255,398	90,015
- "Available for Sale" Financial Investments Revaluation Reserve		(232)	(305)
<b>Total</b>		<b>255,166</b>	<b>89,710</b>
<b>(ii). Reconciliation of movements in Reserves:</b>			
<b>Infrastructure, Property, Plant &amp; Equipment Revaluation Reserve</b>			
- Opening Balance		90,015	88,487
- Revaluations for the year	9(a)	165,853	2,640
- Transfer to Retained Earnings for Asset disposals		(470)	(160)
- Other movements - Prior Period Error - reclassification to Inventories		-	(952)
<b>- Balance at End of Year</b>		<b>255,398</b>	<b>90,015</b>
<b>"Available for Sale" Financial Investments Revaluation Reserve</b>			
- Opening Balance		(305)	(367)
- Unrealised Gain (Loss) in value for the year		73	62
<b>- Balance at End of Year</b>		<b>(232)</b>	<b>(305)</b>
<b>TOTAL VALUE OF RESERVES</b>		<b>255,166</b>	<b>89,710</b>

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2010

#### Note 20. Equity - Retained Earnings and Revaluation Reserves (continued)

\$ '000	Notes	Actual 2010	Actual 2009
<b>b. Reserves (continued)</b>			
<b>(iii). Nature &amp; Purpose of Reserves</b>			
<b>Infrastructure, Property, Plant &amp; Equipment Revaluation Reserve</b>			
- The Infrastructure, Property, Plant & Equipment Revaluation Reserve is used to record increments/decrements of Non Current Asset values due to their revaluation.			
<b>"Available for Sale" Financial Investments Revaluation Reserve</b>			
- 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.			
<b>c. Correction of Error/s relating to a Previous Reporting Period</b>			
During the 2009 financial year, Council commenced development of parcels of land known as the Lions Drive Subdivision. The relevant parcels of land were transferred out of Note 9 Infrastructure, Property, Plant and Equipment, and into Note 8 Inventories, at their Fair Value. In accordance with AASB 102 <i>Inventories</i> , the land should have been reported at the lower of cost or net realisable value rather than Fair Value. Therefore, as at 30 June 2009, the carrying value of inventory and the Asset Revaluation Reserve were overstated by \$952,000.		(952)	
<b>In accordance with AASB 108 - Accounting Policies, Changes in Accounting Estimates and Errors, the above Prior Period Errors have been recognised retrospectively.</b>			
<b>These amounted to the following Equity Adjustments:</b>			
- Adjustments to Opening Equity - 1/7/08 (relating to adjustments for the 30/6/08 reporting year end and prior periods)		-	-
- Adjustments to Closing Equity - 30/6/09 (relating to adjustments for the 30/6/09 year end)		(952)	-
<b>Total Prior Period Adjustments - Prior Period Errors</b>		<b>(952)</b>	<b>-</b>

#### 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 2010

### Note 21. Financial Result & Financial Position by Fund

<b>Income Statement by Fund</b>	Actual	Actual	Actual	Actual
\$ '000	2010	2010	2010	2010
<b>Continuing Operations</b>		<b>Water</b>	<b>Sewer</b>	<b>General<sup>1</sup></b>
<b>Income from Continuing Operations</b>				
Rates & Annual Charges		1,046	2,871	15,603
User Charges & Fees		3,221	45	7,517
Interest & Investment Revenue		276	383	1,093
Other Revenues		1	18	1,865
Grants & Contributions provided for Operating Purposes		73	63	10,936
Grants & Contributions provided for Capital Purposes		159	96	8,369
<b>Other Income</b>				
Net Gains from Disposal of Assets		-	-	-
Share of interests in Joint Ventures & Associates using the Equity Method				-
<b>Total Income from Continuing Operations</b>		<b>4,776</b>	<b>3,476</b>	<b>45,383</b>
<b>Expenses from Continuing Operations</b>				
Employee Benefits & on-costs		847	731	16,343
Borrowing Costs		341	50	142
Materials & Contracts		925	616	10,140
Depreciation & Amortisation		1,442	1,252	7,364
Impairment				-
Other Expenses		1,201	855	2,958
Interest & Investment Losses				-
Net Losses from the Disposal of Assets		266	86	54
Share of interests in Joint Ventures & Associates using the Equity Method				-
<b>Total Expenses from Continuing Operations</b>		<b>5,022</b>	<b>3,590</b>	<b>37,001</b>
<b>Operating Result from Continuing Operations</b>		<b>(246)</b>	<b>(114)</b>	<b>8,382</b>
<b>Discontinued Operations</b>				
Net Profit/(Loss) from Discontinued Operations		-	-	-
<b>Net Operating Result for the Year</b>		<b>(246)</b>	<b>(114)</b>	<b>8,382</b>
<b>Net Operating Result attributable to each Council Fund</b>		<b>(246)</b>	<b>(114)</b>	<b>8,382</b>
<b>Net Operating Result attributable to Minority Interests</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Operating Result for the year before Grants and Contributions provided for Capital Purposes</b>	-	<b>(405)</b>	<b>(210)</b>	<b>13</b>

<sup>1</sup> General Fund refers to all Council's activities other than Water, Sewer & Other

NB. All amounts disclosed above are Gross - that is, they include internal charges & recoveries made between the Funds.

## Mid-Western Regional Council

### Notes to the Financial Statements

as at 30 June 2010

### Note 21. Financial Result & Financial Position by Fund

<b>Balance Sheet by Fund</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>
<b>\$ '000</b>	<b>2010</b>	<b>2010</b>	<b>2010</b>	<b>2010</b>
<b>ASSETS</b>		<b>Water</b>	<b>Sewer</b>	<b>General<sup>1</sup></b>
<b>Current Assets</b>				
Cash & Cash Equivalents		4,761	7,811	17,458
Investments		-	-	1,000
Receivables		986	101	3,346
Inventories		320	24	919
Other		-	-	-
Non-current assets classified as "held for sale"		-	-	1,288
<b>Total Current Assets</b>		<b>6,067</b>	<b>7,936</b>	<b>24,011</b>
<b>Non-Current Assets</b>				
Investments		-	-	2,268
Receivables		-	-	-
Inventories		-	-	1,547
Infrastructure, Property, Plant & Equipment		64,320	31,371	419,969
Investments Accounted for using the equity method		-	-	-
Investment Property		-	-	-
Intangible Assets		-	-	321
Other		-	-	-
<b>Total Non-Current Assets</b>		<b>64,320</b>	<b>31,371</b>	<b>424,105</b>
<b>TOTAL ASSETS</b>		<b>70,387</b>	<b>39,307</b>	<b>448,116</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Payables		364	234	4,570
Borrowings		286	62	229
Provisions		-	-	4,855
<b>Total Current Liabilities</b>		<b>650</b>	<b>296</b>	<b>9,654</b>
<b>Non-Current Liabilities</b>				
Payables		-	-	-
Borrowings		4,833	667	1,716
Provisions		-	-	1,053
<b>Total Non-Current Liabilities</b>		<b>4,833</b>	<b>667</b>	<b>2,769</b>
<b>TOTAL LIABILITIES</b>		<b>5,483</b>	<b>963</b>	<b>12,423</b>
<b>Net Assets</b>		<b>64,904</b>	<b>38,344</b>	<b>435,693</b>
<b>EQUITY</b>				
Retained Earnings		45,628	24,479	213,668
Revaluation Reserves		19,276	13,865	222,025
Council Equity Interest		64,904	38,344	435,693
Minority Interests		-	-	-
<b>Total Equity</b>		<b>64,904</b>	<b>38,344</b>	<b>435,693</b>

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2010

### Note 22. "Held for Sale" Non Current Assets & Disposal Groups

\$ '000	2010		2009	
	Current	Non Current	Current	Non Current
<b>(i) Non Current Assets &amp; Disposal Group Assets</b>				
<b>Non Current Assets "Held for Sale"</b>				
Land & Buildings	1,288	-	50	-
<b>Total Non Current Assets "Held for Sale"</b>	<b>1,288</b>	<b>-</b>	<b>50</b>	<b>-</b>
<b>TOTAL NON CURRENT ASSETS CLASSIFIED AS "HELD FOR SALE"</b>				
	<b>1,288</b>	<b>-</b>	<b>50</b>	<b>-</b>

#### (ii) Details of Assets & Disposal Groups

Residential land parcels and commercial property surplus to requirement.

