

*Good  
Government*

FINANCIAL REPORTS  
2012/13



■ ■ ■ ■ ■ TOWARDS 2030



# Mid-Western Regional Council

GENERAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2013

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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 2013

Contents	Page
<b>1. Understanding Council's Financial Statements</b>	2
<b>2. Statement by Councillors &amp; Management</b>	3
<b>3. Primary Financial Statements:</b>	
- Income Statement	4
- Statement of Comprehensive Income	5
- Statement of Financial Position	6
- Statement of Changes in Equity	7
- Statement of Cash Flows	8
<b>4. Notes to the Financial Statements</b>	9
<b>5. Independent Auditor's Reports:</b>	
- On the Financial Statements (Sect 417 [2])	84
- On the Conduct of the Audit (Sect 417 [3])	86

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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 politic 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 detailed in Paragraph 8 of the LGA and includes giving Council;

- the ability to provide goods, services & facilities, and to carry out activities appropriate to the current & future needs of the local community and of the wider public,
- the responsibility for administering regulatory requirements under the LGA and
- a role in the management, improvement and development of the resources in the 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 30 August 2013. Council has the power to amend and reissue these financial statements.
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## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

## Understanding Council's Financial Statements

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### Introduction

Each year, individual Local Governments across NSW are required to present a set of audited financial statements to their Council & Community.

### What you will find in the Statements

The financial statements set out the financial performance, financial position & cash flows of Council for the financial year ended 30 June 2013.

The format of the financial statements is standard across all NSW Councils and complies with both the accounting & reporting requirements of Australian Accounting Standards and requirements as set down by the NSW Division of Local Government.

### About the Councillor/Management Statement

The financial statements must be certified by Senior staff as "presenting fairly" the Council's financial results for the year, and are required to be adopted by Council - ensuring both responsibility for & ownership of the financial statements.

### About the Primary Financial Statements

The financial statements incorporate 5 "primary" financial statements:

#### 1. The Income Statement

Summarises Council's financial performance for the year, listing all income & expenses.

This statement also displays Council's original adopted budget to provide a comparison between what was projected and what actually occurred.

#### 2. The Statement of Comprehensive Income

Primarily records changes in the fair values of Council's Infrastructure, Property, Plant & Equipment.

#### 3. The Statement of Financial Position

A 30 June snapshot of Council's financial position indicating its Assets, Liabilities & "Net Wealth".

#### 4. The Statement of Changes in Equity

The overall change for the year (in dollars) of Council's "Net Wealth".

#### 5. The Statement of Cash Flows

Indicates where Council's cash came from and where it was spent.

This statement also displays Council's original adopted budget to provide a comparison between what was projected and what actually occurred.

### About the Notes to the Financial Statements

The Notes to the financial statements provide greater detail and additional information on the 5 primary financial statements.

### About the Auditor's Reports

Council's financial statements are required to be audited by external accountants (that generally specialize in Local Government).

In NSW, the Auditor provides 2 audit reports:

1. An opinion on whether the financial statements present fairly the Council's financial performance & position, &
2. Their observations on the conduct of the Audit including commentary on the Council's financial performance & financial position.

### Who uses the Financial Statements ?

The financial statements are publicly available documents & must be presented at a Council meeting between 7 days & 5 weeks after the date of the Audit Report.

Submissions from the public can be made to Council up to 7 days subsequent to the public presentation of the financial statements.

Council is required to forward an audited set of financial statements to the Division of Local Government.

## Mid-Western Regional Council

### General Purpose Financial Statements

for the financial year ended 30 June 2013

### 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:

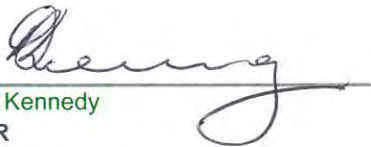
- The Local Government Act 1993 (as amended) and the Regulations made thereunder,
- The Australian Accounting Standards and professional pronouncements, and
- The Local Government Code of Accounting Practice and Financial Reporting.

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 21 August 2013.



Mr Des Kennedy  
MAYOR



Mr John Webb  
COUNCILLOR



Mr Warwick Bennett  
GENERAL MANAGER



Mrs Clare Phelan  
RESPONSIBLE ACCOUNTING OFFICER

## Mid-Western Regional Council

### Income Statement

for the financial year ended 30 June 2013

Budget <sup>(1)</sup> 2013	\$ '000	Notes	Actual 2013	Actual 2012
<b>Income from Continuing Operations</b>				
<b>Revenue:</b>				
22,390	Rates & Annual Charges	3a	22,987	21,221
9,944	User Charges & Fees	3b	12,445	11,095
997	Interest & Investment Revenue	3c	1,684	1,845
1,736	Other Revenues	3d	2,228	1,857
11,636	Grants & Contributions provided for Operating Purposes	3e,f	12,572	15,668
6,927	Grants & Contributions provided for Capital Purposes	3e,f	13,416	8,218
<b>Other Income:</b>				
1,116	Net gains from the disposal of assets	5	-	-
-	Net Share of interests in Joint Ventures & Associated Entities using the equity method	19	-	-
<b>54,746</b>	<b>Total Income from Continuing Operations</b>		<b>65,332</b>	<b>59,904</b>
<b>Expenses from Continuing Operations</b>				
19,647	Employee Benefits & On-Costs	4a	18,638	18,690
1,373	Borrowing Costs	4b	1,449	560
10,545	Materials & Contracts	4c	12,681	11,202
15,923	Depreciation & Amortisation	4d	13,468	15,037
-	Impairment	4d	(122)	-
3,990	Other Expenses	4e	4,729	4,387
-	Net Losses from the Disposal of Assets	5	2,313	1,668
<b>51,478</b>	<b>Total Expenses from Continuing Operations</b>		<b>53,156</b>	<b>51,544</b>
<b>3,268</b>	<b>Operating Result from Continuing Operations</b>		<b>12,176</b>	<b>8,360</b>
<b>Discontinued Operations</b>				
-	Net Profit/(Loss) from Discontinued Operations	24	-	-
<b>3,268</b>	<b>Net Operating Result for the Year</b>		<b>12,176</b>	<b>8,360</b>
3,268	Net Operating Result attributable to Council		12,176	8,360
-	Net Operating Result attributable to Non-controlling Interests		-	-
<b>(3,659)</b>	<b>Net Operating Result for the year before Grants and Contributions provided for Capital Purposes</b>		<b>(1,240)</b>	<b>142</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 2013

\$ '000	Notes	Actual 2013	Actual 2012
<b>Net Operating Result for the year</b> (as per Income statement)		<b>12,176</b>	<b>8,360</b>
<b>Other Comprehensive Income:</b>			
<i>Amounts which will not be reclassified subsequently to the Operating Result</i>			
Gain (loss) on revaluation of I,PP&E	20b (ii)	(13,157)	2,827
Impairment (loss) reversal relating to I,PP&E	20b (ii)	(55)	(610)
<b>Total Items which will not be reclassified subsequently to the Operating Result</b>		<b>(13,212)</b>	<b>2,217</b>
<i>Amounts which will be reclassified subsequently to the Operating Result when specific conditions are met</i>			
Gain (loss) on revaluation of available-for-sale investments	20b (ii)	45	111
<b>Total Items which will be reclassified subsequently to the Operating Result when specific conditions are met</b>		<b>45</b>	<b>111</b>
<b>Total Other Comprehensive Income for the year</b>		<b>(13,167)</b>	<b>2,328</b>
<b>Total Comprehensive Income for the Year</b>		<b>(991)</b>	<b>10,688</b>
<b>Total Comprehensive Income attributable to Council</b>		<b>(991)</b>	<b>10,688</b>
<b>Total Comprehensive Income attributable to Non-controlling Interests</b>		<b>-</b>	<b>-</b>

## Mid-Western Regional Council

### Statement of Financial Position as at 30 June 2013

\$ '000	Notes	Actual 2013	Actual 2012
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash & Cash Equivalents	6a	21,495	36,249
Investments	6b	13,512	-
Receivables	7	7,856	4,909
Inventories	8	1,400	2,104
Other	8	-	-
Non-current assets classified as "held for sale"	22	-	-
<b>Total Current Assets</b>		<b>44,263</b>	<b>43,262</b>
<b>Non-Current Assets</b>			
Investments	6b	975	1,442
Receivables	7	-	-
Inventories	8	-	-
Infrastructure, Property, Plant & Equipment	9	550,009	544,133
Investments accounted for using the equity method	19	-	-
Investment Property	14	-	-
Intangible Assets	25	276	395
<b>Total Non-Current Assets</b>		<b>551,260</b>	<b>545,970</b>
<b>TOTAL ASSETS</b>		<b>595,523</b>	<b>589,232</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	10	6,411	6,863
Borrowings	10	1,254	1,052
Provisions	10	5,848	5,702
<b>Total Current Liabilities</b>		<b>13,513</b>	<b>13,617</b>
<b>Non-Current Liabilities</b>			
Payables	10	-	-
Borrowings	10	20,506	13,170
Provisions	10	1,139	1,089
<b>Total Non-Current Liabilities</b>		<b>21,645</b>	<b>14,259</b>
<b>TOTAL LIABILITIES</b>		<b>35,158</b>	<b>27,876</b>
<b>Net Assets</b>		<b>560,365</b>	<b>561,356</b>
<b>EQUITY</b>			
Retained Earnings	20	319,305	305,475
Revaluation Reserves	20	241,060	255,881
Council Equity Interest		560,365	561,356
Non-controlling Interests		-	-
<b>Total Equity</b>		<b>560,365</b>	<b>561,356</b>



## Mid-Western Regional Council

### Statement of Changes in Equity for the financial year ended 30 June 2013

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non- controlling Interest	Total Equity
<b>2013</b>						
<b>Opening Balance</b> (as per Last Year's Audited Accounts)		305,475	255,881	561,356	-	561,356
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 1/7/12)		<b>305,475</b>	<b>255,881</b>	<b>561,356</b>	<b>-</b>	<b>561,356</b>
<b>c. Net Operating Result for the Year</b>		<b>12,176</b>	<b>-</b>	<b>12,176</b>	<b>-</b>	<b>12,176</b>
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsv	20b (ii)	-	(13,157)	(13,157)	-	(13,157)
- Revaluations: Other Reserves	20b (ii)	-	45	45	-	45
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	(55)	(55)	-	(55)
<b>Other Comprehensive Income</b>		<b>-</b>	<b>(13,167)</b>	<b>(13,167)</b>	<b>-</b>	<b>(13,167)</b>
<b>Total Comprehensive Income</b> (c&d)		<b>12,176</b>	<b>(13,167)</b>	<b>(991)</b>	<b>-</b>	<b>(991)</b>
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		1,654	(1,654)	-	-	-
<b>Equity - Balance at end of the reporting period</b>		<b>319,305</b>	<b>241,060</b>	<b>560,365</b>	<b>-</b>	<b>560,365</b>

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Interest	Non- controlling Interest	Total Equity
<b>2012</b>						
<b>Opening Balance</b> (as per Last Year's Audited Accounts)		284,741	256,460	541,201	-	541,201
a. Correction of Prior Period Errors	20 (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	9,467	-	9,467	-	9,467
<b>Revised Opening Balance</b> (as at 1/7/11)		<b>294,208</b>	<b>256,460</b>	<b>550,668</b>	<b>-</b>	<b>550,668</b>
<b>c. Net Operating Result for the Year</b>		<b>8,360</b>	<b>-</b>	<b>8,360</b>	<b>-</b>	<b>8,360</b>
d. Other Comprehensive Income						
- Revaluations : IPP&E Asset Revaluation Rsv	20b (ii)	-	2,827	2,827	-	2,827
- Revaluations: Other Reserves	20b (ii)	-	111	111	-	111
- Impairment (loss) reversal relating to I,PP&E	20b (ii)	-	(610)	(610)	-	(610)
<b>Other Comprehensive Income</b>		<b>-</b>	<b>2,328</b>	<b>2,328</b>	<b>-</b>	<b>2,328</b>
<b>Total Comprehensive Income</b> (c&d)		<b>8,360</b>	<b>2,328</b>	<b>10,688</b>	<b>-</b>	<b>10,688</b>
e. Distributions to/(Contributions from) Non-controlling Interests		-	-	-	-	-
f. Transfers between Equity		2,907	(2,907)	-	-	-
<b>Equity - Balance at end of the reporting period</b>		<b>305,475</b>	<b>255,881</b>	<b>561,356</b>	<b>-</b>	<b>561,356</b>

## Mid-Western Regional Council

### Statement of Cash Flows

for the financial year ended 30 June 2013

Budget 2013	\$ '000	Notes	Actual 2013	Actual 2012
<b>Cash Flows from Operating Activities</b>				
<b>Receipts:</b>				
22,356	Rates & Annual Charges		23,675	21,253
9,872	User Charges & Fees		14,682	13,309
980	Investment & Interest Revenue Received		1,665	1,841
18,795	Grants & Contributions		22,201	24,630
-	Bonds, Deposits & Retention amounts received		749	593
1,610	Other		3,593	3,827
<b>Payments:</b>				
(19,893)	Employee Benefits & On-Costs		(18,873)	(17,588)
(10,115)	Materials & Contracts		(13,694)	(12,664)
(1,485)	Borrowing Costs		(1,362)	(704)
-	Bonds, Deposits & Retention amounts refunded		(736)	(422)
(4,003)	Other		(7,764)	(6,697)
<b>18,117</b>	<b>Net Cash provided (or used in) Operating Activities</b>	11b	<b>24,136</b>	<b>27,378</b>
<b>Cash Flows from Investing Activities</b>				
<b>Receipts:</b>				
-	Sale of Investment Securities		29,800	29,493
660	Sale of Real Estate Assets		823	1,697
975	Sale of Infrastructure, Property, Plant & Equipment		996	1,044
<b>Payments:</b>				
-	Purchase of Investment Securities		(42,800)	(27,500)
(35,245)	Purchase of Infrastructure, Property, Plant & Equipment		(35,247)	(28,127)
-	Purchase of Real Estate Assets		-	(30)
<b>(33,610)</b>	<b>Net Cash provided (or used in) Investing Activities</b>		<b>(46,428)</b>	<b>(23,423)</b>
<b>Cash Flows from Financing Activities</b>				
<b>Receipts:</b>				
11,994	Proceeds from Borrowings & Advances		10,159	7,578
<b>Payments:</b>				
(932)	Repayment of Borrowings & Advances		(2,621)	(554)
-	Repayment of Finance Lease Liabilities		-	(84)
<b>11,062</b>	<b>Net Cash Flow provided (used in) Financing Activities</b>		<b>7,538</b>	<b>6,940</b>
<b>(4,431)</b>	<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>		<b>(14,754)</b>	<b>10,895</b>
23,326	plus: Cash & Cash Equivalents - beginning of year	11a	36,249	25,354
<b>18,895</b>	<b>Cash &amp; Cash Equivalents - end of the year</b>	11a	<b>21,495</b>	<b>36,249</b>
Additional Information:				
	plus: Investments on hand - end of year	6b	14,487	1,442
<b>Total Cash, Cash Equivalents &amp; Investments</b>			<b>35,982</b>	<b>37,691</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 2013