\$ '000	Assets "Held for Sale"		Disposal Groups	
	2010	2009	2010	2009
<b>(iii) Reconciliation of Non Current Assets "Held for Sale" &amp; Disposal Groups - i.e. Discontinued Operations</b>				
<b>Opening Balance</b>	50	65	-	-
<b>less: Carrying Value of Assets/Operations Sold</b>	(10)	(15)	-	-
<b>Balance still unsold after 12 months:</b>	<b>40</b>	<b>50</b>	<b>-</b>	<b>-</b>
less: Assets no longer classified as "Held for Sale"	-	-	-	-
<b>plus New Transfer in:</b>				
Assets "Held for Sale"	1,248	-	-	-
Discontinued Operations	-	-	-	-
<b>less Impairment Losses:</b>				
Assets "Held for Sale" - Losses on Reclassification	-	-	-	-
Discontinued Operation - Losses on Reclassification	-	-	-	-
<b>less: Carrying Value of Assets/Operations Sold that were re-classified this reporting period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Closing Balance of "Held for Sale" Non Current Assets &amp; Operations</b>	<b>1,288</b>	<b>50</b>	<b>-</b>	<b>-</b>

## Mid-Western Regional Council

### Notes to the Financial Statements for the financial year ended 30 June 2010

#### Note 23. Events occurring after Balance Sheet Date

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\$ '000

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Events that occur after the reporting date of 30 June 2010, up to and including the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

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

**Accordingly, the "authorised for issue" date is 14/09/10.**

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 statements (and the figures therein) incorporate all "adjusting events" that provided evidence of conditions that existed at 30 June 2010.

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

These financial statements (and figures therein) do not incorporate any "non adjusting events" that have occurred after 30 June 2010 and which are only indicative of conditions that arose after 30 June 2010.

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

#### Note 24. Discontinued Operations

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Council has not classified any of its Operations as "Discontinued".

## Mid-Western Regional Council

### Notes to the Financial Statements for the financial year ended 30 June 2010

#### Note 25. Intangible Assets

\$ '000

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

	Actual 2010 Carrying Amount	Actual 2009 Carrying Amount
<b>Intangible Assets are as follows;</b>		
<b>Opening Values:</b>		
Gross Book Value (1/7)	248	136
Accumulated Amortisation & Impairment	(27)	-
<b>Net Book Value - Opening Balance</b>	<b>221</b>	<b>136</b>
<b>Movements for the year</b>		
- Purchases	170	112
- Amortisation charges	(70)	(27)
<b>Closing Values:</b>		
Gross Book Value (30/6)	418	248
Accumulated Amortisation & Impairment	(97)	(27)
<b><u>TOTAL INTANGIBLE ASSETS - NET BOOK VALUE</u></b> <sup>1</sup>	<b><u>321</u></b>	<b><u>221</u></b>

<sup>1</sup> The Net Book Value of Intangible Assets represent:

- Software	321	218
- Easements	-	3
	<b><u>321</u></b>	<b><u>221</u></b>

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2010

### 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	
		2010	2009
Waste Transfer Stations & Tips - Region Wide	2011 - 2017	668	879
Quarries & Gravel Pits - Region Wide	2015 - 2050	181	202
<b>Balance at End of the Reporting Period</b>	10	<b>849</b>	<b>1,081</b>

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; and
- the applicable discount rates utilised.

#### Reconciliation of movement in Provision for year:

Balance at beginning of year	1,081	870
Amounts capitalised to new or existing assets:		
- Waste Transfer Stations & Tips (region wide)	17	163
- Quarries & Gravel Pits (region wide)	12	4
Effect of a change in discount rates used in PV calculations	(256)	120
Amortisation of discount (expensed to borrowing costs)	37	32
Expenditure incurred attributable to Provisions	(42)	(108)
<b>Total - Reinstatement, rehabilitation and restoration provision</b>	<b>849</b>	<b>1,081</b>

#### 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 2010

### Note 27. Additional Council Disclosures - Council Information

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**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](http://www.midwestern.nsw.gov.au)

**Email:** [council@midwestern.nsw.gov.au](mailto: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  
237 Lords Place  
Orange NSW 2800

**Elected Members**

**MAYOR**

Clr Percy Thompson

**COUNCILLORS**

Clr Max Walker  
Clr Russell Holden  
Clr Des Kennedy  
Clr Elwyn Lang  
Clr Esme Martens  
Clr Peter Shelley  
Clr John Weatherley  
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 2010. The financial report comprises the Statement by Councillors and Management, Income Statement, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows and accompanying Notes to the Financial Statements. Our audit responsibility does not extend to the original budget figures included in the Income Statement and Statement of Cash Flows, 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.

## Matters Relating to the Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial report of Mid-Western Regional Council (Council) for the year ended 30 June 2010 included on Council's web site. Council is responsible for the integrity of Council's web site. We have not been engaged to report on the integrity of the web site. The auditor's report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

### 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: 14 September 2010



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 2010. 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 2010. 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 \$8,022,000 (2009 - \$10,084,000). Selected items of note in the operating statement include:

#### Revenue

- o The operating result from ordinary activities *before* capital amounts was a deficit of \$602,000 (2009 surplus - \$2,218,000).
- o User charges and fees increased \$426,000 (4.1%) to \$10,783,000 (2009 - \$10,357,000) the outcome influenced by a \$1,334,000 rebound in RTA works on State Roads following a decline in the 2009 year. This was offset by a \$1,412,000 decrease in private works income following a spike in 2009.
- o Interest and investment revenue fell \$303,000 consistent with the reduced level of funds invested.
- o Operating grants and contributions were \$1,443,000 down on the prior year, primarily due to a reduction in the Federal Financial Assistance Grant (FAG) by \$1,089,000; and a decrease in RTA Block Grant of \$210,000 as a result of the reclassification of roads from Regional to State.
- o Capital grants and contributions were \$758,000 higher than last year. This is largely as a result of a capital contributions by the RTA for the upgrades of Lue Road and Ulan Road.

#### Expenditure

- o Employee costs increased \$1,120,000 to \$17,921,000 (2009 - \$16,801,000) due to increased contributions to the defined benefits superannuation fund, increased workers' compensation insurance and general wage increases.

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 2010 Council's net assets stood at \$538,941,000 (2009 - \$364,573,000), which represents an increase of \$174,368,000 being the net operating surplus after capital amounts of \$8,022,000 combined with the net asset revaluation increment of \$166,273,000 relating to the revaluation of transport and drainage assets and indexed revaluation of Council's water and sewer infrastructure and an unrealised gain of \$73,000 on Council's available for sale financial investments.

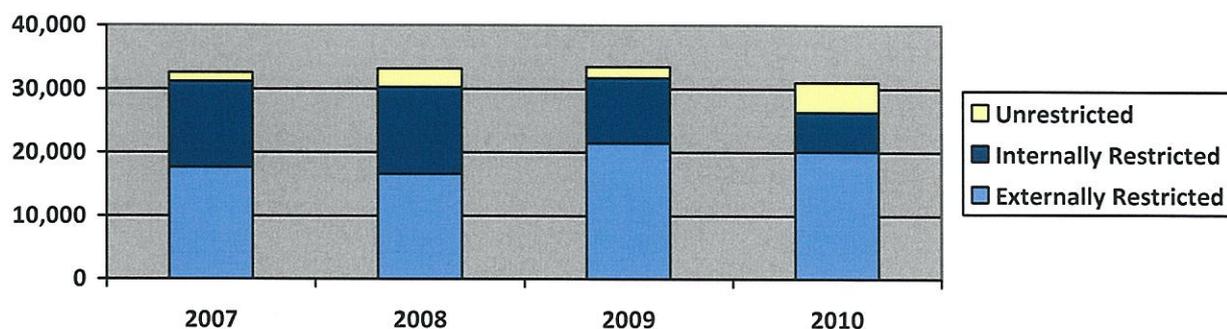
To assess the health of Council's net current asset position (available working capital) it is necessary to review the level of restrictions placed against the use of Council's assets. The notes to the financial statements indicate clearly where restrictions exist, and the effect of the restrictions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

	2010 \$'000	2009 \$'000
Net current assets	27,414	30,523
Less: Amounts externally restricted for special purposes refer Notes 6; 7; & 8 of financial statements	(21,849)	(22,946)
Less: Council internally imposed restrictions (refer Note 6 of financial statements)	(6,190)	(10,282)
Add: Applicable current liabilities refer Note 10		
- Water	650	590
- Sewerage	296	181
- Domestic Waste Management	107	150
- Other	642	586
- Unexpended Loans	40	-
Add: Employee Leave Entitlements to be paid > 12 months	3,597	2,969
Unrestricted net current asset surplus/(deficit)	<u>4,707</u>	<u>1,771</u>
Unrestricted net current assets comprise: -		
Assets		
Cash	4,540	4,378
Receivables	3,228	1,947
Inventories	919	462
Non current assets held for sale	1,288	50
	<u>9,975</u>	<u>6,837</u>
Less: General Purpose Liabilities	(8,865)	(8,035)
Plus: Employee Leave Entitlements to be paid > 12 months	3,597	2,969
Unrestricted net current asset surplus/(deficit)	<u>4,707</u>	<u>1,771</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 \$33,298,000 (2009 - \$38,404,000), of this amount \$22,568,000 (2009 - \$23,744,000) is subject to external restrictions requiring Council to commit those funds to the purposes for which they were provided and \$6,190,000 (2009 - \$10,282,000) 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 \$4,540,000 (2009 - \$4,378,000) 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 3.07:1 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 2.65% (2009 - 2.52%) 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 36.39% (2009 – 35.40%) is slightly higher than the prior period.

### 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 4.43% (2009 - 4.35%) 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, making it difficult to make meaningful analysis with this ratio. The fact that this ratio was in excess of 100% for the 2008/09 year and at 84.89% in the current year suggests that Council is effectively maintaining its infrastructure assets.

### (d) Cash Flow Statement

The Statement of Cash Flows reports a net decrease in cash assets held of \$3,229,000 (2009 – increase \$6,325,000) as follows:

	2010 \$'000	2009 \$'000	Movement \$'000
Cash flow provided by / (used in)			
Operating activities	16,986	21,425	(4,439)
Investing activities	(20,667)	(14,617)	(6,050)
Financing activities	452	(483)	935
Net increase / (decrease) in cash held	(3,229)	6,325	(9,554)

#### Cash flows from operating activities

The cashflows from operating activities have increased due to the substantial reduction in user charges and fees coupled with increased payments for materials and contracts.

#### Cash flows from investing activities

Cash inflows from the net sale of investments were down \$4,300,000 on the prior year while outflows related to acquisitions of infrastructure, property, plant and equipment were up by \$2,570,000.

#### Cash flows from financing activities

The net cash flow provided by financing activities was the result of borrowings of \$1,000,000 for the Mudgee showground less loan repayments.

**(e) Comparison of Actual and Budgeted Performance**

Council's surplus from ordinary activities after capital amounts of \$8,022,000 was \$1,345,000 more than Council's original estimates.

The nature of this report does not lend itself to detailed analysis of individual budget variations. 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 2010. Council has determined that it has five business units within its operations: Water Supply, Sewerage Services, 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 2010 has been issued.

**Management Letters**

Our most recent management letter was issued on 18 May 2010. Matters raised via management letters have been satisfactorily addressed.

**(g) 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.

**(h) Matters Relating to the Electronic Presentation of the Audited Financial Report**

This auditor's report relates to the financial report of Mid-Western Regional Council (Council) for the year ended 30 June 2010 included on Council's web site. Council is responsible for the integrity of Council's web site. We have not been engaged to report on the integrity of the web site. The auditor's report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

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: 14 September 2010



JD O'MALLEY  
PARTNER

# Mid-Western Regional Council

SPECIAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2010

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



## Mid-Western Regional Council

### Special Purpose Financial Statements

for the financial year ended 30 June 2010

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#### Background

(i) These Special Purpose Financial Statements have been prepared for the use by both Council and the Division 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 statements for Council's self classified Category 1 businesses and ABS defined activities, councils must **(a)** adopt a corporatisation model and **(b)** apply full cost attribution including tax equivalent regime payments & debt guarantee fees (where the business benefits from councils borrowing position by comparison with commercial rates).

## Mid-Western Regional Council

### Special Purpose Financial Statements for the financial year ended 30 June 2010

### Statement by Councillors and Management made pursuant to the Local Government Code of Accounting Practice and Financial Reporting

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

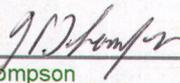
- The NSW Government Policy Statement "Application of National Competition Policy to Local Government"
- The Division of Local Government Guidelines "Pricing & Costing for Council Businesses - A Guide to Competitive Neutrality"
- The Local Government Code of Accounting Practice and Financial Reporting.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

To the best of our knowledge and belief, these Financial Statements:

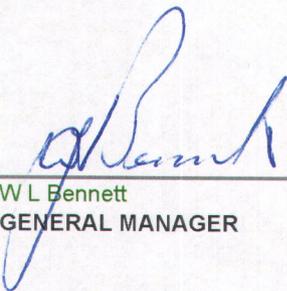
- Present fairly the Operating Result and Financial Position for each of Council's declared Business Activities for the year, and
- Accord with Council's accounting and other records.

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

Signed in accordance with a resolution of Council made on 18 August 2010.

  
\_\_\_\_\_  
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 2010

\$ '000	Actual 2010	Actual 2009	Actual 2008
<b>Income from continuing operations</b>			
Access charges	1,046	1,018	2,026
User charges	3,144	2,679	2,046
Fees	77	74	94
Interest	276	294	310
Grants and contributions provided for non capital purposes	73	289	66
Profit from the sale of assets	-	-	-
Other income	1	16	16
<b>Total income from continuing operations</b>	<b>4,617</b>	<b>4,370</b>	<b>4,558</b>
<b>Expenses from continuing operations</b>			
Employee benefits and on-costs	847	913	903
Borrowing costs	341	357	374
Materials and contracts	925	1,145	981
Depreciation and impairment	1,442	1,381	1,207
Water purchase charges	48	-	-
Loss on sale of assets	266	-	360
Calculated taxation equivalents	15	15	12
Debt guarantee fee (if applicable)	-	-	-
Other expenses	1,153	1,136	959
<b>Total expenses from continuing operations</b>	<b>5,037</b>	<b>4,947</b>	<b>4,796</b>
<b>Surplus (deficit) from Continuing Operations before capital amounts</b>	<b>(420)</b>	<b>(577)</b>	<b>(238)</b>
Grants and contributions provided for capital purposes	159	251	257
<b>Surplus (deficit) from Continuing Operations after capital amounts</b>	<b>(261)</b>	<b>(326)</b>	<b>19</b>
Surplus (deficit) from Discontinued Operations	-	-	-
<b>Surplus (deficit) from ALL Operations before tax</b>	<b>(261)</b>	<b>(326)</b>	<b>19</b>
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-	-
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>(261)</b>	<b>(326)</b>	<b>19</b>
plus Opening Retained Profits	45,805	46,116	46,085
plus/less: Transfers to Retained Earnings for asset disposals	69	-	-
plus Adjustments for amounts unpaid:			
- Taxation equivalent payments	15	15	12
- Debt guarantee fees	-	-	-
- Corporate taxation equivalent	-	-	-
less:			
- Tax Equivalent Dividend paid	-	-	-
- Surplus dividend paid	-	-	-
<b>Closing Retained Profits</b>	<b>45,628</b>	<b>45,805</b>	<b>46,116</b>
<b>Return on Capital %</b>	<b>-0.1%</b>	<b>-0.4%</b>	<b>0.0%</b>
<b>Subsidy from Council</b>	<b>3,359</b>	<b>3,688</b>	<b>3,680</b>
<b>Calculation of dividend payable:</b>			
Surplus (deficit) after tax	(261)	(326)	19
less: Capital grants and contributions (excluding developer contributions)	-	(26)	-
<b>Surplus for dividend calculation purposes</b>	<b>-</b>	<b>-</b>	<b>19</b>
<b>Potential Dividend calculated from surplus</b>	<b>-</b>	<b>-</b>	<b>10</b>

## Mid-Western Regional Council

### Income Statement of Council's Sewerage Business Activity

for the financial year ended 30 June 2010

\$ '000	Actual 2010	Actual 2009	Actual 2008
<b>Income from continuing operations</b>			
Access charges	2,871	2,733	2,970
User charges	-	-	-
Liquid Trade Waste Charges	-	-	-
Fees	45	94	94
Interest	383	385	394
Grants and contributions provided for non capital purposes	63	70	62
Profit from the sale of assets	-	-	-
Other income	18	14	13
<b>Total income from continuing operations</b>	<b>3,380</b>	<b>3,296</b>	<b>3,533</b>
<b>Expenses from continuing operations</b>			
Employee benefits and on-costs	731	780	797
Borrowing costs	50	53	57
Materials and contracts	616	546	509
Depreciation and impairment	1,252	1,203	1,144
Loss on sale of assets	86	-	268
Calculated taxation equivalents	8	8	11
Debt guarantee fee (if applicable)	-	-	-
Other expenses	855	852	696
<b>Total expenses from continuing operations</b>	<b>3,598</b>	<b>3,442</b>	<b>3,482</b>
<b>Surplus (deficit) from Continuing Operations before capital amounts</b>	<b>(218)</b>	<b>(146)</b>	<b>51</b>
Grants and contributions provided for capital purposes	96	154	198
<b>Surplus (deficit) from Continuing Operations after capital amounts</b>	<b>(122)</b>	<b>8</b>	<b>249</b>
Surplus (deficit) from discontinued operations	-	-	-
<b>Surplus (deficit) from ALL Operations before tax</b>	<b>(122)</b>	<b>8</b>	<b>249</b>
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-	(15)
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>(122)</b>	<b>8</b>	<b>234</b>
plus Opening Retained Profits	24,533	24,517	24,257
plus/less: Transfers to Retained Earnings for asset disposals	60	-	-
plus Adjustments for amounts unpaid:			
- Taxation equivalent payments	8	8	11
- Debt guarantee fees	-	-	-
- Corporate taxation equivalent	-	-	15
less:			
- Tax Equivalent Dividend paid	-	-	-
- Surplus dividend paid	-	-	-
<b>Closing Retained Profits</b>	<b>24,479</b>	<b>24,533</b>	<b>24,517</b>
<b>Return on Capital %</b>	<b>-0.5%</b>	<b>-0.3%</b>	<b>0.0%</b>
<b>Subsidy from Council</b>	<b>1,768</b>	<b>1,821</b>	<b>1,779</b>
<b>Calculation of dividend payable:</b>			
Surplus (deficit) after tax	(122)	8	234
less: Capital grants and contributions (excluding developer contributions)	-	-	-
<b>Surplus for dividend calculation purposes</b>	<b>-</b>	<b>8</b>	<b>234</b>
<b>Potential Dividend calculated from surplus</b>	<b>-</b>	<b>4</b>	<b>117</b>