### Contents of the Notes accompanying the Financial Statements

Note	Details	Page
1	Summary of Significant Accounting Policies	10
2(a)	Council Functions / Activities - Financial Information	29
2(b)	Council Functions / Activities - Component Descriptions	30
3	Income from Continuing Operations	31
4	Expenses from Continuing Operations	36
5	Gains or Losses from the Disposal of Assets	39
6(a)	Cash & Cash Equivalent Assets	40
6(b)	Investments	40
6(c)	Restricted Cash, Cash Equivalents & Investments - Details	42
7	Receivables	44
8	Inventories & Other Assets	45
9(a)	Infrastructure, Property, Plant & Equipment	47
9(b)	Externally Restricted Infrastructure, Property, Plant & Equipment	48
9(c)	Infrastructure, Property, Plant & Equipment - Current Year Impairments	49
10(a)	Payables, Borrowings & Provisions	50
10(b)	Description of (and movements in) Provisions	51
11	Statement of Cash Flows - Additional Information	52
12	Commitments for Expenditure	54
13	Statement of Performance Measures:	
	13a (i) Local Government Industry Indicators (Consolidated)	56
	13a (ii) Local Government Industry Graphs (Consolidated)	58
	13b Local Government Industry Indicators (by Fund)	61
14	Investment Properties	n/a
15	Financial Risk Management	63
16	Material Budget Variations	68
17	Statement of Developer Contributions	71
18	Contingencies and Other Liabilities/Assets not recognised	73
19	Controlled Entities, Associated Entities & Interests in Joint Ventures	n/a
20	Equity - Retained Earnings and Revaluation Reserves	76
21	Financial Result & Financial Position by Fund	78
22	"Held for Sale" Non Current Assets & Disposal Groups	n/a
23	Events occurring after the Reporting Period	80
24	Discontinued Operations	n/a
25	Intangible Assets	81
26	Reinstatement, Rehabilitation & Restoration Liabilities	82
 <b>Additional Council Disclosures</b>		
27	Council Information & Contact Details	83

n/a - not applicable

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

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

Under Australian Accounting Standards (AASBs), 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 and Interpretations issued by the Australian Accounting Standards Board,
- the Local Government Act (1993) and Regulation, and
- the Local Government Code of Accounting Practice and Financial Reporting.

For the purpose of preparing these financial statements, Council has been deemed to be a not-for-profit entity.

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

Because AASBs 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.

Accordingly in preparing these financial statements and accompanying notes, Council has been unable to comply fully with International Accounting Standards, but has complied fully with Australian Accounting Standards.

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

###### (iii) New and amended standards adopted by Council

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2013 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

###### (iv) Early adoption of Accounting Standards

Council has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2013.

Refer further to paragraph (ab) relating to a summary of the effects of Standards with future operative dates.

###### (v) 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.

###### (vi) Changes in Accounting Policies

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

There have also been no changes in accounting policies when compared with previous financial statements unless otherwise stated.

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 1. Summary of Significant Accounting Policies

### (vii) Critical Accounting Estimates

The preparation of financial statements requires the use of certain critical accounting estimates (in conformity with AASBs).

Accordingly this requires management to exercise its judgement in the process of applying the Council's accounting policies.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

#### **Critical accounting estimates and assumptions**

Council makes estimates and assumptions concerning the future.

The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below.

- (i) Estimated fair values of investment properties
- (ii) Estimated fair values of infrastructure, property, plant and equipment.
- (iii) Estimated tip remediation provisions.

#### **Critical judgements in applying the entity's accounting policies**

- (i) Impairment of Receivables - Council has made a significant judgement about the impairment of a number of its receivables in Note 7.
- (ii) Projected Section 94 Commitments - Council has used significant judgement in determining future Section 94 income and expenditure in Note 17.

### (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.

A provision for the impairment on rates receivables has not been established as unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold.

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

Revenue 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

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

unused grant or contribution is disclosed in Note 3(g).

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

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

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

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

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

#### User Charges, Fees and Other Income

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

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

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

#### Sale of Infrastructure, Property, Plant and Equipment

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

#### Interest and Rents

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

Interest Income from Cash and 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 June 2013) and (ii) all the related operating results (for the financial year ended the 30th June 2013).

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*
- *Mudgee Showground Committee (s355)*
- *Mudgee Sports Council (s355)*
- *Gulgong Sports Council (s355)*
- *Red Hill Centre Committee (s355)*

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 1. Summary of Significant Accounting Policies

### (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 Ventures

Council has no interest in any Joint Venture Entities, Assets or Operations.

### (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 and 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,

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

- 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 and Cash Equivalents for presentation of the Cash Flow Statement.

#### (f) Investments and Other Financial Assets

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

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

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

Assets in this category are primarily classified as current assets as they are primarily held for trading and/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 and 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.



## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 1. Summary of Significant Accounting Policies

### 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.

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 and 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.

A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

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.

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

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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 Ministerial 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 Ministerial Local Government Investment Order arising from the Cole Inquiry recommendations. Certain investments that 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.

##### (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 and 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.

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

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

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

##### (i) Inventories

###### Raw Materials and Stores, Work in Progress and Finished Goods

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

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

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

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

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

###### 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 continually revalued (over a 5 year period) in accordance with the fair valuation policy as mandated by the Division of Local Government.

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

- **Investment Properties** – refer Note 1(p),
- **Water and Sewerage Networks**  
(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)
- **Community Land** (External Valuation)
- **Land Improvements**  
(as approximated by depreciated historical cost)
- **Other Structures**  
(Internal Valuation)
- **Other Assets**  
(Internal Valuation)

###### Initial Recognition

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

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

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:

- Increases in the combined carrying amounts of asset classes arising on revaluation are credited to the asset revaluation reserve.
- To the extent that a net asset class increase reverses a decrease previously recognised via the profit or loss, then increase is first recognised in profit or loss.
- Net decreases that reverse previous increases of the same asset class 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;

<b>Land</b>	
- council land	100% Capitalised
- open space	100% Capitalised
- land under roads (purchases after 30/6/08)	100% Capitalised

<b>Plant &amp; Equipment</b>	
Office Furniture	> \$2,000
Office Equipment	> \$2,000
Other Plant & Equipment	> \$2,000

<b>Buildings &amp; Land Improvements</b>	
Park Furniture & Equipment	> \$2,000

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

<b>Water &amp; Sewer Assets</b>	
Reticulation extensions	> \$10,000
Other	> \$10,000

<b>Stormwater Assets</b>	
Drains & Culverts	> \$2,000
Other	> \$2,000

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

##### 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 10 years
- Heavy Plant/Road Making equip.	8 to 13 years
- Other plant and equipment	5 to 15 years

##### Other Equipment

- Playground equipment	50 years
- Benches, seats etc	50 years

##### Buildings

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

##### Stormwater Drainage

- Drains	80 years
- Culverts	80 years

##### Transportation Assets

- Sealed Roads : Surface	13 to 25 years
- Sealed Roads : Structure	52 to 100 years
- Unsealed roads	6 to 30 years
- Bridge : Concrete	80 years
- Bridge : Other	80 years
- Kerb, Gutter & Paths	60 to 75 years

##### Water & Sewer Assets

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

##### Other Infrastructure Assets

- Bulk earthworks	Infinite
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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 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.

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 1. Summary of Significant Accounting Policies

### (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 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.

### (p) Investment property

Investment property comprises land and 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.

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

Costs are estimated on the basis of a closure plan.

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

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

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

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

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

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

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

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

Provision is made for the estimated present value of the costs of environmental clean up obligations outstanding at the balance sheet date.

These costs are charged to the income statement.

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

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

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

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

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

Specific Information relating to 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" and 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.

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

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 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.

Where an asset is not held principally for cash generating purposes (for example Infrastructure Assets) and would be replaced if the Council was deprived of it then depreciated replacement cost is used as value in use, otherwise value in use is estimated by using a discounted cash flow model.

Non-financial assets (other than goodwill) that suffered a prior period impairment are reviewed for possible reversal of the impairment at each reporting date.

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

#### (t) Payables

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

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

#### (u) Borrowings

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

Borrowings are subsequently measured at amortised cost.

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

Borrowings are 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.



## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

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.

#### **(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 and 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 in respect of services provided by employees up to the reporting date (which is not expected to be settled within the 12 months after the reporting period) are recognised in the provision for employee benefits.

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 then discounted using market yields at the reporting date based 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

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

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.

The last valuation of the Scheme was performed by Mr Martin Stevenson (BSc, FIA, FIAA) on 20 February 2013 and covers the period ended 30 June 2013.

The position is monitored annually and the Actuary has estimated that as at 30 June 2013 the prior period deficit still exists.

Effective from 1 July 2009, employers are required to contribute additional contributions to assist in extinguishing this deficit.

The amount of employer contributions to the defined benefit section of the Local Government Superannuation Scheme and recognised as an expense and disclosed as part of Superannuation Expenses at Note 4(a) for the year ending 30 June 2013 was \$432,081.

The amount of additional contributions included in the total employer contribution advised above is \$198,081.

The share of this deficit that can be broadly attributed to Council is estimated to be in the order of \$920,948 as at 30 June 2013.

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.

#### Defined Contribution Plans

Contributions to Defined Contribution Plans are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

#### (iv) Employee Benefit On-Costs

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

These amounts include Superannuation and Workers Compensation expenses which will be payable upon the future payment of certain Leave Liabilities accrued as at 30 June 2013.

#### (y) Self insurance

Council does not self insure.

#### (z) Allocation between current and non-current assets and 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.

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

## Note 1. Summary of Significant Accounting Policies

### 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 and 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.

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 2013.

**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, associated standards, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and transitional disclosures (effective from 1 January 2015)***

AASB 9 Financial Instruments addresses the classification, measurement and de-recognition of financial assets and financial liabilities.

The standard is not applicable until 1 January 2015 but is available for early adoption.

When adopted, the standard will affect in particular 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 although there is currently a proposal by the IASB to introduce a Fair value through Other Comprehensive Income category for debt instruments.

There will be no impact on Council's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and Council does not have any such liabilities.

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

The de-recognition rules have been transferred from AASB 139 Financial Instruments: Recognition and Measurement and have not been changed.

***AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 (effective 1 January 2013)***

AASB 13 explains how to measure fair value and aims to enhance fair value disclosures.

Council has yet to determine which, if any, of its current measurement techniques will have to change as a result of the new guidance.

It is therefore not possible to state the impact, if any, of the new rules on any of the amounts recognised in the financial statements.

However, application of the new standard will impact the type of information disclosed in the notes to the financial statements.

Council does not intend to adopt the new standard before its operative date, which means that it would be first applied in the annual reporting period ending 30 June 2014.

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

***AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities [AASB 132 and AASB 7] (effective 1 January 2013)***

This Standard amends the required disclosures in AASB 7 to include information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

This Standard also amends AASB 132 to refer to the additional disclosures added to AASB 7 by this Standard.

The adoption of this standard will not change the reported financial position and performance of the entity, there are no impact on disclosures as there are no offsetting arrangements currently in place.

AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132] (effective 1 January 2014).

This Standard adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.

The adoption of this standard will not change the reported financial position and performance of the entity, there are no impact on disclosures as there are no offsetting arrangements currently in place.

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

***AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities, revised AASB 127 Separate Financial Statements and AASB 128 Investments in Associates and Joint Ventures and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards (effective 1 January 2013)***

This suite of five new and amended standards address the accounting for joint arrangements, consolidated financial statements and associated disclosures.

AASB 10 replaces all of the guidance on control and consolidation in AASB 127 Consolidated and Separate Financial Statements, and Interpretation 12 Consolidation – Special Purpose Entities.

The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However, the standard introduces a single definition of control that applies to all entities.

It focuses on the need to have both power and rights or exposure to variable returns.

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both.

Control exists when the investor can use its power to affect the amount of its returns.

There is also new guidance on participating and protective rights and on agent/principal relationships. Council does not expect the new standard to have a significant impact on its composition.

AASB 11 introduces a principles based approach to accounting for joint arrangements.

The focus is no longer on the legal structure of joint arrangements, but rather on how rights and obligations are shared by the parties to the joint arrangement.

Based on the assessment of rights and obligations, a joint arrangement will be classified as either a joint operation or a joint venture.

Joint ventures are accounted for using the equity method, and the choice to proportionately consolidate will no longer be permitted.

Parties to a joint operation will account their share of revenues, expenses, assets and liabilities in much the same way as under the previous standard.

AASB 11 also provides guidance for parties that participate in joint arrangements but do not share joint control.

Council's investment in the joint venture partnership will be classified as a joint venture under the new rules.

As Council already applies the equity method in accounting for this investment, AASB 11 will not have any impact on the amounts recognised in its financial statements.

AASB 12 sets out the required disclosures for entities reporting under the two new standards, AASB 10 and AASB 11, and replaces the disclosure requirements currently found in AASB 127 and AASB 128.

Application of this standard by Council will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to Council's investments.

Amendments to AASB 128 provide clarification that an entity continues to apply the equity method and does not remeasure its retained interest as part of ownership changes where a joint venture becomes an associate, and vice versa.

The amendments also introduce a "partial disposal" concept.

Council is still assessing the impact of these amendments.

Council does not expect to adopt the new standards before their operative date.

They would therefore be first applied in the financial statements for the annual reporting period ending 30 June 2014.

***Revised AASB 119 Employee Benefits, AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) and AASB 2011-11 Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements (effective 1 January 2013)***

This revised standard on accounting for employee benefits requires the recognition of all re-measurements of defined benefit liabilities/assets immediately in other comprehensive income (removal of the so-called 'corridor' method) and the calculation of a net interest expense or income by applying the discount rate to the net defined benefit liability or asset.

This replaces the expected return on plan assets that is currently included in profit or loss.