## Mid-Western Regional Council

### Income Statement of Council's Other Business Activities

for the financial year ended 30 June 2010

\$ '000	Private Works		Saleyards	
	Actual 2010	Actual 2009	Actual 2010	Actual 2009
<b>Income from continuing operations</b>				
Access charges	-	-	-	-
User charges	128	1,554	330	310
Fees	-	-	-	-
Interest	2	9	-	-
Grants and contributions provided for non capital purposes	-	-	-	-
Profit from the sale of assets	-	-	-	-
Other income	-	-	15	18
<b>Total income from continuing operations</b>	<b>130</b>	<b>1,563</b>	<b>345</b>	<b>328</b>
<b>Expenses from continuing operations</b>				
Employee benefits and on-costs	27	185	80	93
Borrowing costs	-	-	5	5
Materials and contracts	85	869	66	65
Depreciation and impairment	-	-	123	125
Loss on sale of assets	-	-	1	-
Calculated taxation equivalents	-	-	-	-
Debt guarantee fee (if applicable)	-	-	-	-
Other expenses	5	371	99	85
<b>Total expenses from continuing operations</b>	<b>117</b>	<b>1,425</b>	<b>374</b>	<b>373</b>
<b>Surplus (deficit) from Continuing Operations before capital amounts</b>	<b>13</b>	<b>138</b>	<b>(29)</b>	<b>(45)</b>
Grants and contributions provided for capital purposes	-	-	-	-
<b>Surplus (deficit) from Continuing Operations after capital amounts</b>	<b>13</b>	<b>138</b>	<b>(29)</b>	<b>(45)</b>
Surplus (deficit) from discontinued operations	-	-	-	-
<b>Surplus (deficit) from ALL Operations before tax</b>	<b>13</b>	<b>138</b>	<b>(29)</b>	<b>(45)</b>
less: Corporate Taxation Equivalent (30%) [based on result before capital]	(4)	(41)	-	-
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>9</b>	<b>97</b>	<b>(29)</b>	<b>(45)</b>
plus Opening Retained Profits	80	(58)	392	437
plus/less: Prior Period Adjustments	-	-	-	-
plus Adjustments for amounts unpaid:				
- Taxation equivalent payments	-	-	-	-
- Debt guarantee fees	-	-	-	-
- Corporate taxation equivalent	4	41	-	-
add:				
- Subsidy Paid/Contribution To Operations	-	-	-	-
less:				
- TER dividend paid	-	-	-	-
- Dividend paid	-	-	-	-
<b>Closing Retained Profits</b>	<b>93</b>	<b>80</b>	<b>363</b>	<b>392</b>
Return on Capital %	n/a	n/a	-0.4%	-0.6%
Subsidy from Council	-	-	338	387

## Mid-Western Regional Council

### Income Statement of Council's Other Business Activities

for the financial year ended 30 June 2010

\$ '000	Childcare Centre	
	Actual 2010	Actual 2009
<b>Income from continuing operations</b>		
Access charges	-	-
User charges	236	282
Fees	-	-
Interest	-	-
Grants and contributions provided for non capital purposes	248	265
Profit from the sale of assets	-	-
Other income	1	-
<b>Total income from continuing operations</b>	<b>485</b>	<b>547</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	621	546
Borrowing costs	-	-
Materials and contracts	68	60
Depreciation and impairment	-	-
Loss on sale of assets	-	-
Calculated taxation equivalents	-	-
Debt guarantee fee (if applicable)	-	-
Other expenses	44	12
<b>Total expenses from continuing operations</b>	<b>733</b>	<b>618</b>
<b>Surplus (deficit) from Continuing Operations before capital amounts</b>	<b>(248)</b>	<b>(71)</b>
Grants and contributions provided for capital purposes	-	-
<b>Surplus (deficit) from Continuing Operations after capital amounts</b>	<b>(248)</b>	<b>(71)</b>
Surplus (deficit) from discontinued operations	-	-
<b>Surplus (deficit) from ALL Operations before tax</b>	<b>(248)</b>	<b>(71)</b>
less: Corporate Taxation Equivalent (30%) [based on result before capital]	-	-
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>(248)</b>	<b>(71)</b>
plus Opening Retained Profits	(94)	(23)
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	342	-
less:		
- TER dividend paid	-	-
- Dividend paid	-	-
<b>Closing Retained Profits</b>	<b>-</b>	<b>(94)</b>
Return on Capital %	n/a	n/a
Subsidy from Council	248	71

## Mid-Western Regional Council

### Balance Sheet of Council's Water Supply Business Activity

as at 30 June 2010

\$ '000	Actual 2010	Actual 2009
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	4,761	5,374
Investments	-	-
Receivables	986	1,031
Inventories	320	137
Other	-	-
Non-current assets classified as held for sale	-	-
<b>Total Current Assets</b>	<b>6,067</b>	<b>6,542</b>
<b>Non-Current Assets</b>		
Investments	-	-
Receivables	-	-
Inventories	-	-
Infrastructure, property, plant and equipment	64,320	62,599
Investments accounted for using equity method	-	-
Investment property	-	-
Other	-	-
<b>Total non-Current Assets</b>	<b>64,320</b>	<b>62,599</b>
<b>TOTAL ASSETS</b>	<b>70,387</b>	<b>69,141</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Bank Overdraft	-	-
Payables	364	307
Interest bearing liabilities	286	283
Provisions	-	-
<b>Total Current Liabilities</b>	<b>650</b>	<b>590</b>
<b>Non-Current Liabilities</b>		
Payables	-	-
Interest bearing liabilities	4,833	5,119
Provisions	-	-
<b>Total Non-Current Liabilities</b>	<b>4,833</b>	<b>5,119</b>
<b>TOTAL LIABILITIES</b>	<b>5,483</b>	<b>5,709</b>
<b>NET ASSETS</b>	<b>64,904</b>	<b>63,432</b>
<b>EQUITY</b>		
Retained earnings	45,628	45,805
Revaluation reserves	19,276	17,627
Council equity interest	64,904	63,432
Minority equity interest	-	-
<b>TOTAL EQUITY</b>	<b>64,904</b>	<b>63,432</b>

## Mid-Western Regional Council

### Balance Sheet of Council's Sewerage Business Activity

as at 30 June 2010

\$ '000	Actual 2010	Actual 2009
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	7,811	7,216
Investments	-	-
Receivables	101	95
Inventories	24	18
Other	-	-
Non-current assets classified as held for sale	-	-
<b>Total Current Assets</b>	<b>7,936</b>	<b>7,329</b>
<b>Non-Current Assets</b>		
Investments	-	-
Receivables	-	-
Inventories	-	-
Infrastructure, property, plant and equipment	31,371	31,190
Investments accounted for using equity method	-	-
Investment property	-	-
Other	-	-
<b>Total non-Current Assets</b>	<b>31,371</b>	<b>31,190</b>
<b>TOTAL ASSETS</b>	<b>39,307</b>	<b>38,519</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Bank Overdraft	-	-
Payables	234	123
Interest bearing liabilities	62	58
Provisions	-	-
<b>Total Current Liabilities</b>	<b>296</b>	<b>181</b>
<b>Non-Current Liabilities</b>		
Payables	-	-
Interest bearing liabilities	667	728
Provisions	-	-
<b>Total Non-Current Liabilities</b>	<b>667</b>	<b>728</b>
<b>TOTAL LIABILITIES</b>	<b>963</b>	<b>909</b>
<b>NET ASSETS</b>	<b>38,344</b>	<b>37,610</b>
<b>EQUITY</b>		
Retained earnings	24,479	24,533
Revaluation reserves	13,865	13,077
Council equity interest	38,344	37,610
Minority equity interest	-	-
<b>TOTAL EQUITY</b>	<b>38,344</b>	<b>37,610</b>

## Mid-Western Regional Council

### Balance Sheet of Council's Other Business Activities

as at 30 June 2010

\$ '000	Private Works		Saleyards	
	Category 2		Category 2	
	Actual 2010	Actual 2009	Actual 2010	Actual 2009
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	90	80	-	-
Investments	-	-	-	-
Receivables	10	-	3	-
Inventories	-	-	-	-
Other	-	-	-	-
Non-current assets classified as held for sale	-	-	-	-
<b>Total Current Assets</b>	<b>100</b>	<b>80</b>	<b>3</b>	<b>-</b>
<b>Non-Current Assets</b>				
Investments	-	-	-	-
Receivables	-	-	-	-
Inventories	-	-	-	-
Infrastructure, property, plant and equipment	-	-	6,157	6,260
Investments accounted for using equity method	-	-	-	-
Investment property	-	-	-	-
Other	-	-	-	-
<b>Total Non-Current Assets</b>	<b>-</b>	<b>-</b>	<b>6,157</b>	<b>6,260</b>
<b>TOTAL ASSETS</b>	<b>100</b>	<b>80</b>	<b>6,160</b>	<b>6,260</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Payables	7	-	1	-
Bank Overdraft	-	-	1,025	1,091
Interest bearing liabilities	-	-	6	7
Provisions	-	-	-	-
<b>Total Current Liabilities</b>	<b>7</b>	<b>-</b>	<b>1,032</b>	<b>1,098</b>
<b>Non-Current Liabilities</b>				
Payables	-	-	-	-
Interest bearing liabilities	-	-	68	74
Provisions	-	-	-	-
Other Liabilities	-	-	-	-
<b>Total Non-Current Liabilities</b>	<b>-</b>	<b>-</b>	<b>68</b>	<b>74</b>
<b>TOTAL LIABILITIES</b>	<b>7</b>	<b>-</b>	<b>1,100</b>	<b>1,172</b>
<b>NET ASSETS</b>	<b>93</b>	<b>80</b>	<b>5,060</b>	<b>5,088</b>
<b>EQUITY</b>				
Retained earnings	93	80	363	392
Revaluation reserves	-	-	4,697	4,696
Council equity interest	<b>93</b>	<b>80</b>	<b>5,060</b>	<b>5,088</b>
Minority equity interest	-	-	-	-
<b>TOTAL EQUITY</b>	<b>93</b>	<b>80</b>	<b>5,060</b>	<b>5,088</b>

## Mid-Western Regional Council

### Balance Sheet of Council's Other Business Activities

as at 30 June 2010

\$ '000	Childcare Centre	
	Category 2	
	Actual 2010	Actual 2009
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	-	-
Investments	-	-
Receivables	-	-
Inventories	-	-
Other	-	-
Non-current assets classified as held for sale	-	-
<b>Total Current Assets</b>	<u>-</u>	<u>-</u>
<b>Non-Current Assets</b>		
Investments	-	-
Receivables	-	-
Inventories	-	-
Infrastructure, property, plant and equipment	-	-
Investments accounted for using equity method	-	-
Investment property	-	-
Other	-	-
<b>Total Non-Current Assets</b>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u><u>-</u></u>	<u><u>-</u></u>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Payables	-	-
Bank Overdraft	-	94
Interest bearing liabilities	-	-
Provisions	-	-
<b>Total Current Liabilities</b>	<u>-</u>	<u>94</u>
<b>Non-Current Liabilities</b>		
Payables	-	-
Interest bearing liabilities	-	-
Provisions	-	-
Other Liabilities	-	-
<b>Total Non-Current Liabilities</b>	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u><u>-</u></u>	<u><u>94</u></u>
<b>NET ASSETS</b>	<u><u>-</u></u>	<u><u>(94)</u></u>
<b>EQUITY</b>		
Retained earnings	-	(94)
Revaluation reserves	-	-
Council equity interest	-	(94)
Minority equity interest	-	-
<b>TOTAL EQUITY</b>	<u><u>-</u></u>	<u><u>(94)</u></u>

## Mid-Western Regional Council

### Special Purpose Financial Statements

for the financial year ended 30 June 2010

#### Contents of the Notes accompanying the Financial Statements

<b>Note</b>	<b>Details</b>	<b>Page</b>
1	Summary of Significant Accounting Policies	12
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 Statements

for the financial year ended 30 June 2010

#### Note 1. Significant Accounting Policies

These financial statements are a Special Purpose Financial Statements (SPFS) prepared for use by Council and the Division of Local Government.

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

These special purpose financial statements, unless otherwise stated, have been prepared in accordance with;

- applicable Australian Accounting Standards,
- other authoritative pronouncements of the Australian Accounting Standards Board,
- Australian Accounting Interpretations,
- the Local Government Act and Regulation, and
- the Local Government Code of Accounting Practice and Financial Reporting.

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 Division of Local Government in July 1997 has also been adopted.

The pricing & 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. Council ceased provision of long day child care services on 25 June 2010.

## Mid-Western Regional Council

### Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2010

#### 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 NSW Office of Water (Department of Environment, Climate Change and Water) some amounts shown in Notes 2 and Note 3 are disclosed in whole dollars.

##### (i) Taxation Equivalent Charges

Council is liable to pay various taxes and financial duties in undertaking its business activities. Where this is the case, they are disclosed in these statements as a cost of operations just like all other costs.

However, where Council is exempt from paying taxes which are generally paid by private sector businesses (such as income tax), equivalent tax payments have been applied to all Council nominated business activities and are reflected in these financial statements.

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

##### Notional Rate Applied %

###### Corporate Income Tax Rate – 30%

Land Tax – The first **\$376,000** of combined land values attracts **0%**. From \$376,001 to \$2,299,000 the rate is **1.6% + \$100**. For the remaining combined land value that exceeds \$2,299,000, a premium marginal rate of **2.0%** applies.

Payroll Tax – **5.65%** on the value of taxable salaries and wages in excess of \$638,000.

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 to in the Best Practice Management of Water Supply and Sewerage Guides 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 this 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 Council's GPFS.

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.

## Mid-Western Regional Council

### Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2010

#### Note 1. Significant Accounting Policies (continued)

##### 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.

##### 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 5.10% at 30/6/10.

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 2010 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 NSW Office of Water prior to making the dividend and only after it has approved its payment.

## Mid-Western Regional Council

### Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2010

#### Note 2. Water Supply Business Best Practice Management disclosure requirements

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

2010

##### 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	21,528
(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	200,280												
(iii)	Cumulative surplus before Dividends for the 3 years to 30 June 2010, less the cumulative dividends paid for the 2 years to 30 June 2008	(594,000)												
<table border="1"> <tr> <td>2010 Surplus</td> <td>(261,000)</td> <td>2009 Surplus</td> <td>(352,000)</td> <td>2008 Surplus</td> <td>19,000</td> </tr> <tr> <td></td> <td></td> <td>2009 Dividend</td> <td>-</td> <td>2008 Dividend</td> <td>-</td> </tr> </table>			2010 Surplus	(261,000)	2009 Surplus	(352,000)	2008 Surplus	19,000			2009 Dividend	-	2008 Dividend	-
2010 Surplus	(261,000)	2009 Surplus	(352,000)	2008 Surplus	19,000									
		2009 Dividend	-	2008 Dividend	-									
(iv)	Maximum dividend from surplus [least of (i), (ii) and (iii) above]	n/a												
(v)	Dividend actually 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 Statements for the financial year ended 30 June 2010

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

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated)		2010
<b>National Water Initiative (NWI) Financial Performance Indicators</b>		
<b>NWI F1</b>	Total Revenue (Water) Total Income (w13) - Grants for the Acquisition of Assets (w11a) - Interest Income (w9)	\$'000 <span style="border: 1px solid black; padding: 2px;">4,528</span>
<b>NWI F4</b>	Revenue from Residential Usage Charges (Water) Income from Residential Usage Charges (w6b) x 100 divided by the sum of [Income from Residential Usage Charges (w6a) + Income from Residential Access Charges (w6b)]	% <span style="border: 1px solid black; padding: 2px;">74.42%</span>
<b>NWI F9</b>	Written Down Replacement Cost of Fixed Assets (Water) Written down current cost of system assets (w47)	\$'000 <span style="border: 1px solid black; padding: 2px;">64,320</span>
<b>NWI F11</b>	Operating Cost (OMA) (Water) Management Expenses (w1) + Operational & Maintenance Expenses (w2)	\$'000 <span style="border: 1px solid black; padding: 2px;">3,001</span>
<b>NWI F14</b>	Capital Expenditure (Water) Acquisition of fixed assets (w16)	\$'000 <span style="border: 1px solid black; padding: 2px;">1,714</span>
<b>NWI F17</b>	Economic Real Rate of Return (Water) [Total Income (w13) - Interest Income (w9) - Grants for acquisition of assets (w11a) - Operating Costs (NWI F11) - Current Cost Depreciation (w3)] x 100 divided by [Written Down Current Cost of System Assets (w47) + Plant & Equipment (w33b)]	% <span style="border: 1px solid black; padding: 2px;">0.13%</span>
<b>NWI F26</b>	Capital Works Grants (Water) Grants for the Acquisition of Assets (w11a)	\$'000 <span style="border: 1px solid black; padding: 2px;">-</span>

- 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 Statements for the financial year ended 30 June 2010

#### Note 3. Sewerage Business Best Practice Management disclosure requirements

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

2010

##### 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	19,686
(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)	188,860
(iii)	Cumulative surplus before dividends for the 3 years to 30 June 2010, less the cumulative dividends paid for the 2 years to 30 June 2008	119,700