The standard also introduces a number of additional disclosures for defined benefit liabilities/assets and could affect the timing of the recognition of termination benefits.

The amendments will have to be implemented retrospectively.

Council does not recognise defined benefit assets and liabilities for the reasons set out in paragraph (x) (iii) and so these changes will not have an impact on its reported results.

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

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

***AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle (effective 1 January 2013)***

AASB 1 - this standard clarifies that an entity can apply AASB 1 more than once. An entity can elect to apply AASB 123 from the transition date or an earlier date.

AASB 101 - clarifies that a third statement of financial position is required when the opening statement of financial position is materially affected by any adjustments.

AASB 116 - clarifies the classification of servicing equipment.

AASB 132 and Interpretation 2 - clarifies that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction shall be accounted for in accordance with AASB 112 Income Taxes

AASB 134 - provides clarification about segment reporting.

The amendments arising from this standard are not expected to change the reported financial position or performance of the Council.

**There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.**

##### **(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 2013

### 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 Operations		Total Assets held (Current & Non-current)	
	Original Budget 2013	Actual 2013	Actual 2012	Original Budget 2013	Actual 2013	Actual 2012	Original Budget 2013	Actual 2013	Actual 2012	Actual 2013	Actual 2012	Actual 2013	Actual 2012
Governance	75	76	66	635	572	389	(560)	(496)	(323)	-	-	-	-
Looking after our Community	3,858	4,938	4,917	11,130	12,538	11,711	(7,272)	(7,600)	(6,794)	3,261	3,369	61,543	79,370
Protecting our Natural Environment	14,519	18,526	14,739	14,266	14,787	13,868	253	3,739	871	3,552	3,001	159,762	150,350
Building a Strong Local Economy	1,599	1,014	717	1,082	1,012	187	517	2	530	-	-	10,634	18,629
Connecting the Region	6,199	11,208	9,395	15,565	15,743	17,425	(9,366)	(4,535)	(8,030)	1,197	1,039	293,367	294,314
Good Government	7,674	7,683	8,052	8,800	8,504	7,964	(1,126)	(821)	88	26	73	70,217	46,569
<b>Total Functions &amp; Activities</b>	<b>33,924</b>	<b>43,445</b>	<b>37,886</b>	<b>51,478</b>	<b>53,156</b>	<b>51,544</b>	<b>(17,554)</b>	<b>(9,711)</b>	<b>(13,658)</b>	<b>8,036</b>	<b>7,482</b>	<b>595,523</b>	<b>589,232</b>
General Purpose Income <sup>1</sup>	20,822	21,887	22,018	-	-	-	20,822	21,887	22,018	5,976	7,291	-	-
<b>Operating Result from Continuing Operations</b>	<b>54,746</b>	<b>65,332</b>	<b>59,904</b>	<b>51,478</b>	<b>53,156</b>	<b>51,544</b>	<b>3,268</b>	<b>12,176</b>	<b>8,360</b>	<b>14,012</b>	<b>14,773</b>	<b>595,523</b>	<b>589,232</b>

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

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### 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:**

As a result of moving to the Integrated Planning & Reporting framework from 1 July 2012, Council now reports on its activities under the 5 broad themes set out below (Governance forms part of the Good Government theme). Prior year actuals have been restated to correspond to the new Themes.

##### **GOVERNANCE**

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

##### **LOOKING AFTER OUR COMMUNITY**

Fire protection, animal control, public order & safety, emergency services, food control, health, community services, family day care, childcare, youth services, aged & disabled services, housing, town planning, public cemeteries, public toilets, libraries, museums, community centres, public halls, swimming pools, sporting grounds, parks & gardens, building control, and urban streetscaping.

##### **PROTECTING OUR NATURAL ENVIRONMENT**

Noxious plants, domestic waste management, other solid waste management, street cleaning, stormwater drainage, environmental protection, water supply, sewerage services.

##### **BUILDING A STRONG LOCAL ECONOMY**

Caravan parks, tourism & area promotions, industrial development, saleyards, real estate development.

##### **CONNECTING THE REGION**

Urban roads local, urban roads regional, sealed rural roads local, sealed rural roads regional, unsealed rural roads local, unsealed rural roads regional, bridges, footpaths & cycleways, aerodromes, car parking areas, state roads, street lighting.

##### **GOOD GOVERNMENT**

Corporate support, Mid-Western Operations, plant operations, private works, general purpose revenue, developer contributions.



## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

### Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2013	Actual 2012
<b>(a) Rates &amp; Annual Charges</b>			
<b>Ordinary Rates</b>			
Residential		7,518	7,399
Farmland		4,048	4,277
Mining		2,344	1,065
Business		1,124	1,120
<b>Total Ordinary Rates</b>		<b>15,034</b>	<b>13,861</b>
<b>Special Rates</b>			
Hunter Valley Catchment Special Rate		14	11
<b>Total Special Rates</b>		<b>14</b>	<b>11</b>
<b>Annual Charges</b> (pursuant to s.496, s.496A, s.496B, s.501 & s.611)			
Domestic Waste Management Services		1,043	985
Water Supply Services		964	983
Sewerage Services		3,734	3,292
Waste Management Services (non-domestic)		2,198	2,089
<b>Total Annual Charges</b>		<b>7,939</b>	<b>7,349</b>
<b>TOTAL RATES &amp; ANNUAL CHARGES</b>		<b>22,987</b>	<b>21,221</b>

Council has used 2011 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 2013

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

\$ '000	Notes	Actual 2013	Actual 2012
<b>(b) User Charges &amp; Fees</b>			
<b>Specific User Charges</b> (per s.502 - Specific "actual use" charges)			
Water Supply Services		4,325	3,382
Sewerage Services		531	352
<b>Total User Charges</b>		<b>4,856</b>	<b>3,734</b>
<b>Other User Charges &amp; Fees</b>			
<b>(i) Fees &amp; Charges - Statutory &amp; Regulatory Functions</b> (per s.608)			
Planning & Building Regulation		1,069	936
Private Works - Section 67		276	254
<b>Total Fees &amp; Charges - Statutory/Regulatory</b>		<b>1,345</b>	<b>1,190</b>
<b>(ii) Fees &amp; Charges - Other (incl. General User Charges)</b> (per s.608)			
Aerodrome		135	164
Aged Care		240	234
Cemeteries		217	194
Childrens Services		136	135
Leaseback Fees - Council Vehicles		53	50
Parks & Sports Grounds		124	103
RMS (formerly RTA) Charges (State Roads not controlled by Council)		3,827	3,844
Saleyards		313	286
Swimming Centres		88	141
Waste Depot		872	867
Water Connection Fees		153	104
Waste Water Services		83	46
Other		3	3
<b>Total Fees &amp; Charges - Other</b>		<b>6,244</b>	<b>6,171</b>
<b>TOTAL USER CHARGES &amp; FEES</b>		<b>12,445</b>	<b>11,095</b>

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	Notes	Actual 2013	Actual 2012
<b>(c) Interest &amp; Investment Revenue</b>			
<b>Interest &amp; Dividends</b>			
- Interest on Overdue Rates & Annual Charges (incl. Special Purpose Rates)		115	98
- Interest earned on Investments (interest & coupon payment income)		1,569	1,747
<b><u>TOTAL INTEREST &amp; INVESTMENT REVENUE</u></b>		<b><u>1,684</u></b>	<b><u>1,845</u></b>
<b>Interest Revenue is attributable to:</b>			
<b>Unrestricted Investments/Financial Assets:</b>			
Overdue Rates & Annual Charges (General Fund)		62	51
General Council Cash & Investments		815	815
<b>Restricted Investments/Funds - External:</b>			
Development Contributions			
- Section 94		90	143
- Section 64		109	111
Water Fund Operations		150	184
Sewerage Fund Operations		374	292
Domestic Waste Management operations		84	249
<b><u>Total Interest &amp; Investment Revenue Recognised</u></b>		<b><u>1,684</u></b>	<b><u>1,845</u></b>
<b>(d) Other Revenues</b>			
Rental Income - Other Council Properties		870	632
Reversal of prior period revaluation decrements (applicable to I,PP&E)	9(a)	-	94
Fines		92	80
Legal Fees Recovery - Rates & Charges (Extra Charges)		120	151
Commissions & Agency Fees		15	12
Diesel Rebate		167	106
Insurance Claim Recoveries		175	133
Recycling Income (non domestic)		489	506
Sales - General		63	31
Sales - Ironed Out		44	35
Section 44 Bushfire Reimbursement		35	-
NRL Match Reimbursements		24	-
Other		134	77
<b><u>TOTAL OTHER REVENUE</u></b>		<b><u>2,228</u></b>	<b><u>1,857</u></b>

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	2013 Operating	2012 Operating	2013 Capital	2012 Capital
<b>(e) Grants</b>				
<b>General Purpose (Untied)</b>				
Financial Assistance - General Component	3,544	4,493	-	-
Financial Assistance - Local Roads Component	2,233	2,594	-	-
Pensioners' Rates Subsidies - General Component	199	204	-	-
<b>Total General Purpose</b>	<b>5,976</b>	<b>7,291</b>	<b>-</b>	<b>-</b>
<b>Specific Purpose</b>				
Pensioners' Rates Subsidies:				
- Water	62	61	-	-
- Sewerage	59	60	-	-
- Domestic Waste Management	75	75	-	-
Water Supplies	-	-	41	690
Sewerage Services	-	-	2,664	1,400
Aged Care	1,004	1,003	35	-
Bushfire & Emergency Services	601	628	173	111
Childrens Services	1,060	978	-	-
Employment & Training Programs	25	26	-	-
Environmental Programs	44	119	-	-
Healthy Communities	146	280	-	-
Heritage & Cultural	-	17	-	35
Library	87	87	-	100
Noxious Weeds	290	241	-	15
Recreation & Culture	252	284	36	155
Transport (Roads to Recovery)	-	-	1,074	1,038
Transport (Other Roads & Bridges Funding)	-	-	183	35
Youth Services	3	10	-	-
Strategic Planning	113	-	-	-
Other	6	-	3	34
<b>Total Specific Purpose</b>	<b>3,827</b>	<b>3,869</b>	<b>4,209</b>	<b>3,613</b>
<b>Total Grants</b>	<b>9,803</b>	<b>11,160</b>	<b>4,209</b>	<b>3,613</b>
<b>Grant Revenue is attributable to:</b>				
- Commonwealth Funding	7,617	8,791	1,099	1,152
- State Funding	2,180	2,355	3,094	2,461
- Other Funding	6	14	16	-
	<b>9,803</b>	<b>11,160</b>	<b>4,209</b>	<b>3,613</b>

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	2013 Operating	2012 Operating	2013 Capital	2012 Capital
<b>(f) Contributions</b>				
<b>Developer Contributions:</b>				
<b>(s93 &amp; s94 - EP&amp;A Act, s64 of the LGA):</b>				
S 93F - Contributions using Planning Agreements	-	-	1,181	2,299
S 94 - Contributions towards amenities/services	-	-	766	909
S 94A - Fixed Development Consent Levies	-	-	20	18
S 64 - Water Supply Contributions	-	-	788	460
S 64 - Sewerage Service Contributions	-	-	427	300
<b>Total Developer Contributions</b>	<b>17</b>	<b>-</b>	<b>3,182</b>	<b>3,986</b>
<b>Other Contributions:</b>				
Dedications (other than by S94)	-	-	2,022	-
Environment Programs	-	1	-	-
Occupational Health & Safety	59	40	-	-
Other Councils - Joint Works/Services	30	9	-	-
Recreation & Culture	-	-	162	79
Roads & Bridges	89	158	2,835	-
RMS Contributions (Regional Roads, Block Grant)	2,503	4,263	1,006	480
Waste Management Facilities	-	-	-	18
Other (LIRS Subsidy)	54	-	-	-
Other	34	37	-	42
<b>Total Other Contributions</b>	<b>2,769</b>	<b>4,508</b>	<b>6,025</b>	<b>619</b>
<b>Total Contributions</b>	<b>2,769</b>	<b>4,508</b>	<b>9,207</b>	<b>4,605</b>
<b>TOTAL GRANTS &amp; CONTRIBUTIONS</b>	<b>12,572</b>	<b>15,668</b>	<b>13,416</b>	<b>8,218</b>
\$ '000			Actual 2013	Actual 2012

#### (g) Restrictions relating to Grants and Contributions

**Certain grants & contributions are obtained by Council on condition that they be spent in a specified manner:**

Unexpended at the Close of the Previous Reporting Period	9,997	9,407
add: Grants & contributions recognised in the current period but not yet spent:	6,144	7,146
less: Grants & contributions recognised in a previous reporting period now spent:	(5,786)	(6,556)
<b>Net Increase (Decrease) in Restricted Assets during the Period</b>	<b>358</b>	<b>590</b>
<b>Unexpended and held as Restricted Assets</b>	<b>10,355</b>	<b>9,997</b>
<b>Comprising:</b>		
- Specific Purpose Unexpended Grants	3,747	4,083
- Developer Contributions	6,404	5,804
- Other Contributions	204	110
	<b>10,355</b>	<b>9,997</b>

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2013	Actual 2012
<b>(a) Employee Benefits &amp; On-Costs</b>			
Salaries and Wages		15,027	13,675
Travelling		32	27
Employee Leave Entitlements (ELE)		2,908	3,540
Superannuation - Defined Contribution Plans		1,317	1,238
Superannuation - Defined Benefit Plans		451	465
Workers' Compensation Insurance		726	780
Fringe Benefit Tax (FBT)		76	68
Payroll Tax		98	94
Training Costs (other than Salaries & Wages)		307	332
Protective Clothing		80	90
Recruitment Costs		18	20
Other		30	34
<b>Total Employee Costs</b>		<b>21,070</b>	<b>20,363</b>
less: Capitalised Costs		(2,432)	(1,673)
<b><u>TOTAL EMPLOYEE COSTS EXPENSED</u></b>		<b><u>18,638</u></b>	<b><u>18,690</u></b>
Number of "Equivalent Full Time" Employees at year end		<b>290</b>	<b>282</b>
Number of "Equivalent Full Time" Employees at year end (incl. vacancies)		<b>295</b>	<b>289</b>
<b>(b) Borrowing Costs</b>			
<b>(i) Interest Bearing Liability Costs</b>			
Interest on Loans		1,422	534
Interest on Advances		2	-
<b>Total Interest Bearing Liability Costs Expensed</b>		<b>1,424</b>	<b>534</b>
<b>(ii) Other Borrowing Costs</b>			
Discount adjustments relating to movements in Provisions (other than ELE)			
- Remediation Liabilities	26	25	26
<b>Total Other Borrowing Costs</b>		<b>25</b>	<b>26</b>
<b><u>TOTAL BORROWING COSTS EXPENSED</u></b>		<b><u>1,449</u></b>	<b><u>560</u></b>