2010 Surplus	(122,000)	2009 Surplus	8,000	2008 Surplus	233,700
		2009 Dividend	-	2008 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 Statements for the financial year ended 30 June 2010

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

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated) 2010

##### National Water Initiative (NWI) Financial Performance Indicators

<b>NWI F2</b>	Total Revenue (Sewerage) Total Income (s14) - Grants for Acquisition of Assets (s12a) - Interest Income (s10)	\$'000	3,129
<b>NWI F10</b>	Written Down Replacement Cost of Fixed Assets (Sewerage) Written down current cost of system assets (s48)	\$'000	31,371
<b>NWI F12</b>	Operating Cost (Sewerage) Management Expenses (s1) + Operational & Maintenance Expenses (s2)	\$'000	2,238
<b>NWI F15</b>	Capital Expenditure (Sewerage) Acquisition of Fixed Assets (s17)	\$'000	669
<b>NWI F18</b>	Economic Real Rate of Return (Sewerage) [Total Income (s14) - Interest Income (s10) - Grants for acquisition of Assets (s12a) - Operating cost (NWI F12) - Current cost depreciation (s3)] x 100 divided by [Written down current cost (ie. WDCC) of System Assets (s48) + Plant & Equipment (s34b)]	%	-1.15%
<b>NWI F27</b>	Capital Works Grants (Sewerage) Grants for the Acquisition of Assets (12a)	\$'000	-

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

<b>NWI F3</b>	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	7,305
<b>NWI F8</b>	Revenue from Community Service Obligations (Water & Sewerage) Community Service Obligations (NWI F25) x 100 divided by Total Income (NWI F3)	%	1.78%
<b>NWI F16</b>	Capital Expenditure (Water & Sewerage) Acquisition of Fixed Assets (w16 + s17)	\$'000	2,383
<b>NWI F19</b>	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)]	%	-0.29%
<b>NWI F20</b>	Dividend (Water & Sewerage) Dividend paid from surplus (2(v) of Note 2 + 2(v) of Note 3)	\$'000	-
<b>NWI F21</b>	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 Statements for the financial year ended 30 June 2010

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

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

2010

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

<b>NWI F22</b>	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)]	%	-6.51%
<b>NWI F23</b>	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)		-
<b>NWI F24</b>	Net Profit After Tax (Water & Sewerage) Surplus before dividends (w15a + s16a) - Tax equivalents paid (Note 2-1(iv) + Note 3-1(iv))	\$'000	(360)
<b>NWI F25</b>	Community Service Obligations (Water & Sewerage) Grants for Pensioner Rebates (w11b + s12b)	\$'000	130

- 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 2010, 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.

## Matters Relating to the Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial report of Mid-Western Regional Council (Council) for the year ended 30 June 2010 included on Council's web site. Council is responsible for the integrity of Council's web site. We have not been engaged to report on the integrity of the web site. The auditor's report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

## 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: 14 September 2010



JD O'MALLEY  
PARTNER

# Mid-Western Regional Council

SPECIAL SCHEDULES

for the year ended 30 June 2010

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



## Mid-Western Regional Council

### Special Schedules

for the financial year ended 30 June 2010

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#### Special Schedules<sup>1</sup>

- Special Schedule No. 1	Net Cost of Services	2
- Special Schedule No. 2(a)	Statement of Long Term Debt (all purposes)	4
- Special Schedule No. 2(b)	Statement of Internal Loans (Sect. 410(3) LGA 1993)	n/a
- Special Schedule No. 3	Water Supply - Income Statement	5
- Special Schedule No. 4	Water Supply - Balance Sheet	9
- Special Schedule No. 5	Sewerage Service - Income Statement	10
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<sup>1</sup> 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 NSW Office of Water,
  - the Department of Environment, Climate Change and Water, and
  - the Division 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 the financial activities of specific services.

## Mid-Western Regional Council

### Special Schedule No. 1 - Net Cost of Services

for the financial year ended 30 June 2010

\$'000

Function or Activity	Expenses from continuing operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
<b>Administration</b>	<b>9,149</b>	<b>3,840</b>	<b>1,244</b>	<b>(4,065)</b>
<b>Public Order and Safety</b>				
Fire Service Levy, Fire Protection, Emergency Services	1,567	1,020	50	(497)
Beach Control	-	-	-	-
Enforcement of Local Govt Regs	-	-	-	-
Animal Control	125	10	-	(115)
Other	76	93	-	17
<b>Total Public Order &amp; Safety</b>	<b>1,768</b>	<b>1,123</b>	<b>50</b>	<b>(595)</b>
<b>Health</b>	<b>29</b>	<b>14</b>	<b>290</b>	<b>275</b>
<b>Environment</b>				
Noxious Plants and Insect/Vermin Control	451	287	-	(164)
Other Environmental Protection	323	116	-	(207)
Solid Waste Management	3,347	3,566	90	309
Street Cleaning	180	(12)	-	(192)
Drainage	912	(131)	60	(983)
Stormwater Management	-	-	-	-
<b>Total Environment</b>	<b>5,213</b>	<b>3,826</b>	<b>150</b>	<b>(1,237)</b>
<b>Community Services and Education</b>				
Administration & Education	476	199	-	(277)
Social Protection (Welfare)	-	-	-	-
Aged Persons and Disabled	821	927	50	156
Childrens Services	1,574	1,305	-	(269)
<b>Total Community Services &amp; Education</b>	<b>2,871</b>	<b>2,431</b>	<b>50</b>	<b>(390)</b>
<b>Housing and Community Amenities</b>				
Public Cemeteries	266	178	-	(88)
Public Conveniences	81	-	-	(81)
Street Lighting	200	-	-	(200)
Town Planning	1,089	369	-	(720)
Other Community Amenities	27	40	-	13
<b>Total Housing and Community Amenities</b>	<b>1,663</b>	<b>587</b>	<b>-</b>	<b>(1,076)</b>
<b>Water Supplies</b>	<b>4,319</b>	<b>3,897</b>	<b>159</b>	<b>(263)</b>
<b>Sewerage Services</b>	<b>2,923</b>	<b>2,716</b>	<b>96</b>	<b>(111)</b>

## Mid-Western Regional Council

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

for the financial year ended 30 June 2010

\$'000

Function or Activity	Expenses from continuing operations	Income from continuing operations		Net Cost of Services
		Non Capital	Capital	
<b>Recreation and Culture</b>				
Public Libraries	873	110	-	(763)
Museums	9	5	-	(4)
Art Galleries	-	-	-	-
Community Centres and Halls	272	8	204	(60)
Performing Arts Venues	-	-	-	-
Other Performing Arts	-	-	-	-
Other Cultural Services	-	-	-	-
Sporting Grounds and Venues	932	2	1,783	853
Swimming Pools	790	153	-	(637)
Parks & Gardens (Lakes)	712	(57)	4	(765)
Other Sport and Recreation	-	-	-	-
<b>Total Recreation and Culture</b>	<b>3,588</b>	<b>221</b>	<b>1,991</b>	<b>(1,376)</b>
<b>Fuel &amp; Energy</b>	-	-	-	-
<b>Agriculture</b>	-	-	-	-
<b>Mining, Manufacturing and Construction</b>				
Building Control	212	192	-	(20)
Other Mining, Manufacturing & Construction	-	-	-	-
<b>Total Mining, Manufacturing and Const.</b>	<b>212</b>	<b>192</b>	-	<b>(20)</b>
<b>Transport and Communication</b>				
Urban Roads (UR) - Local	1,099	44	116	(939)
Urban Roads - Regional	-	-	-	-
Sealed Rural Roads (SRR) - Local	1,984	(86)	1,131	(939)
Sealed Rural Roads - Regional	2,014	1,284	410	(320)
Unsealed Rural Roads (URR) - Local	1,768	(127)	564	(1,331)
Unsealed Rural Roads (URR) - Regional	249	485	2,023	2,259
Bridges on UR - Local	-	-	-	-
Bridges on SRR - Local	267	-	-	(267)
Bridges on URR - Local	-	-	-	-
Bridges on Regional Roads	264	115	75	(74)
Parking Areas	22	29	-	7
Footpaths	164	(1)	190	25
Aerodromes	249	106	-	(143)
Other Transport & Communication	4,664	4,660	-	(4)
<b>Total Transport and Communication</b>	<b>12,744</b>	<b>6,509</b>	<b>4,509</b>	<b>(1,726)</b>
<b>Economic Affairs</b>				
Camping Areas & Caravan Parks	25	105	-	80
Other Economic Affairs	1,109	575	85	(449)
<b>Total Economic Affairs</b>	<b>1,134</b>	<b>680</b>	<b>85</b>	<b>(369)</b>
<b>Totals – Functions</b>	<b>45,613</b>	<b>26,036</b>	<b>8,624</b>	<b>(10,953)</b>
<b>General Purpose Revenues<sup>(1)</sup></b>		<b>18,975</b>	-	<b>18,975</b>
Share of interests - joint ventures & associates using the equity method	-	-	-	-
<b>NET OPERATING RESULT FOR YEAR</b>	<b>45,613</b>	<b>45,011</b>	<b>8,624</b>	<b>8,022</b>

(1) Includes: Rates &amp; Annual Charges (incl. Ex Gratia), Untied General Purpose Grants &amp; 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 2010

\$'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
<b>Loans (by Source)</b>											
Commonwealth Government	-	-	-							-	-
Treasury Corporation	-	-	-							-	-
Other State Government	-	-	-							-	-
Public Subscription	-	-	-							-	-
Financial Institutions	392	6,676	7,068	1,000	431	-	-	481	439	7,198	7,637
Other	-	-	-							-	-
<b>Total Loans</b>	<b>392</b>	<b>6,676</b>	<b>7,068</b>	<b>1,000</b>	<b>431</b>	<b>-</b>	<b>-</b>	<b>481</b>	<b>439</b>	<b>7,198</b>	<b>7,637</b>
<b>Other Long Term Debt</b>											
Ratepayers Advances	-	-	-							-	-
Government Advances	-	-	-							-	-
Finance Leases	117	156	273	-	117	-	-	15	138	18	156
Deferred Payments	-	-	-							-	-
<b>Total Long Term Debt</b>	<b>117</b>	<b>156</b>	<b>273</b>	<b>-</b>	<b>117</b>	<b>-</b>	<b>-</b>	<b>15</b>	<b>138</b>	<b>18</b>	<b>156</b>
<b>Total Debt</b>	<b>509</b>	<b>6,832</b>	<b>7,341</b>	<b>1,000</b>	<b>548</b>	<b>-</b>	<b>-</b>	<b>496</b>	<b>577</b>	<b>7,216</b>	<b>7,793</b>

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 GPFS's).

## 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 2010

\$'000	Actuals 2010	Actuals 2009
<b>A Expenses and Income</b>		
<b>Expenses</b>		
<b>1. Management expenses</b>		
a. Administration	354	720
b. Engineering and Supervision	735	510
<b>2. Operation and Maintenance expenses</b>		
<b>- Dams &amp; Weirs</b>		
a. Operation expenses	-	-
b. Maintenance expenses	-	-
<b>- Mains</b>		
c. Operation expenses	-	-
d. Maintenance expenses	698	745
<b>- Reservoirs</b>		
e. Operation expenses	117	-
f. Maintenance expenses	38	142
<b>- Pumping Stations</b>		
g. Operation expenses (excluding energy costs)	30	68
h. Energy costs	81	78
i. Maintenance expenses	47	5
<b>- Treatment</b>		
j. Operation expenses (excluding chemical costs)	409	693
k. Chemical costs	164	175
l. Maintenance expenses	278	-
<b>- Other</b>		
m. Operation expenses	-	-
n. Maintenance expenses	-	-
o. Purchase of water	50	57
<b>3. Depreciation expenses</b>		
a. System assets	1,442	1,382
b. Plant and equipment	-	-
<b>4. Miscellaneous expenses</b>		
a. Interest expenses	341	357
b. Revaluation Decrements	-	-
c. Other expenses	-	-
d. Tax Equivalents Dividends (actually paid)	-	-
<b>5. Total expenses</b>	<b>4,784</b>	<b>4,932</b>

## 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 2010

\$'000	Actuals 2010	Actuals 2009
<b>Income</b>		
<b>6. Residential charges</b>		
a. Access (including rates)	834	814
b. Usage charges	2,426	2,094
<b>7. Non-residential charges</b>		
a. Access (including rates)	238	204
b. Usage charges	717	585
<b>8. Extra charges</b>	-	-
<b>9. Interest income</b>	276	294
<b>10. Other income</b>	81	90
<b>11. Grants</b>		
a. Grants for acquisition of assets	-	251
b. Grants for pensioner rebates	67	61
c. Other grants	6	3
<b>12. Contributions</b>		
a. Developer charges	159	225
b. Developer provided assets	-	-
c. Other contributions	-	-
<b>13. Total income</b>	<u>4,804</u>	<u>4,621</u>
<b>14. Gain or loss on disposal of assets</b>	(266)	-
<b>15. Operating Result</b>	<u>(246)</u>	<u>(311)</u>
<b>15a. Operating Result (less grants for acquisition of assets)</b>	(246)	(562)

## 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 2010

\$'000	Actuals 2010	Actuals 2009
<b>B Capital transactions</b>		
<b>Non-operating expenditures</b>		
<b>16. Acquisition of Fixed Assets</b>		
a. Subsidised scheme	-	-
b. Other new system assets	1,714	1,235
c. Renewals	-	-
d. Plant and equipment	-	-
<b>17. Repayment of debt</b>		
a. Loans	283	238
b. Advances	-	-
c. Finance leases	-	-
<b>18. Transfer to sinking fund</b>	-	-
<b>19. Totals</b>	<b>1,997</b>	<b>1,473</b>
<b>Non-operating funds employed</b>		
<b>20. Proceeds from disposal of assets</b>	-	-
<b>21. Borrowing utilised</b>		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
<b>22. Transfer from sinking fund</b>	-	-
<b>23. Totals</b>	<b>-</b>	<b>-</b>
<b>C Rates and charges</b>		
<b>24. Number of assessments</b>		
a. Residential (occupied)	5,821	5,845
b. Residential (unoccupied, ie. vacant lot)	547	430
c. Non-residential (occupied)	696	598
d. Non-residential (unoccupied, ie. vacant lot)	112	90
<b>25. Number of ETs for which developer charges were received</b>	22 ET	32 ET
<b>26. Total amount of pensioner rebates (actual dollars)</b>	\$ 121,376	\$ 111,542

## Mid-Western Regional Council

### Special Schedule No. 3 - Water Supply Cross Subsidies for the financial year ended 30 June 2010

\$'000	Yes	No	Amount
<b>D Best practice annual charges and developer charges*</b>			
<b>27. Annual charges</b>			
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 <b>land value</b> from access charges (ie rates)?			
<p><b>NB.</b> Such charges for both residential customers and non-residential customers comply with section 3.2 of Water Supply, Sewerage and Trade Waste Pricing Guidelines, NSW Office of Water, December, 2002. Such charges do not involve significant cross subsidies.</p>			
b. Cross-subsidy <b>from</b> residential customers using less than allowance (page 25 of Guidelines)			<input type="text"/>
c. Cross-subsidy <b>to</b> non-residential customers (page 24 of Guidelines)			<input type="text"/>
d. Cross-subsidy <b>to</b> large connections in unmetered supplies (page 26 of Guidelines)			<input type="text"/>
<b>28. Developer charges</b>			
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 2009/10 (page 47 of Guidelines)			<input type="text" value="159,044"/>
** In accordance with page 9 of Developer Charges Guidelines for Water Supply, Sewerage and Stormwater, NSW Office of Water, December, 2002.			
<b>29. Disclosure of cross-subsidies</b>			
<b>Total of cross-subsidies (27b +27c + 27d + 28b)</b>			<input type="text" value="159,044"/>

\* 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 2010

\$'000	Actuals Current	Actuals Non Current	Actuals Total
<b>ASSETS</b>			
<b>30. Cash and investments</b>			
a. Developer charges	1,562	-	1,562
b. Special purpose grants	11	-	11
c. Accrued leave	-	-	-
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	3,188	-	3,188
<b>31. Receivables</b>			
a. Specific purpose grants	9	-	9
b. Rates and charges	51	-	51
c. Other	926	-	926
<b>32. Inventories</b>	320	-	320
<b>33. Property, plant and equipment</b>			
a. System assets	-	64,320	64,320
b. Plant and equipment	-	-	-
<b>34. Other assets</b>	-	-	-
<b>35. Total assets</b>	<u>6,067</u>	<u>64,320</u>	<u>70,387</u>
<b>LIABILITIES</b>			
<b>36. Bank overdraft</b>	-	-	-
<b>37. Creditors</b>	364	-	364
<b>38. Borrowings</b>			
a. Loans	286	4,833	5,119
b. Advances	-	-	-
c. Finance leases	-	-	-
<b>39. Provisions</b>			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	-	-	-
<b>40. Total liabilities</b>	<u>650</u>	<u>4,833</u>	<u>5,483</u>
<b>41. NET ASSETS COMMITTED</b>	<u>5,417</u>	<u>59,487</u>	<u>64,904</u>
<b>EQUITY</b>			
<b>42. Accumulated surplus</b>			45,628
<b>43. Asset revaluation reserve</b>			19,276
<b>44. TOTAL EQUITY</b>			<u>64,904</u>
<b>Note to system assets:</b>			
<b>45. Current replacement cost</b> of system assets			104,124
<b>46. Accumulated current cost</b> depreciation of system assets			(39,804)
<b>47. Written down current cost</b> of system assets			<u>64,320</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 2010