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	Notes	Actual 2013	Actual 2012
<b>(c) Materials &amp; Contracts</b>			
Raw Materials & Consumables		4,882	4,377
Contractor & Consultancy Costs		4,546	-
- Contractor & Consultancy Costs (Spray Seal Contract)		1,192	1,266
- Contractor & Consultancy Costs (Tourism Contract)		328	324
- Contractor & Consultancy Costs (Other)		-	4,331
Auditors Remuneration <sup>(1)</sup>		65	54
Legal Expenses:			
- Legal Expenses: Planning & Development		88	13
- Legal Expenses: Debt Recovery		125	156
- Legal Expenses: Other		959	55
Operating Leases:			
- Operating Lease Rentals: Minimum Lease Payments <sup>(2)</sup>		456	611
- Operating Lease Rentals: Contingent Rentals <sup>(2)</sup>		40	15
<b>TOTAL MATERIALS &amp; CONTRACTS</b>		<b>12,681</b>	<b>11,202</b>
<b>1. Auditor Remuneration</b>			
During the year, the following fees were incurred for services provided by the Council's Auditor (& the Auditors of other Consolidated Entities):			
<b>(i) Audit and Other Assurance Services</b>			
- Audit & review of financial statements: Council's Auditor		47	40
- Other audit & assurance services - Internal Audit		12	8
<b>Remuneration for audit and other assurance services</b>		<b>59</b>	<b>48</b>
<b>(ii) Other Services</b>			
- Remuneration advice		6	6
- Other Services		-	-
<b>Remuneration for other services</b>		<b>6</b>	<b>6</b>
<b>Total Auditor Remuneration</b>		<b>65</b>	<b>54</b>
<b>2. Operating Lease Payments are attributable to:</b>			
Computers		311	349
Motor Vehicles		185	277
		<b>496</b>	<b>626</b>

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	Notes	Impairment Costs		Depreciation/Amortisation	
		Actual 2013	Actual 2012	Actual 2013	Actual 2012
<b>(d) Depreciation, Amortisation &amp; Impairment</b>					
Plant and Equipment		-	-	1,242	1,345
Office Equipment		-	-	16	25
Furniture & Fittings		-	-	45	52
Land Improvements (depreciable)		-	-	27	28
Buildings - Non Specialised		30	-	920	1,205
Other Structures		35	100	637	508
Infrastructure:					
- Roads, Bridges & Footpaths		-	389	7,354	8,388
- Stormwater Drainage		-	-	147	167
- Water Supply Network		-	-	1,441	1,609
- Sewerage Network		(10)	121	1,338	1,384
Other Assets					
- Library Books		-	-	88	136
Asset Reinstatement Costs	9 & 26	-	-	79	71
Intangible Assets	25	-	-	134	119
<b>Total Depreciation &amp; Impairment Costs</b>		<b>55</b>	<b>610</b>	<b>13,468</b>	<b>15,037</b>
less: Capitalised Costs & Impairment Rev		(122)	-	-	-
less: Impairments (to)/from ARR [Equity]	9a	(55)	(610)	-	-
<b>TOTAL DEPRECIATION &amp; IMPAIRMENT COSTS EXPENSED</b>		<b>(122)</b>	<b>-</b>	<b>13,468</b>	<b>15,037</b>

\$ '000	Notes	Actual 2013	Actual 2012
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#### (e) Other Expenses

Bad & Doubtful Debts		34	27
Contributions/Levies to Other Levels of Government			
- Emergency Services Levy		48	46
- NSW Fire Brigade Levy		50	51
- NSW Rural Fire Service Levy		464	454
- Other Contributions/Levies		285	211
Councillor Expenses - Mayoral Fee		22	22
Councillor Expenses - Councillors' Fees		90	90
Councillors' Expenses (incl. Mayor) - Other (excluding fees above)		47	39
Donations, Contributions & Assistance		281	324
Electricity & Heating		1,122	842
Family Day Care Centre		879	819
Insurance		866	809
Property Rental		34	40
Recognition of Provision for Redbank Dam Repairs		-	200
Street Lighting		259	212
Telephone & Communications		229	201
Other		19	-
<b>Total Other Expenses</b>		<b>4,729</b>	<b>4,387</b>
less: Capitalised Costs		-	-
<b>TOTAL OTHER EXPENSES</b>		<b>4,729</b>	<b>4,387</b>



## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	Notes	Actual 2013	Actual 2012
<b>Property</b> (excl. Investment Property)			
Proceeds from Disposal - Property		140	377
less: Carrying Amount of Property Assets Sold / Written Off		(50)	(387)
<b>Net Gain/(Loss) on Disposal</b>		<b>90</b>	<b>(10)</b>
<b>Plant &amp; Equipment</b>			
Proceeds from Disposal - Plant & Equipment		856	507
less: Carrying Amount of P&E Assets Sold / Written Off		(1,214)	(453)
<b>Net Gain/(Loss) on Disposal</b>		<b>(358)</b>	<b>54</b>
<b>Infrastructure</b>			
less: Carrying Amount of Infrastructure Assets Sold / Written Off		(2,094)	(2,543)
<b>Net Gain/(Loss) on Disposal</b>		<b>(2,094)</b>	<b>(2,543)</b>
<b>Real Estate Assets Held For Sale</b>			
Proceeds from Disposal - Real Estate Assets		823	1,697
less: Carrying Amount of Real Estate Assets Sold / Written Off		(774)	(859)
<b>Net Gain/(Loss) on Disposal</b>		<b>49</b>	<b>838</b>
<b>Financial Assets*</b>			
Proceeds from Disposal / Redemptions / Maturities - Financial Assets		29,800	29,493
less: Carrying Amount of Financial Assets Sold / Redeemed / Matured		(29,800)	(29,500)
<b>Net Gain/(Loss) on Disposal</b>		<b>-</b>	<b>(7)</b>
<b><u>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</u></b>		<b><u>(2,313)</u></b>	<b><u>(1,668)</u></b>
<b>* Financial Assets disposals / redemptions include:</b>			
- Net Gain/(Loss) from Financial Instruments "At Fair Value through profit & loss"		-	(7)
<b>Net Gain/(Loss) on Disposal of Financial Instruments</b>		<b>-</b>	<b>(7)</b>

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 6a. - Cash Assets and Note 6b. - Investments

\$ '000	Notes	2013	2013	2012	2012
		Actual Current	Actual Non Current	Actual Current	Actual Non Current
<b>Cash &amp; Cash Equivalents (Note 6a)</b>					
Cash on Hand and at Bank		580	-	205	-
Cash-Equivalent Assets <sup>1</sup>					
- Deposits at Call		315	-	1,244	-
- Short Term Deposits		20,600	-	34,800	-
<b>Total Cash &amp; Cash Equivalents</b>		<b>21,495</b>	<b>-</b>	<b>36,249</b>	<b>-</b>
<b>Investments (Note 6b)</b>					
- Long Term Deposits		13,000	-	-	-
- Equity Linked Notes		512	975	-	1,442
<b>Total Investments</b>		<b>13,512</b>	<b>975</b>	<b>-</b>	<b>1,442</b>
<b>TOTAL CASH ASSETS, CASH EQUIVALENTS &amp; INVESTMENTS</b>		<b>35,007</b>	<b>975</b>	<b>36,249</b>	<b>1,442</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>21,495</b>	<b>-</b>	<b>36,249</b>	<b>-</b>
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#### Investments

b. "Held to Maturity"	6(b-ii)	13,000	-	-	-
d. "Available for Sale"	6(b-iv)	512	975	-	1,442
<b>Investments</b>		<b>13,512</b>	<b>975</b>	<b>-</b>	<b>1,442</b>

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	2013 Actual Current	2013 Actual Non Current	2012 Actual Current	2012 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	-	-	1,000	-
Additions	42,800	-	27,500	-
Disposals (sales & redemptions)	(29,800)	-	(28,500)	-
<b>Balance at End of Year</b>	<b>13,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Comprising:</b>				
- Long Term Deposits	13,000	-	-	-
<b>Total</b>	<b>13,000</b>	<b>-</b>	<b>-</b>	<b>-</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	-	1,442	-	1,331
Revaluation - transfer gain (loss) to ARR in Equity	-	45	-	111
Transfers between Current/Non Current	512	(512)	-	-
<b>Balance at End of Year</b>	<b>512</b>	<b>975</b>	<b>-</b>	<b>1,442</b>
<b>Comprising:</b>				
- Equity Linked Notes	512	975	-	1,442
<b>Total</b>	<b>512</b>	<b>975</b>	<b>-</b>	<b>1,442</b>

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	2013	2013	2012	2012
	Actual Current	Actual Non Current	Actual Current	Actual Non Current
<b>Total Cash, Cash Equivalents and Investments</b>	<b>35,007</b>	<b>975</b>	<b>36,249</b>	<b>1,442</b>
<b>attributable to:</b>				
External Restrictions (refer below)	20,302	975	22,800	1,442
Internal Restrictions (refer below)	8,272	-	6,369	-
Unrestricted	6,433	-	7,080	-
	<b>35,007</b>	<b>975</b>	<b>36,249</b>	<b>1,442</b>

2013 \$ '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-Sewer (A)	2,022	-	(2,022)	-
Trust Deposits	1,235	749	(736)	1,248
<b>External Restrictions - Included in Liabilities</b>	<b>3,257</b>	<b>749</b>	<b>(2,758)</b>	<b>1,248</b>

##### External Restrictions - Other

Developer Contributions - General (D)	3,363	2,193	(2,781)	2,775
Developer Contributions - Water Fund (D)	1,845	841	-	2,686
Developer Contributions - Sewer Fund (D)	596	347	-	943
Specific Purpose Unexpended Grants (F)	4,182	-	(242)	3,940
Specific Purpose Unexpended Grants-Water Fund (F)	11	-	-	11
Water Supplies (G)	1,899	318	-	2,217
Sewerage Services (G)	6,554	-	(2,257)	4,297
Domestic Waste Management (G)	2,128	594	-	2,722
Bequest - Simpkins Park	92	4	-	96
Bequest - Kandos Museum	31	1	-	32
Community Services	77	-	-	77
Community Tenancy Scheme	150	23	(4)	169
Family Day Care	57	7	-	64
<b>External Restrictions - Other</b>	<b>20,985</b>	<b>4,328</b>	<b>(5,284)</b>	<b>20,029</b>
<b>Total External Restrictions</b>	<b>24,242</b>	<b>5,077</b>	<b>(8,042)</b>	<b>21,277</b>

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

2013 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
<b>Internal Restrictions</b>				
Plant & Vehicle Replacement	1,605	2,207	(2,336)	1,476
Employees Leave Entitlement	2,185	20	-	2,205
Airport Development	(336)	115	(13)	(234)
Asset Replacement	800	1,115	(1,060)	855
Capital Program	227	912	(557)	582
Community Services (Rylstone)	19	-	-	19
Council Elections	153	60	(138)	75
Emergency Disaster	200	-	-	200
Land Development	1,151	600	(39)	1,712
Saleyards	66	15	(18)	63
State Roads Warranty	299	48	-	347
Community Plan	-	972	-	972
<b>Total Internal Restrictions</b>	<b>6,369</b>	<b>6,064</b>	<b>(4,161)</b>	<b>8,272</b>
<b>TOTAL RESTRICTIONS</b>	<b>30,611</b>	<b>11,141</b>	<b>(12,203)</b>	<b>29,549</b>

- A** Loan moneys which must be applied for the purposes for which the loans were raised.
- D** Development contributions which are not yet expended for the provision of services and amenities in accordance with contributions plans (refer Note 17).
- F** Grants which are not yet expended for the purposes for which the grants were obtained. (refer Note 1)
- G** Water, Sewerage, Domestic Waste Management (DWM) & other Special Rates/Levies/Charges are externally restricted assets and must be applied for the purposes for which they were raised.

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 7. Receivables

\$ '000	Notes	2013		2012	
		Current	Non Current	Current	Non Current
<b>Purpose</b>					
Rates & Annual Charges		1,195	-	693	-
Interest & Extra Charges		155	-	156	-
User Charges & Fees		2,550	-	2,830	-
Contributions to Works		2,289	-	-	-
Accrued Revenues					
- Interest on Investments		173	-	148	-
- Other Income Accruals		118	-	-	-
Government Grants & Subsidies		1,233	-	550	-
Net GST Receivable		74	-	576	-
Other Debtors		186	-	40	-
<b>Total</b>		<b>7,973</b>	<b>-</b>	<b>4,993</b>	<b>-</b>
<b>less: Provision for Impairment</b>					
Rates & Annual Charges		(83)	-	(61)	-
Interest & Extra Charges		(7)	-	(2)	-
User Charges & Fees		(27)	-	(21)	-
<b>Total Provision for Impairment - Receivables</b>		<b>(117)</b>	<b>-</b>	<b>(84)</b>	<b>-</b>
<b><u>TOTAL NET RECEIVABLES</u></b>		<b><u>7,856</u></b>	<b><u>-</u></b>	<b><u>4,909</u></b>	<b><u>-</u></b>
<b>Externally Restricted Receivables</b>					
<b>Water Supply</b>					
- Specific Purpose Grants		13	-	161	-
- Rates & Availability Charges		42	-	38	-
- Other		1,519	-	1,231	-
<b>Sewerage Services</b>					
- Specific Purpose Grants		856	-	-	-
- Rates & Availability Charges		118	-	95	-
- Other		310	-	122	-
<b>Domestic Waste Management</b>					
- S93F Voluntary Planning Agreement		184	-	112	-
		458	-	-	-
<b>Total External Restrictions</b>		<b>3,500</b>	<b>-</b>	<b>1,759</b>	<b>-</b>
<b>Internally Restricted Receivables</b>					
Nil					
<b>Unrestricted Receivables</b>		<b>4,356</b>	<b>-</b>	<b>3,150</b>	<b>-</b>
<b>TOTAL NET RECEIVABLES</b>		<b>7,856</b>	<b>-</b>	<b>4,909</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 was charged on overdue rates & charges at 10.00% (2012 11.00%).  
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 2013

#### Note 8. Inventories & Other Assets

\$ '000	Notes	2013		2012	
		Current	Non Current	Current	Non Current
<b>Inventories</b>					
Real Estate for resale (refer below)		344	-	1,118	-
Stores & Materials		865	-	805	-
Gravel Stockpile		191	-	-	-
Other		-	-	181	-
<b>Total Inventories</b>		<b>1,400</b>	<b>-</b>	<b>2,104</b>	<b>-</b>
<b>Other Assets</b>					
Nil					
<b>TOTAL INVENTORIES / OTHER ASSETS</b>		<b>1,400</b>	<b>-</b>	<b>2,104</b>	<b>-</b>
<b>Externally Restricted Assets</b>					
<b>Water</b>					
Stores & Materials		290	-	309	-
Prepayments		-	-	-	3
<b>Total Water</b>		<b>290</b>	<b>-</b>	<b>309</b>	<b>3</b>
<b>Sewerage</b>					
Stores & Materials		26	-	30	-
<b>Total Sewerage</b>		<b>26</b>	<b>-</b>	<b>30</b>	<b>-</b>
<b>Domestic Waste Management</b>					
Nil					
<b>Other</b>					
Nil					
<b>Total Externally Restricted Assets</b>		<b>316</b>	<b>-</b>	<b>339</b>	<b>3</b>
<b>Total Internally Restricted Assets</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Unrestricted Assets</b>		<b>1,084</b>	<b>-</b>	<b>1,765</b>	<b>(3)</b>
<b>TOTAL INVENTORIES &amp; OTHER ASSETS</b>		<b>1,400</b>	<b>-</b>	<b>2,104</b>	<b>-</b>

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 8. Inventories & Other Assets (continued)

\$ '000	2013		2012	
	Current	Non Current	Current	Non Current
<b>(i) Other Disclosures</b>				
<b>(a) Details for Real Estate Development</b>				
Industrial/Commercial	344	-	1,118	-
<b>Total Real Estate for Resale</b>	<b>344</b>	<b>-</b>	<b>1,118</b>	<b>-</b>
(Valued at the lower of cost and net realisable value)				
<b>Represented by:</b>				
Development Costs	300	-	848	-
Other Properties - Book Value	44	-	270	-
<b>Total Costs</b>	<b>344</b>	<b>-</b>	<b>1,118</b>	<b>-</b>
<b>Total Real Estate for Resale</b>	<b>344</b>	<b>-</b>	<b>1,118</b>	<b>-</b>
<b>Movements:</b>				
Real Estate assets at beginning of the year	1,118	-	1,824	254
- Purchases and other costs	-	-	30	-
- Transfers in from (out to) Note 9	-	-	(131)	-
- WDV of Sales (exp) 5	(774)	-	(859)	-
- Transfer between Current/Non Current	-	-	254	(254)
<b>Total Real Estate for Resale</b>	<b>344</b>	<b>-</b>	<b>1,118</b>	<b>-</b>
<b>(b) Inventories recognised as an expense for the year included:</b>				
- Real Estate for Resale			774	859
- Stores & Materials			2,079	2,129

#### (c) Inventory Write Downs

\$9,097 was recognised as an expense relating to the write down of Inventory balances held during the year.



Mid-Western Regional Council

Notes to the Financial Statements  
for the financial year ended 30 June 2013

Note 9a. Infrastructure, Property, Plant & Equipment

\$ '000	as at 30/6/2012					Asset Movements during the Reporting Period											as at 30/6/2013						
	At Cost	At Fair Value	Accumulated Dep'n	Impairment	Carrying Value	Asset Additions	Reinstatement Costs for Impaired	WDV of Asset Disposals	Depreciation Expense	Impairment Loss (recognised in Equity)	Impairment Reversal (via P/L)	Impairment Reversal (via Equity)	WIP Transfers	Adjustments & Transfers	Other Movements	Revaluation Decrements to Equity (ARR)	Revaluation Increments to Equity (ARR)	At Cost	At Fair Value	Accumulated Dep'n	Impairment	Carrying Value	
	Capital Work in Progress	11,012	-	-	-	11,012	12,217	-	-	-	-	-	-	(4,498)	-	(11)	-	-	18,720	-	-	-	-
Plant & Equipment	-	23,800	10,210	-	13,590	3,179	-	(1,214)	(1,242)	-	-	-	-	(12)	-	-	-	-	23,996	9,695	-	-	14,301
Office Equipment	-	2,722	2,697	-	25	-	-	-	(16)	-	-	-	-	-	-	-	-	-	2,719	2,710	-	-	9
Furniture & Fittings	-	582	317	-	265	139	-	-	(45)	-	-	-	-	-	-	-	-	-	724	365	-	-	359
<b>Land:</b>																							
- Operational Land	-	32,776	-	-	32,776	339	-	(50)	-	-	-	-	8	-	-	(3,314)	-	-	29,759	-	-	-	29,759
- Community Land	-	10,601	-	-	10,601	67	-	-	-	-	-	-	1	-	-	-	-	-	10,669	-	-	-	10,669
- Land under Roads (post 30/6/08)	-	1,192	-	-	1,192	5	-	-	-	-	-	-	6	-	-	-	-	-	1,203	-	-	-	1,203
Land Improvements - non depreciable	-	1,427	-	260	1,167	-	206	-	-	-	54	-	15	-	-	-	-	-	1,442	-	-	-	1,442
Land Improvements - depreciable	-	503	217	-	286	2	-	-	(27)	-	-	-	-	-	-	-	-	-	505	244	-	-	261
Buildings	-	71,541	10,513	-	61,028	4,775	-	(1,286)	(920)	(30)	-	-	2,051	12	-	(12,496)	-	-	84,272	31,108	30	-	53,134
Other Structures	-	23,118	8,399	232	14,487	2,404	4	(135)	(637)	(35)	68	-	832	-	-	-	-	-	26,050	8,867	195	-	16,988
<b>Infrastructure:</b>																							
- Roads, Bridges, Footpaths	-	328,785	114,920	1,296	212,569	7,831	121	(494)	(7,354)	-	-	-	391	-	-	-	-	-	335,378	121,139	1,175	-	213,064
- Bulk Earthworks (non-depreciable)	-	73,742	-	-	73,742	928	-	-	-	-	-	-	-	-	-	-	-	-	74,670	-	-	-	74,670
- Stormwater Drainage	-	13,538	7,944	-	5,594	126	-	-	(147)	-	-	-	-	-	-	-	-	-	13,664	8,091	-	-	5,573
- Water Supply Network	-	94,322	37,375	-	56,947	1,549	-	(115)	(1,441)	-	-	-	1,184	-	-	-	1,453	-	99,119	39,542	-	-	59,577
- Sewerage Network	-	84,137	36,293	132	47,712	1,552	122	(64)	(1,338)	-	-	10	10	-	-	-	1,200	-	87,697	38,493	-	-	49,204
<b>Other Assets:</b>																							
- Library Books	-	2,162	1,575	-	587	106	-	-	(88)	-	-	-	-	-	-	-	-	-	2,268	1,663	-	-	605
<b>Reinstatement, Rehabilitation &amp; Restoration Assets (refer Note 26)</b>																							
- Tip Asset	-	832	422	-	410	-	-	-	(54)	-	-	-	-	-	19	-	-	-	852	477	-	-	375
- Quarry Asset	-	227	84	-	143	-	-	-	(25)	-	-	-	-	-	(22)	-	-	-	204	108	-	-	96
<b>TOTAL INFRASTRUCTURE, PROPERTY, PLANT &amp; EQUIP.</b>	<b>11,012</b>	<b>766,007</b>	<b>230,966</b>	<b>1,920</b>	<b>544,133</b>	<b>35,219</b>	<b>453</b>	<b>(3,358)</b>	<b>(13,334)</b>	<b>(65)</b>	<b>122</b>	<b>10</b>	<b>-</b>	<b>-</b>	<b>(14)</b>	<b>(15,810)</b>	<b>2,653</b>	<b>18,720</b>	<b>795,191</b>	<b>262,502</b>	<b>1,400</b>	<b>-</b>	<b>550,009</b>

Additions to Depreciable Land Improvements, Buildings, Other Structures & Infrastructure Assets are made up of Asset Renewals (\$18,484) and New Assets (\$5,151). Renewals are defined as the replacement of existing assets (as opposed to the acquisition of new assets).

## Mid-Western Regional Council

### Notes to the Financial Statements for the financial year ended 30 June 2013

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

\$ '000 Class of Asset	Actual 2013				Actual 2012			
	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>								
WIP	123	-	-	123	1,206	-	-	1,206
Land								
- Operational Land	-	1,097	-	1,097	-	2,337	-	2,337
- Community Land	-	845	-	845	-	845	-	845
Buildings	-	38	8	30	-	655	57	598
Infrastructure	-	99,120	39,542	59,578	-	94,322	37,375	56,947
<b>Total Water Supply</b>	<b>123</b>	<b>101,100</b>	<b>39,550</b>	<b>61,673</b>	<b>1,206</b>	<b>98,159</b>	<b>37,432</b>	<b>61,933</b>
<b>Sewerage Services</b>								
WIP	17,149	-	-	17,149	6,208	-	-	6,208
Land								
- Operational Land	-	946	-	946	-	969	-	969
- Community Land	-	521	-	521	-	521	-	521
Buildings	-	763	207	556	-	531	72	459
Infrastructure	-	87,698	38,493	49,205	-	84,137	36,425	47,712
<b>Total Sewerage Services</b>	<b>17,149</b>	<b>89,928</b>	<b>38,700</b>	<b>68,377</b>	<b>6,208</b>	<b>86,158</b>	<b>36,497</b>	<b>55,869</b>
<b>Domestic Waste Management</b>								
WIP	250	-	-	250	323	-	-	323
Plant & Equipment	-	1,237	655	582	-	1,538	783	755
Land								
- Operational Land'	-	1,480	-	1,480	-	2,312	-	2,312
- Community Land	-	274	-	274	-	275	-	275
- Improvements - depreciable	-	285	217	68	-	283	194	89
Buildings	-	1,284	484	800	-	848	70	778
Other Structures	-	3,082	1,263	1,819	-	-	-	-
Infrastructure	-	428	39	389	-	-	-	-
Other Assets	-	11	-	11	-	4,158	1,596	2,562
<b>Total DWM</b>	<b>250</b>	<b>8,081</b>	<b>2,658</b>	<b>5,673</b>	<b>323</b>	<b>9,414</b>	<b>2,643</b>	<b>7,094</b>
<b>TOTAL RESTRICTED I,PP&amp;E</b>	<b>17,522</b>	<b>199,109</b>	<b>80,908</b>	<b>135,723</b>	<b>7,737</b>	<b>193,731</b>	<b>76,572</b>	<b>124,896</b>

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	Notes	Actual 2013	Actual 2012
<b>(i) Reversals of Impairment Losses previously recognised in the Income Statement include:</b>			
- Other Structures damages in December 2010 floods		68	-
- Land improvements damaged in December 2010 floods		54	-
<b>Total Impairment Reversals</b>		<b>122</b>	<b>-</b>
<b><u>IMPAIRMENT of ASSETS - GAINS/(LOSSES) in P/L</u></b>	4(d)	<b><u>122</u></b>	<b><u>-</u></b>
<b>(ii) Impairment Losses recognised direct to Equity (ARR) include:</b>			
- Flood damage to netball courts at Glen Willow		-	(100)
- Roads damaged during March 2012 flooding		-	(389)
- Sewer infrastructure damaged in lightning strike		-	(121)
- Vandalism at Bellevue Playground		(35)	-
- Damage to Rylstone Showground building		(30)	-
<b>Total Impairment Losses</b>		<b>(65)</b>	<b>(610)</b>
<b>(iii) Reversals of Impairment Losses previously recognised direct to Equity (ARR) include:</b>			
- Sewer infrastructure damaged in lightning strike		10	-
<b>Total Impairment Reversals</b>		<b>10</b>	<b>-</b>
<b><u>IMPAIRMENT of ASSETS - DIRECT to EQUITY (ARR)</u></b>	20 (ii)	<b><u>(55)</u></b>	<b><u>(610)</u></b>

Refer to Note 9(a) for Impairment Restoration Works totalling \$453K undertaken this year relating to current year or prior year Impairments.

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	Notes	2013		2012	
		Current	Non Current	Current	Non Current
<b>Payables</b>					
Goods & Services - operating expenditure		2,881	-	1,902	-
Goods & Services - capital expenditure		1,050	-	2,646	-
Payments Received In Advance		521	-	512	-
Accrued Expenses:					
- Borrowings		238	-	107	-
- Salaries & Wages		444	-	416	-
Security Bonds, Deposits & Retentions		1,248	-	1,235	-
Other		29	-	45	-
<b>Total Payables</b>		<b>6,411</b>	<b>-</b>	<b>6,863</b>	<b>-</b>
<b>Borrowings</b>					
Loans - Secured (over Council's General Rating Income)		1,249	20,490	1,052	13,170
Government Advances		5	16	-	-
<b>Total Borrowings</b>		<b>1,254</b>	<b>20,506</b>	<b>1,052</b>	<b>13,170</b>
<b>Provisions</b>					
<b>Employee Benefits;</b>					
Annual Leave		1,338	-	1,206	-
Sick Leave		1,228	-	1,317	-
Long Service Leave		2,815	201	2,866	189
Sub Total - Aggregate Employee Benefits		<b>5,381</b>	<b>201</b>	<b>5,389</b>	<b>189</b>
Asset Remediation/Restoration (Future Works)	26	96	938	113	900
Other (Stabilisation Works Redbank Dam)		171	-	200	-
Other		200	-	-	-
<b>Total Provisions</b>		<b>5,848</b>	<b>1,139</b>	<b>5,702</b>	<b>1,089</b>
<b>Total Payables, Borrowings &amp; Provisions</b>		<b>13,513</b>	<b>21,645</b>	<b>13,617</b>	<b>14,259</b>
<b>(i) Liabilities relating to Restricted Assets</b>					
		2013		2012	
		Current	Non Current	Current	Non Current
<b>Externally Restricted Assets</b>					
Water		821	3,858	906	4,204
Sewer		853	9,892	1,352	5,581
Domestic Waste Management		154	1,240	196	1,264
Trust Deposits		1,248	-	1,235	-
<b>Liabilities relating to externally restricted assets</b>		<b>3,076</b>	<b>14,990</b>	<b>3,689</b>	<b>11,049</b>
<b>Internally Restricted Assets</b>					
Employee Leave Entitlements		2,205	-	2,185	-
Community Plan		654	-	-	-
<b>Liabilities relating to internally restricted assets</b>		<b>2,859</b>	<b>-</b>	<b>2,185</b>	<b>-</b>
<b>Total Liabilities relating to restricted assets</b>		<b>5,935</b>	<b>14,990</b>	<b>5,874</b>	<b>11,049</b>
<b>Total Liabilities relating to Unrestricted Assets</b>		<b>7,578</b>	<b>6,655</b>	<b>7,743</b>	<b>3,210</b>
<b>TOTAL PAYABLES, BORROWINGS &amp; PROVISIONS</b>		<b>13,513</b>	<b>21,645</b>	<b>13,617</b>	<b>14,259</b>

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	Actual 2013	Actual 2012
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#### (ii) Current Liabilities not anticipated to be settled within the next 12 months

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

Provisions - Employees Benefits	3,926	4,177
	<u>3,926</u>	<u>4,177</u>

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

Class of Provision	2012		2013			
	Opening Balance as at 1/7/12	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	Closing Balance as at 30/6/13
Annual Leave	1,206	1,281	(1,149)	-	-	1,338
Sick Leave	1,317	84	(113)	(60)	-	1,228
Long Service Leave	3,055	559	(447)	(151)	-	3,016
Asset Remediation	1,013	455	(20)	(69)	(345)	1,034
Other	200	200	(29)	-	-	371
<b>TOTAL</b>	<b>6,791</b>	<b>2,579</b>	<b>(1,758)</b>	<b>(280)</b>	<b>(345)</b>	<b>6,987</b>

- 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.
- 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.
- Other provisions represent Council's current estimate of its remaining contribution to safety works at Redbank Dam, \$171,000; and provision for costs awarded against Council by NSW Land and Environment Court.