\$'000	Actuals 2010	Actuals 2009
<b>A Expenses and Income</b>		
<b>Expenses</b>		
<b>1. Management expenses</b>		
a. Administration	668	642
b. Engineering and Supervision	161	220
<b>2. Operation and Maintenance expenses</b>		
<b>- Mains</b>		
a. Operation expenses	-	-
b. Maintenance expenses	450	418
<b>- Pumping Stations</b>		
c. Operation expenses (excluding energy costs)	53	118
d. Energy costs	23	20
e. Maintenance expenses	111	12
<b>- Treatment</b>		
f. Operation expenses (excl. chemical, energy, effluent & biosolids management costs)	404	687
g. Chemical costs	2	1
h. Energy costs	35	29
i. Effluent Management	-	-
j. Biosolids Management	-	-
k. Maintenance expenses	331	31
<b>- Other</b>		
l. Operation expenses	-	-
m. Maintenance expenses	-	-
<b>3. Depreciation expenses</b>		
a. System assets	1,252	1,203
b. Plant and equipment	-	-
<b>4. Miscellaneous expenses</b>		
a. Interest expenses	50	53
b. Revaluation Decrements	-	-
c. Other expenses	-	-
d. Tax Equivalent Dividends (actually paid)	-	-
<b>5. Total expenses</b>	<b>3,540</b>	<b>3,434</b>

## 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 2010

\$'000	Actuals 2010	Actuals 2009
<b>Income</b>		
<b>6. Residential charges</b> (including rates)	2,605	2,483
<b>7. Non-residential charges</b>		
a. Access (including rates)	301	250
b. Usage charges	-	-
<b>8. Trade Waste Charges</b>		
a. Annual Fees	-	-
b. Usage charges	-	-
c. Excess mass charges	-	-
d. Re-inspection fees	-	-
<b>9. Extra charges</b>	-	-
<b>10. Interest income</b>	383	385
<b>11. Other income</b>	64	108
<b>12. Grants</b>		
a. Grants for acquisition of assets	-	-
b. Grants for pensioner rebates	63	63
c. Other grants	-	-
<b>13. Contributions</b>		
a. Developer charges	96	154
b. Developer provided assets	-	7
c. Other contributions	-	-
<b>14. Total income</b>	<u>3,512</u>	<u>3,450</u>
<b>15. Gain or loss on disposal of assets</b>	(86)	-
<b>16. Operating Result</b>	<u>(114)</u>	<u>16</u>
<b>16a. Operating Result (less grants for acquisition of assets)</b>	(114)	16

## 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 2010

\$'000	Actuals 2010	Actuals 2009
<b>B Capital transactions</b>		
<b>Non-operating expenditures</b>		
<b>17. Acquisition of Fixed Assets</b>		
a. Subsidised scheme	-	-
b. Other new system assets	669	1,034
c. Renewals	-	-
d. Plant and equipment	-	-
<b>18. Repayment of debt</b>		
a. Loans	57	54
b. Advances	-	-
c. Finance leases	-	-
<b>19. Transfer to sinking fund</b>	-	-
<b>20. Totals</b>	<b>726</b>	<b>1,088</b>
<b>Non-operating funds employed</b>		
<b>21. Proceeds from disposal of assets</b>	-	-
<b>22. Borrowing utilised</b>		
a. Loans	-	-
b. Advances	-	-
c. Finance leases	-	-
<b>23. Transfer from sinking fund</b>	-	-
<b>24. Totals</b>	-	-
<b>C Rates and charges</b>		
<b>25. Number of assessments</b>		
a. Residential (occupied)	5,390	5,464
b. Residential (unoccupied, ie. vacant lot)	517	373
c. Non-residential (occupied)	574	546
d. Non-residential (unoccupied, ie. vacant lot)	81	82
<b>26. Number of ETs for which developer charges were received</b>	24 ET	48 ET
<b>27. Total amount of pensioner rebates (actual dollars)</b>	\$ 113,925	\$ 113,914

## Mid-Western Regional Council

### Special Schedule No. 5 - Sewerage Cross Subsidies for the financial year ended 30 June 2010

\$'000	Yes	No	Amount
<b>D Best practice annual charges and developer charges*</b>			
<b>28. Annual charges</b>			
<b>a.</b> 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 <b>land value</b> from access charges (ie rates)?	<input type="checkbox"/> Yes	<input type="checkbox"/>	
<b>NB.</b> 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, NSW Office of Water, December, 2002. Such charges do not involve significant cross subsidies.			
<b>b.</b> Cross-subsidy <b>to</b> non-residential customers (page 45 of Guidelines)			Unknown
<b>c.</b> Cross-subsidy <b>to</b> trade waste discharges (page 46 of Guidelines)			Unknown
<b>29. Developer charges</b>			
<b>a.</b> Has council completed a sewerage Development Servicing** Plan?	<input type="checkbox"/> Yes	<input type="checkbox"/>	
<b>b.</b> Total cross-subsidy in sewerage developer charges for 2009/10 (page 47 of Guidelines)			95,543
** In accordance with page 9 of Developer Charges Guidelines for Water Supply, Sewerage and Stormwater, NSW Office of Water, December, 2002.			
<b>30. Disclosure of cross-subsidies</b>			
<b>Total of cross-subsidies (28b + 28c + 29b)</b>			Unknown

\* 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 2010

\$'000	Actuals Current	Actuals Non Current	Actuals Total
<b>ASSETS</b>			
<b>31. Cash and investments</b>			
a. Developer charges	2,328	-	2,328
b. Special purpose grants	-	-	-
c. Accrued leave	-	-	-
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	5,483	-	5,483
<b>32. Receivables</b>			
a. Specific purpose grants	1	-	1
b. Rates and charges	100	-	100
c. Other	-	-	-
<b>33. Inventories</b>	24	-	24
<b>34. Property, plant and equipment</b>			
a. System assets	-	31,371	31,371
b. Plant and equipment	-	-	-
<b>35. Other assets</b>	-	-	-
<b>36. Total Assets</b>	<b>7,936</b>	<b>31,371</b>	<b>39,307</b>
<b>LIABILITIES</b>			
<b>37. Bank overdraft</b>	-	-	-
<b>38. Creditors</b>	234	-	234
<b>39. Borrowings</b>			
a. Loans	62	667	729
b. Advances	-	-	-
c. Finance leases	-	-	-
<b>40. Provisions</b>			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	-	-	-
<b>41. Total Liabilities</b>	<b>296</b>	<b>667</b>	<b>963</b>
<b>42. NET ASSETS COMMITTED</b>	<b>7,640</b>	<b>30,704</b>	<b>38,344</b>
<b>EQUITY</b>			
<b>42. Accumulated surplus</b>			24,479
<b>44. Asset revaluation reserve</b>			13,865
<b>45. TOTAL EQUITY</b>			<b>38,344</b>
<b>Note to system assets:</b>			
<b>46. Current replacement cost</b> of system assets			74,231
<b>47. Accumulated current cost</b> depreciation of system assets			(42,860)
<b>48. Written down current cost</b> of system assets			31,371

## Mid-Western Regional Council

### Notes to Special Schedule No.'s 3 & 5

for the financial year ended 30 June 2010

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

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

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

#### Engineering and supervision <sup>(1)</sup>

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

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

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

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

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

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

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

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

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

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

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

#### Notes:

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

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







## Mid-Western Regional Council

### Special Schedule No. 8 - Financial Projections

as at 30 June 2010

\$'000	Actual <sup>(1)</sup> 09/10	Forecast 10/11	Forecast 11/12	Forecast <sup>(3)</sup> 12/13	Forecast <sup>(3)</sup> 13/14
<b>(i) RECURRENT BUDGET</b>					
Income from continuing operations	53,635	54,565	48,618	48,781	48,902
Expenses from continuing operations	45,613	45,782	45,757	46,911	47,957
<b>Operating Result from Continuing Operations</b>	<b>8,022</b>	<b>8,783</b>	<b>2,861</b>	<b>1,870</b>	<b>945</b>
<b>(ii) CAPITAL BUDGET</b>					
New Capital Works <sup>(2)</sup>	18,108	8,070	5,637	375	725
Replacement/Refurbishment of Existing Assets	6,669	16,430	16,573	10,385	15,368
<b>Total Capital Budget</b>	<b>24,777</b>	<b>24,500</b>	<b>22,210</b>	<b>10,760</b>	<b>16,093</b>
<b>Funded by:</b>					
– Loans	1,000	-	6,975	1,890	8,000
– Asset sales	-	-	-	-	-
– Reserves	7,830	15,536	9,433	3,910	3,885
– Grants/Contributions	10,780	7,951	2,980	1,999	1,535
– Recurrent revenue	5,167	1,013	2,822	2,961	2,673
– Other	-	-	-	-	-
	<b>24,777</b>	<b>24,500</b>	<b>22,210</b>	<b>10,760</b>	<b>16,093</b>

**Notes:**

(1) From 09/10 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.