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	Notes	Actual 2013	Actual 2012
<b>(a) Reconciliation of Cash Assets</b>			
Total Cash & Cash Equivalent Assets	6a	21,495	36,249
Less Bank Overdraft	10	-	-
<b>BALANCE as per the STATEMENT of CASH FLOWS</b>		<b>21,495</b>	<b>36,249</b>
<b>(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities</b>			
<b>Net Operating Result from Income Statement</b>		<b>12,176</b>	<b>8,360</b>
<b>Adjust for non cash items:</b>			
Depreciation & Amortisation		13,468	15,037
Net Losses/(Gains) on Disposal of Assets		2,313	1,668
Non Cash Capital Grants and Contributions		(2,022)	(51)
Impairment Losses Recognition - I,PP&E		(122)	-
Reversal of prior period I,PP&E revaluation decrements costed DIRECT to the P&L		-	(94)
Unwinding of Discount Rates on Reinstatement Provisions		(44)	(169)
<b>+/- Movement in Operating Assets and Liabilities &amp; Other Cash Items:</b>			
Decrease/(Increase) in Receivables		(2,980)	994
Increase/(Decrease) in Provision for Doubtful Debts		33	10
Decrease/(Increase) in Inventories		(70)	56
Decrease/(Increase) in Other Assets		-	13
Increase/(Decrease) in Payables		979	(399)
Increase/(Decrease) in accrued Interest Payable		131	25
Increase/(Decrease) in other accrued Expenses Payable		28	387
Increase/(Decrease) in Other Liabilities		6	247
Increase/(Decrease) in Employee Leave Entitlements		4	820
Increase/(Decrease) in Other Provisions		236	474
<b>NET CASH PROVIDED FROM/(USED IN)</b>		<b>24,136</b>	<b>27,378</b>
<b>OPERATING ACTIVITIES from the STATEMENT of CASH FLOWS</b>		<b>24,136</b>	<b>27,378</b>

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	Notes	Actual 2013	Actual 2012
<b>(c) Non-Cash Investing &amp; Financing Activities</b>			
Other Dedications		2,022	-
Other Non Cash Items		-	51
<b>Total Non-Cash Investing &amp; Financing Activities</b>		<b>2,022</b>	<b>51</b>
<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
Operating Lease Facility		600	600
<b>Total Financing Arrangements</b>		<b>1,500</b>	<b>1,810</b>
<b>Amounts utilised as at Balance Date:</b>			
- Credit Cards / Purchase Cards		29	29
- Operating Lease Facility		343	271
<b>Total Financing Arrangements Utilised</b>		<b>372</b>	<b>300</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 2013

#### Note 12. Commitments for Expenditure

\$ '000	Notes	Actual 2013	Actual 2012
<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		134	2,956
Plant & Equipment		7	-
Other Structures		140	22
Roads & Transport		488	703
Water Supply Network		26	200
Sewerage Network		2,000	10,426
Other Assets		-	40
Recreational Facilities		70	-
Waste Management		-	52
Drainage		121	68
Land		180	-
Other		70	-
<b>Total Commitments</b>		<b>3,236</b>	<b>14,467</b>
<b>These expenditures are payable as follows:</b>			
Within the next year		3,236	14,467
<b>Total Payable</b>		<b>3,236</b>	<b>14,467</b>
<b>Sources for Funding of Capital Commitments:</b>			
Unrestricted General Funds		72	300
Future Grants & Contributions		1,891	2,920
Sect 64 & 94 Funds/Reserves		246	1,134
Unexpended Grants		90	311
Externally Restricted Reserves		198	370
Internally Restricted Reserves		739	157
Unexpended Loans		-	2,022
New Loans (to be raised)		-	7,253
<b>Total Sources of Funding</b>		<b>3,236</b>	<b>14,467</b>



## Mid-Western Regional Council

### Notes to the Financial Statements for the financial year ended 30 June 2013

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

\$ '000	Notes	Actual 2013	Actual 2012
<b>(b) Finance Lease Commitments</b>			
Nil			
<b>(c) Operating Lease Commitments (Non Cancellable)</b>			
<b>a. Commitments under Non Cancellable Operating Leases at the Reporting date, but not recognised as Liabilities are payable:</b>			
Within the next year		282	324
Later than one year and not later than 5 years		280	332
Later than 5 years		-	-
<b>Total Non Cancellable Operating Lease Commitments</b>		<b>562</b>	<b>656</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.

**Conditions relating to Operating Leases:**

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

#### **(d) Investment Property Commitments**

Nil

## Mid-Western Regional Council

### Notes to the Financial Statements for the financial year ended 30 June 2013

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

\$ '000	Amounts	Indicator	Prior Periods	
	2013	2013	2012	2011
<b>Local Government Industry Indicators - Consolidated</b>				
<b>1. Unrestricted Current Ratio</b>				
Current Assets less all External Restrictions <sup>(1)</sup>	<b>20,145</b>	<b>3.09 : 1</b>	3.19	3.45
Current Liabilities less Specific Purpose Liabilities <sup>(2,3)</sup>	<b>6,511</b>			
<b>2. Debt Service Ratio</b>				
Debt Service Cost	<b>4,045</b>	<b>8.93%</b>	2.71%	2.56%
Income from Continuing Operations (excl. Capital Items & Specific Purpose Grants/Contributions)	<b>45,320</b>			
<b>3. Rates &amp; Annual Charges Coverage Ratio</b>				
Rates & Annual Charges	<b>22,987</b>	<b>35.18%</b>	35.43%	37.27%
Income from Continuing Operations	<b>65,332</b>			
<b>4. Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage</b>				
Rates, Annual & Extra Charges Outstanding	<b>1,260</b>	<b>5.25%</b>	3.53%	3.73%
Rates, Annual & Extra Charges Collectible	<b>24,008</b>			
<b>5. Building &amp; Infrastructure Renewals Ratio</b>				
Asset Renewals <sup>(4)</sup>	<b>16,146</b>	<b>143.90%</b>	96.12%	84.48%
Depreciation, Amortisation & Impairment	<b>11,220</b>			

#### Notes

<sup>(1)</sup> Refer Notes 6-8 inclusive.

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

<sup>(2)</sup> Refer to Note 10(a).

<sup>(3)</sup> Refer to Note 10(a)(ii) - excludes all payables & provisions not expected to be paid in the next 12 months (incl. ELE).

<sup>(4)</sup> Asset Renewals represent the replacement &/or refurbishment of existing assets to an equivalent capacity/performance as opposed to the acquisition of new assets (or the refurbishment of old assets) that increases capacity/performance. Asset Renewals include building and infrastructure assets only.

## Mid-Western Regional Council

### Notes to the Financial Statements for the financial year ended 30 June 2013

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

\$ '000	Amounts 2013	Indicator 2013	Prior Periods	
			2012	2011
<b>TCorp Performance Measures - Consolidated</b>				
<b>a. Operating Performance</b>				
Operating Revenue (excl. Capital Grants & Contributions)				
<u>- Operating Expenses</u>	<b>(1,240)</b>	<b>-2.39%</b>	0.09%	-6.34%
Operating Revenue (excl. Capital Grants & Contributions)	<b>51,916</b>			
<b>b. Own Source Operating Revenue</b>				
Rates & Annual Charges + User Charges & Fees	<b>35,432</b>	<b>54.23%</b>	54.03%	55.01%
<u>Total Operating Revenue (incl. Capital Grants &amp; Contributions)</u>	<b>65,332</b>			
<b>c. Unrestricted Current Ratio</b>				
<u>Current Assets less all External Restrictions</u>	<b>20,145</b>	<b>3.09</b>	3.19	3.11
Current Liabilities less Specific Purpose Liabilities	<b>6,511</b>			
<b>d. Debt Service Cover Ratio</b>				
<u>Operating Result before Interest &amp; Depreciation (EBITDA)</u>	<b>13,677</b>	<b>3.36</b>	13.06	12.16
Principal Repayments (from the Statement of Cash Flows)	<b>4,070</b>			
+ Borrowing Interest Costs (from the Income Statement)				
<b>e. Capital Expenditure Ratio</b>				
<u>Annual Capital Expenditure</u>	<b>32,314</b>	<b>2.40</b>	1.79	1.53
Annual Depreciation	<b>13,468</b>			
<b>f. Infrastructure Backlog Ratio</b>				
<u>Estimated Cost to bring Assets to a Satisfactory Condition</u>	<b>67,756</b>	<b>0.17</b>	0.24	0.26
Total value of Infrastructure, Building, Other Structures & Depreciable Land Improvement Assets	<b>397,801</b>			
<b>g. Asset Maintenance Ratio</b>				
<u>Actual Asset Maintenance</u>	<b>7,196</b>	<b>0.95</b>	0.90	0.85
Required Asset Maintenance	<b>7,536</b>			
<b>h. Building &amp; Infrastructure Renewals Ratio</b>				
<u>Asset Renewals</u>	<b>16,146</b>	<b>1.44</b>	0.96	0.66
Depreciation of Building and Infrastructure Assets	<b>11,220</b>			
<b>i. Cash Expense Cover Ratio</b>				
<u>Current Year's Cash &amp; Cash Equivalents</u> x12	<b>21,495</b>	<b>6.75</b>	12.10	8.90
(Total Expenses - Depreciation - Interest Costs)	<b>3,187</b>			
<b>j. Interest Cover Ratio</b>				
<u>Operating Results before Interest &amp; Depreciation (EBITDA)</u>	<b>13,677</b>	<b>9.44</b>	27.94	23.93
Borrowing Interest Costs (from the income statement)	<b>1,449</b>			

# Mid-Western Regional Council

## Notes to the Financial Statements for the financial year ended 30 June 2013

### Note 13a(ii). Local Government Industry Indicators - Graphs (Consolidated)

<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>2010</td> <td>3.07</td> </tr> <tr> <td>2011</td> <td>3.45</td> </tr> <tr> <td>2012</td> <td>3.19</td> </tr> <tr> <td>2013</td> <td>3.09</td> </tr> </tbody> </table>	Year	Ratio : 1	2010	3.07	2011	3.45	2012	3.19	2013	3.09	<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 2012/13 Result</b></p> <p><b>2012/13 Ratio 3.09 : 1</b></p> <p>Council's unrestricted current ratio remains consistent with prior years. The decrease is in line with expectations, given Council's capital expenditure and borrowings program.</p>
Year	Ratio : 1											
2010	3.07											
2011	3.45											
2012	3.19											
2013	3.09											
<p><b>2. Debt Service Ratio</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2010</td> <td>2.65%</td> </tr> <tr> <td>2011</td> <td>2.56%</td> </tr> <tr> <td>2012</td> <td>2.71%</td> </tr> <tr> <td>2013</td> <td>8.93%</td> </tr> </tbody> </table>	Year	Ratio %	2010	2.65%	2011	2.56%	2012	2.71%	2013	8.93%	<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 2012/13 Result</b></p> <p><b>2012/13 Ratio 8.93%</b></p> <p>The increase in Debt Service Ratio is consistent with budget estimates, and is due to additional borrowings for asset renewals.</p>
Year	Ratio %											
2010	2.65%											
2011	2.56%											
2012	2.71%											
2013	8.93%											
<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>2010</td> <td>36.39%</td> </tr> <tr> <td>2011</td> <td>37.27%</td> </tr> <tr> <td>2012</td> <td>35.43%</td> </tr> <tr> <td>2013</td> <td>35.18%</td> </tr> </tbody> </table>	Year	Ratio %	2010	36.39%	2011	37.27%	2012	35.43%	2013	35.18%	<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 2012/13 Result</b></p> <p><b>2012/13 Ratio 35.18%</b></p> <p>Council's Rates and Annual Charges coverage ratio is consistent across financial years.</p>
Year	Ratio %											
2010	36.39%											
2011	37.27%											
2012	35.43%											
2013	35.18%											
<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>2010</td> <td>4.43%</td> </tr> <tr> <td>2011</td> <td>3.73%</td> </tr> <tr> <td>2012</td> <td>3.53%</td> </tr> <tr> <td>2013</td> <td>5.25%</td> </tr> </tbody> </table>	Year	Ratio %	2010	4.43%	2011	3.73%	2012	3.53%	2013	5.25%	<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 2012/13 Result</b></p> <p><b>2012/13 Ratio 5.25%</b></p> <p>Council continues to pursue strong controls around collection of rates and annual charges, however during the 2013 financial year a number of large landowners elected not to pay rates where they disputed the categorisation of their land for rating purposes. Council expects that this ratio will return to less than 4% over the coming financial year.</p>
Year	Ratio %											
2010	4.43%											
2011	3.73%											
2012	3.53%											
2013	5.25%											
<p><b>5. Building &amp; Infrastructure Renewals Ratio</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2010</td> <td>84.89%</td> </tr> <tr> <td>2011</td> <td>84.48%</td> </tr> <tr> <td>2012</td> <td>96.12%</td> </tr> <tr> <td>2013</td> <td>143.90%</td> </tr> </tbody> </table>	Year	Ratio %	2010	84.89%	2011	84.48%	2012	96.12%	2013	143.90%	<p><b>Purpose of Asset Renewals Ratio</b></p> <p>To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.</p>	<p><b>Commentary on 2012/13 Result</b></p> <p><b>2012/13 Ratio 143.90%</b></p> <p>During 2013, Council invested in a number of significant asset renewal programs.</p>
Year	Ratio %											
2010	84.89%											
2011	84.48%											
2012	96.12%											
2013	143.90%											

# Mid-Western Regional Council

## Notes to the Financial Statements for the financial year ended 30 June 2013

### Note 13a(ii). TCorp Performance Measures - Graphs (Consolidated)

<p><b>a. Operating Performance</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2011</td> <td>-6.34%</td> </tr> <tr> <td>2012</td> <td>0.09%</td> </tr> <tr> <td>2013</td> <td>-2.39%</td> </tr> </tbody> </table>	Year	Ratio %	2011	-6.34%	2012	0.09%	2013	-2.39%	<p><b>Purpose of Operating Performance Ratio</b></p> <p>This ratio measures Council's achievement of containing operating expenditure within operating revenue.</p>	<p><b>Commentary on 2012/13 Result</b></p> <p><b>2012/13 Ratio</b>    <b>-2.39%</b></p> <p>Council's Operating Performance for 2013 has outperformed the TCorp benchmark of &gt; (4.0%).</p>
Year	Ratio %									
2011	-6.34%									
2012	0.09%									
2013	-2.39%									
<p><b>b. Own Source Operating Revenue</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio %</th> </tr> </thead> <tbody> <tr> <td>2011</td> <td>55.01%</td> </tr> <tr> <td>2012</td> <td>54.03%</td> </tr> <tr> <td>2013</td> <td>54.23%</td> </tr> </tbody> </table>	Year	Ratio %	2011	55.01%	2012	54.03%	2013	54.23%	<p><b>Purpose of Own Source Operating Revenue Ratio</b></p> <p>This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants &amp; contributions.</p>	<p><b>Commentary on 2012/13 Result</b></p> <p><b>2012/13 Ratio</b>    <b>54.23%</b></p> <p>Council's own source operating revenue remains relatively consistent from year to year, however due to a number of grant funded programs, is below the TCorp benchmark of &gt; 60%.</p>
Year	Ratio %									
2011	55.01%									
2012	54.03%									
2013	54.23%									
<p><b>c. Unrestricted Current Ratio</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio (x)</th> </tr> </thead> <tbody> <tr> <td>2011</td> <td>3.11</td> </tr> <tr> <td>2012</td> <td>3.19</td> </tr> <tr> <td>2013</td> <td>3.09</td> </tr> </tbody> </table>	Year	Ratio (x)	2011	3.11	2012	3.19	2013	3.09	<p><b>Purpose of Unrestricted Current Ratio</b></p> <p>To assess the adequacy of unrestricted working capital and Council's ability to meet short term obligations as they fall due.</p>	<p><b>Commentary on 2012/13 Result</b></p> <p><b>2012/13 Ratio</b>    <b>3.09</b></p> <p>Council's unrestricted ratio remains relatively consistent across financial years, and exceeds the TCorp benchmark of &gt; 1.5.</p>
Year	Ratio (x)									
2011	3.11									
2012	3.19									
2013	3.09									
<p><b>d. Debt Service Cover Ratio</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio (x)</th> </tr> </thead> <tbody> <tr> <td>2011</td> <td>12.16</td> </tr> <tr> <td>2012</td> <td>13.06</td> </tr> <tr> <td>2013</td> <td>3.36</td> </tr> </tbody> </table>	Year	Ratio (x)	2011	12.16	2012	13.06	2013	3.36	<p><b>Purpose of Debt Service Cover Ratio</b></p> <p>This ratio measures the availability of operating cash to service debt including interest, principal and lease payments</p>	<p><b>Commentary on 2012/13 Result</b></p> <p><b>2012/13 Ratio</b>    <b>3.36 x</b></p> <p>Council's Debt Service Cover Ratio has decreased as further loan borrowings have been undertaken to address infrastructure renewal. It remains however, above the TCorp benchmark of &gt; 2 x.</p>
Year	Ratio (x)									
2011	12.16									
2012	13.06									
2013	3.36									
<p><b>e. Capital Expenditure Ratio</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio (x)</th> </tr> </thead> <tbody> <tr> <td>2011</td> <td>1.53</td> </tr> <tr> <td>2012</td> <td>1.79</td> </tr> <tr> <td>2013</td> <td>2.40</td> </tr> </tbody> </table>	Year	Ratio (x)	2011	1.53	2012	1.79	2013	2.40	<p><b>Purpose of Capital Expenditure Ratio</b></p> <p>This ratio assesses the extent to which a Council is expanding its asset base with capital expenditure (on new assets, replacement &amp; renewal of existing assets).</p>	<p><b>Commentary on 2012/13 Result</b></p> <p><b>2012/13 Ratio</b>    <b>2.40 x</b></p> <p>Council continues to undertake sizeable annual capital works programs, with a mix of new and renewal capital works. Council has continued to exceed the TCorp benchmark of &gt; 1.1 x.</p>
Year	Ratio (x)									
2011	1.53									
2012	1.79									
2013	2.40									

Mid-Western Regional Council

Notes to the Financial Statements  
for the financial year ended 30 June 2013

Note 13a(ii). TCorp Performance Measures - Graphs (Consolidated) continued

<p><b>f. Infrastructure Backlog Ratio</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio (x)</th> </tr> </thead> <tbody> <tr> <td>2011</td> <td>0.26</td> </tr> <tr> <td>2012</td> <td>0.24</td> </tr> <tr> <td>2013</td> <td>0.17</td> </tr> </tbody> </table>	Year	Ratio (x)	2011	0.26	2012	0.24	2013	0.17	<p><b>Purpose of Infrastructure Backlog Ratio</b></p> <p>This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.</p>	<p><b>Commentary on 2012/13 Result</b></p> <p><b>2012/13 Ratio 0.17 x</b></p> <p>Council has continued to make renewal of existing infrastructure a priority, within funding constraints, and has undertaken significant renewal works during 2012/13, including the Mudgee Sewer Augmentation, Swimming Pools Renewal, and Mudgee Library/Town Hall Refurbishment.</p>
Year	Ratio (x)									
2011	0.26									
2012	0.24									
2013	0.17									
<p><b>g. Asset Maintenance Ratio</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio (x)</th> </tr> </thead> <tbody> <tr> <td>2011</td> <td>0.85</td> </tr> <tr> <td>2012</td> <td>0.90</td> </tr> <tr> <td>2013</td> <td>0.95</td> </tr> </tbody> </table>	Year	Ratio (x)	2011	0.85	2012	0.90	2013	0.95	<p><b>Purpose of Asset Maintenance Ratio</b></p> <p>Compares actual vs. required annual asset maintenance. A ratio of &gt; 1.0x indicates enough has been spent to stop the Infrastructure Backlog from growing.</p>	<p><b>Commentary on 2012/13 Result</b></p> <p><b>2012/13 Ratio 0.95 x</b></p> <p>Council is committed to maintaining its existing assets in satisfactory order, and has made asset maintenance a priority, reflecting the wishes of the community, within funding constraints.</p>
Year	Ratio (x)									
2011	0.85									
2012	0.90									
2013	0.95									
<p><b>h. Building &amp; Infrastructure Renewals Ratio</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio (x)</th> </tr> </thead> <tbody> <tr> <td>2011</td> <td>0.66</td> </tr> <tr> <td>2012</td> <td>0.96</td> </tr> <tr> <td>2013</td> <td>1.44</td> </tr> </tbody> </table>	Year	Ratio (x)	2011	0.66	2012	0.96	2013	1.44	<p><b>Purpose of Asset Renewals Ratio</b></p> <p>To assess the rate at which these assets are being renewed relative to the rate at which they are depreciating.</p>	<p><b>Commentary on 2012/13 Result</b></p> <p><b>2012/13 Ratio 1.44 x</b></p> <p>2013 results are attributable to a number of large scale renewal projects. Council continues to pursue strategies for directing additional resources into infrastructure renewal. Council has outperformed the TCorp benchmark of &gt; 1 x.</p>
Year	Ratio (x)									
2011	0.66									
2012	0.96									
2013	1.44									
<p><b>i. Cash Expense Cover Ratio</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio (mths)</th> </tr> </thead> <tbody> <tr> <td>2011</td> <td>8.90</td> </tr> <tr> <td>2012</td> <td>12.10</td> </tr> <tr> <td>2013</td> <td>6.75</td> </tr> </tbody> </table>	Year	Ratio (mths)	2011	8.90	2012	12.10	2013	6.75	<p><b>Purpose of Cash Expense Cover Ratio</b></p> <p>This liquidity ratio indicates the number of months a Council can continue paying for its immediate expenses without additional cash inflow.</p>	<p><b>Commentary on 2012/13 Result</b></p> <p><b>2012/13 Ratio 6.75 mths</b></p> <p>Council continues to maintain healthy cash levels and has outperformed the TCorp benchmark of &gt; 3 months. As a number of large projects are completed, this ratio is expected to decline.</p>
Year	Ratio (mths)									
2011	8.90									
2012	12.10									
2013	6.75									
<p><b>j. Interest Cover Ratio</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Ratio (x)</th> </tr> </thead> <tbody> <tr> <td>2011</td> <td>23.93</td> </tr> <tr> <td>2012</td> <td>27.94</td> </tr> <tr> <td>2013</td> <td>9.44</td> </tr> </tbody> </table>	Year	Ratio (x)	2011	23.93	2012	27.94	2013	9.44	<p><b>Purpose of Interest Cover Ratio</b></p> <p>This ratio indicates the extent to which a Council can service (thru operating cash) its interest bearing debt &amp; take on additional borrowings.</p>	<p><b>Commentary on 2012/13 Result</b></p> <p><b>2012/13 Ratio 9.44 x</b></p> <p>Council's Interest Cover Ratio has decreased as further loan borrowings have been undertaken to address infrastructure renewal. It remains however, well above the TCorp benchmark of &gt; 4 x.</p>
Year	Ratio (x)									
2011	23.93									
2012	27.94									
2013	9.44									

## Mid-Western Regional Council

### Notes to the Financial Statements for the financial year ended 30 June 2013

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

\$ '000	Water 2013	Sewer 2013	General <sup>1</sup> 2013
<b>Local Government Industry Indicators - by Fund</b>			
<b>1. Unrestricted Current Ratio</b>			
Current Assets less all External Restrictions <sup>(1)</sup>	<b>4.97 : 1</b>	<b>6.57 : 1</b>	<b>3.09 : 1</b>
Current Liabilities less Specific Purpose Liabilities <sup>(2,3)</sup>			
prior period:	4.02 : 1	5.03 : 1	3.13 : 1
<b>2. Debt Service Ratio</b>			
Debt Service Cost	<b>10.16%</b>	<b>22.18%</b>	<b>2.85%</b>
Income from Continuing Operations (excl. Capital Items & Specific Purpose Grants/Contributions)			
prior period:	12.16%	2.79%	1.29%
<b>3. Rates &amp; Annual Charges Coverage Ratio</b>			
Rates & Annual Charges	<b>13.14%</b>	<b>40.39%</b>	<b>37.50%</b>
Income from Continuing Operations			
prior period:	15.88%	55.02%	35.50%
<b>4. Rates, Annual Charges, Interest &amp; Extra Charges Outstanding Percentage</b>			
Rates, Annual & Extra Charges Outstanding	<b>4.25%</b>	<b>3.15%</b>	<b>5.71%</b>
Rates, Annual & Extra Charges Collectible			
prior period:	4.60%	2.82%	3.60%
<b>5. Building &amp; Infrastructure Renewals Ratio</b>			
Asset Renewals (Building & Infrastructure assets)	<b>65.09%</b>	<b>427.48%</b>	<b>112.78%</b>
Depreciation, Amortisation & Impairment			
prior period:	27.35%	275.88%	80.36%

#### Notes

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

## Mid-Western Regional Council

### Notes to the Financial Statements for the financial year ended 30 June 2013

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

\$ '000	Water 2013	Sewer 2013	General <sup>1</sup> 2013
<b>TCorp Performance Measures - by Fund</b>			
<b>a. Operating Performance</b>			
Operating Revenue (excl. Capital Grants & Contributions) - Operating Expenses	7.21%	3.72%	-4.52%
Operating Revenue (excl. Capital Grants & Contributions)			
<b>b. Own Source Operating Revenue</b>			
Rates & Annual Charges + User Charges & Fees	77.87%	46.36%	52.18%
Total Operating Revenue (incl. Capital Grants & Contributions)			
<b>c. Unrestricted Current Ratio</b>			
Current Assets less all External Restrictions	4.97	6.57	3.09
Current Liabilities less Specific Purpose Liabilities			
<b>d. Debt Service Cover Ratio</b>			
Operating Result before Interest & Depreciation (EBITDA)	3.58	2.04	9.19
Principal Repayments (from the Statement of Cash Flows) + Borrowing Interest Costs (from the Income Statement)			
<b>e. Capital Expenditure Ratio</b>			
Annual Capital Expenditure	0.74	8.33	1.88
Annual Depreciation			
<b>f. Infrastructure Backlog Ratio</b>			
Estimated Cost to bring Assets to a Satisfactory Condition (from Special Schedule 7)	0.36	0.42	0.09
Total value of Infrastructure, Building, Other Structures & Depreciable Land Improvement Assets			
<b>g. Asset Maintenance Ratio</b>			
Actual Asset Maintenance	0.90	0.91	0.98
Required Asset Maintenance			
<b>h. Building and Infrastructure Renewals Ratio</b>			
Asset Renewals	0.65	4.27	-0.78
Depreciation of Building and Infrastructure Assets			
<b>i. Cash Expense Cover Ratio</b>			
Current Year's Cash & Cash Equivalents	15.41	23.43	8.13
(Total Expenses - Depreciation - Interest Costs) x12			
<b>j. Interest Cover Ratio</b>			
Operating Results before Interest & Depreciation (EBITDA)	7.69	3.26	19.06
Borrowing Interest Costs (from the income statement)			

#### Notes

(1) General Fund refers to all of Council's activities except for its Water & Sewer activities which are listed separately.



## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### 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	
	2013	2012	2013	2012
<b>Financial Assets</b>				
Cash and Cash Equivalents	21,495	36,249	21,495	36,253
Investments				
- "Held to Maturity"	13,000	-	13,000	-
- "Available for Sale"	1,487	1,442	1,487	1,442
Receivables	7,856	4,909	7,856	4,909
<b>Total Financial Assets</b>	<b>43,838</b>	<b>42,600</b>	<b>43,838</b>	<b>42,604</b>
<b>Financial Liabilities</b>				
Payables	5,890	6,351	5,890	6,351
Loans / Advances	21,760	14,222	20,156	14,013
<b>Total Financial Liabilities</b>	<b>27,650</b>	<b>20,573</b>	<b>26,046</b>	<b>20,364</b>

Fair Value is determined as follows:

- **Cash & Cash Equivalents, Receivables, Payables, and Held to Maturity Investments (long term deposits, with original term to maturity < 6 months)** - are estimated to be the carrying value which approximates market value.
- **Borrowings** - 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 2013

#### Note 15. Financial Risk Management (continued)

\$ '000

##### (a) Fair Value Measurements

The fair value of financial assets and financial liabilities must be estimated in accordance with Accounting Standards for either recognition and measurement requirements or for disclosure purposes.

AASB 7 Financial Instruments: Disclosures, requires the disclosure of how fair valuations have been arrived at for all financial assets and financial liabilities that have been measured at fair value.

Arriving at fair values for financial assets & liabilities can be broken up into 3 distinct measurement hierarchies:

**Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities

**Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)

**Level 3:** Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The following table presents the financial assets and financial liabilities that have been measured & recognised at fair values:

2013	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>				
Investments				
- "Available for Sale"	-	1,487	-	1,487
<b>Total Financial Assets</b>	<b>-</b>	<b>1,487</b>	<b>-</b>	<b>1,487</b>
<b>Financial Liabilities</b>				
- Loans / Advances	-	20,156	-	20,156
<b>Total Financial Liabilities</b>	<b>-</b>	<b>20,156</b>	<b>-</b>	<b>20,156</b>
2012	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>				
Investments				
- "Available for Sale"	-	1,442	-	1,442
<b>Total Financial Assets</b>	<b>-</b>	<b>1,442</b>	<b>-</b>	<b>1,442</b>

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 15. Financial Risk Management (continued)

\$ '000

#### (b) 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 area manages the 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 it's 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 investment counterparty) 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 (for 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>2013</b>				
Possible impact of a 10% movement in Market Values		149		(149)
Possible impact of a 1% movement in Interest Rates	345	345	(345)	(345)
<b>2012</b>				
Possible impact of a 10% movement in Market Values		144		(144)
Possible impact of a 1% movement in Interest Rates	363	363	(363)	(363)

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 15. Financial Risk Management (continued)

\$ '000

##### (c) 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.

There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

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:

	2013	2013	2012	2012
	Rates & Annual Charges	Other Receivables	Rates & Annual Charges	Other Receivables
<b>(i) Ageing of Receivables</b>				
Current (not yet overdue)	-	6,156	-	4,004
Past due by up to 30 days	-	20	-	180
Past due between 31 and 180 days	682	336	310	41
Past due between 181 and 365 days	327	123	211	17
Past due by more than 1 year	186	143	172	58
	<b>1,195</b>	<b>6,778</b>	<b>693</b>	<b>4,300</b>

##### (ii) Movement in Provision for Impairment of Receivables

	2013	2012
Balance at the beginning of the year	84	74
+ new provisions recognised during the year	46	40
- amounts already provided for & written off this year	(11)	(22)
- amounts provided for but recovered during the year	(2)	(8)
<b>Balance at the end of the year</b>	<b>117</b>	<b>84</b>

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 15. Financial Risk Management (continued)

\$ '000

##### (d) 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.

Payment terms can (in extenuating circumstances) also be extended & overdraft facilities utilised as required.

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>2013</b>									
Trade/Other Payables	1,248	4,642	-	-	-	-	-	5,890	<b>5,890</b>
Loans & Advances	-	2,623	2,623	2,623	2,623	2,616	18,893	32,001	<b>21,760</b>
<b>Total Financial Liabilities</b>	<b>1,248</b>	<b>7,265</b>	<b>2,623</b>	<b>2,623</b>	<b>2,623</b>	<b>2,616</b>	<b>18,893</b>	<b>37,891</b>	<b>27,650</b>
<b>2012</b>									
Trade/Other Payables	1,235	5,116	-	-	-	-	-	6,351	<b>6,351</b>
Loans & Advances	-	1,681	1,681	1,681	1,681	1,681	12,111	20,516	<b>14,222</b>
<b>Total Financial Liabilities</b>	<b>1,235</b>	<b>6,797</b>	<b>1,681</b>	<b>1,681</b>	<b>1,681</b>	<b>1,681</b>	<b>12,111</b>	<b>26,867</b>	<b>20,573</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:

	2013		2012	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Trade/Other Payables	5,890	0.0%	6,351	0.0%
Loans & Advances - Fixed Interest Rate	21,760	6.4%	14,222	6.7%
	<u>27,650</u>		<u>20,573</u>	

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 12/13 was adopted by the Council on 20 June 2012.

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.

#### Note that for Variations\* of Budget to Actual :

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

**F** = Favourable Budget Variation, **U** = Unfavourable Budget Variation

\$ '000	2013 Budget	2013 Actual	2013 ----- Variance* -----		
<b>REVENUES</b>					
<b>Rates &amp; Annual Charges</b>	<b>22,390</b>	<b>22,987</b>	<b>597</b>	3%	<b>F</b>
The favourable variance is a result of additional Ordinary Rates revenue arising from the reclassification of a number of properties used or held for mining purposes.					
<b>User Charges &amp; Fees</b>	<b>9,944</b>	<b>12,445</b>	<b>2,501</b>	25%	<b>F</b>
Council received and additional \$916,000 income compared to Original Budget for State Roads contract works undertaken on behalf of RMS. Revenue from water usage charges was \$668,000 higher than provided for in the Original Budget as a result of hot, dry conditions over the summer period. Similarly, sewer discharge income was greater than Original Budget by \$53,000. Council also received additional revenue in the areas of planning and development fees \$244,000; private works \$270,000; and waste depot fees \$239,000. This is reflective of an ongoing period of increased development activity across the region.					
<b>Interest &amp; Investment Revenue</b>	<b>997</b>	<b>1,684</b>	<b>687</b>	69%	<b>F</b>
During 2013, Council recognised interest on overdue rates and annual charges of \$62,000 above Original Budget estimates. Delays in the timing of major sewer augmentation works has resulted in an additional \$176,000 of interest earned on restricted Sewer Fund cash. Water Fund interest on investments exceeded budget estimates by \$77,000. Finally, across the course of the financial year, Council maintained a substantially higher overall portfolio balance than projected in the Original Budget. Therefore Council generated an additional \$350,000 in interest and investment revenue.					
<b>Other Revenues</b>	<b>1,736</b>	<b>2,228</b>	<b>492</b>	28%	<b>F</b>
Council received additional income from property rental and administration \$102,000; insurance claims recovery \$125,000; diesel fuel rebate \$57,000; recycling income \$63,000; reimbursement for a Section 44 bushfire emergency \$35,000; and income related to special events held in the region \$24,000.					

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	2013 Budget	2013 Actual	2013 Variance*		
<b>REVENUES (continued)</b>					
<b>Operating Grants &amp; Contributions</b>	<b>11,636</b>	<b>12,572</b>	<b>936</b>	8%	<b>F</b>
During 2013, Council received higher than estimated Operating Grants & Contributions in relation to RMS natural disaster funding \$256,000; town and strategic planning \$113,000; childrens services \$318,000; bushfire and emergency services \$92,000; aged and disabled services \$103,000; and environmental programs \$44,000.					
<b>Capital Grants &amp; Contributions</b>	<b>6,927</b>	<b>13,416</b>	<b>6,489</b>	94%	<b>F</b>
During 2013, Council received \$820,000 of grant income in relation to the Mudgee Sewer Augmentation project. This income was not budgeted to be received until the 2014 financial year. Council successfully applied for funding in relation to bushfire and emergency services \$173,000, and transport infrastructure \$606,000. During 2013, Council undertook a major realignment of the Ulan-Wollar Road, recognising contribution income in relation to this project of \$2,738,000. Finally, Council recognised non-cash contribution of subdivision assets of \$2,022,000.					
<b>Net Gains from Disposal of Assets</b>	<b>1,116</b>	-	<b>(1,116)</b>	(100%)	<b>U</b>
Council exceeded its Original Budget estimates for proceeds from Disposal of Assets, \$252,000, primarily attributable to real estate and property sales. However the book value of sold assets, and the scrapping of infrastructure replaced during the course of 2013 contributed to an unfavourable budget result.					
<b>EXPENSES</b>					
<b>Employee Benefits &amp; On-Costs</b>	<b>19,647</b>	<b>18,638</b>	<b>1,009</b>	5%	<b>F</b>
<b>Borrowing Costs</b>	<b>1,373</b>	<b>1,449</b>	<b>(76)</b>	(6%)	<b>U</b>
<b>Materials &amp; Contracts</b>	<b>10,545</b>	<b>12,681</b>	<b>(2,136)</b>	(20%)	<b>U</b>
During 2013, Council incurred legal expenses of \$722,000 above Original Budget estimates, predominantly due to defending a number of appeals to the NSW Land and Environment Court in relation to categorisation of land for rating purposes. Council also undertook substantially higher amounts of State Roads contract works on behalf of RMS, incurring an additional \$1.1 million in Materials & Contracts expenditure.					
<b>Depreciation &amp; Amortisation</b>	<b>15,923</b>	<b>13,468</b>	<b>2,455</b>	15%	<b>F</b>
A review of remaining useful life and estimated residual values has resulted in actual depreciation expenditure for 2013 being substantially below Original Budget across the main categories of Infrastructure, Property, Plant and Equipment.					
<b>Impairment Expenses</b>	-	<b>(122)</b>	<b>122</b>	0%	<b>F</b>
During 2013, Council reversed impairment provisions expensed to the income statement in prior periods. An additional \$65,000 of impairment was recognised during the 2013 financial year, however this movement is captured in the Asset Revaluation Reserve.					

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	2013 Budget	2013 Actual	2013 Variance*	
<b>EXPENSES</b>				
<b>Other Expenses</b>	<b>3,990</b>	<b>4,729</b>	<b>(739)</b>	(19%) <b>U</b>
Council passed on Childcare Benefit (CCB) payments to Family Day Carers' in excess of the Original Budget \$264,000, which was offset by additional grant income. Council's annual expenditure on electricity exceeded budget estimates by \$314,000, the bulk of additional expenditure was incurred at water and sewer treatment plants and pump stations, which corresponds with increased water consumption recognised during 2013. Street lighting was also greater than provided for in the Original Budget \$76,000.				
<b>Net Losses from Disposal of Assets</b>	-	<b>2,313</b>	<b>(2,313)</b>	0% <b>U</b>
Council exceeded its Original Budget estimates for proceeds from Disposal of Assets, \$252,000, primarily attributable to real estate and property sales. However the book value of sold assets, and the scrapping of infrastructure replaced during the course of 2013 contributed to an unfavourable budget result.				
<b>Budget Variations relating to Council's Cash Flow Statement include:</b>				
<b>Cash Flows from Operating Activities</b>	<b>18,117</b>	<b>24,136</b>	<b>6,019</b>	33.2% <b>F</b>
During 2013, Council received substantially higher than estimated levels of Grants & Contributions across a number of functional areas including busfare and emergency services \$264,000; childrens services \$302,000; strategic planning \$113,000; sewerage services \$820,000; and roads and bridges \$3,837,000.				
<b>Cash Flows from Investing Activities</b>	<b>(33,610)</b>	<b>(46,428)</b>	<b>(12,818)</b>	38.1% <b>U</b>
Council does not recognise budget entries for the placement and redemption of term deposits during the course of normal portfolio administration throughout the financial year. As Council increased its holding of longer term deposits (term to maturity > 3 months) by \$12m between 30 June 2012 to 30 June 2013, the cash flows from investing activities show net cash outflows of \$12m more than provided for in the Original Budget.				
<b>Cash Flows from Financing Activities</b>	<b>11,062</b>	<b>7,538</b>	<b>(3,524)</b>	(31.9%) <b>U</b>
Council's Original Budget provided for new borrowings of \$11.994 million, however the bulk of these funds were drawn down just prior to 30 June 2012, such that proceeds from new borrowings for 2013 were \$3.202 million lower.				



## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

### 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	
Open Space	77	466	-	17	-	-	560	2,088	(727)	1,921	-
Community Facilities	519	90	-	10	(298)	-	321	272	(1,365)	(772)	-
Transport Management	720	138	-	27	-	-	885	552	(1,901)	(464)	-
Civic Improvements	(9)	4	-	-	-	-	(5)	-	(4,100)	(4,105)	-
Car Parking	231	-	-	7	(10)	-	228	-	(473)	(245)	-
Administration	132	68	-	6	(18)	-	188	36	(486)	(262)	-
<b>S94 Contributions - under a Plan</b>	<b>1,670</b>	<b>766</b>	<b>-</b>	<b>67</b>	<b>(326)</b>	<b>-</b>	<b>2,177</b>	<b>2,948</b>	<b>(9,052)</b>	<b>(3,927)</b>	<b>-</b>
<b>S94A Levies - under a Plan</b>	<b>292</b>	<b>20</b>	<b>-</b>	<b>10</b>	<b>-</b>	<b>-</b>	<b>322</b>				<b>-</b>
<b>Total S94 Revenue Under Plans</b>	<b>1,962</b>	<b>786</b>	<b>-</b>	<b>77</b>	<b>(326)</b>	<b>-</b>	<b>2,499</b>				<b>-</b>
S93F Planning Agreements	1,400	1,181	-	13	(2,318)	-	276				
S64 Contributions	2,442	1,215	-	109	(137)	-	3,629				
<b>Total Contributions</b>	<b>5,804</b>	<b>3,182</b>	<b>-</b>	<b>199</b>	<b>(2,781)</b>	<b>-</b>	<b>6,404</b>	<b>2,948</b>	<b>(9,052)</b>	<b>(3,927)</b>	<b>-</b>

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### 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	77	466	-	17	-	-	560	2,088	(727)	1,921	
Community Facilities	519	90	-	10	(298)	-	321	272	(1,365)	(772)	
Transport Management	720	138	-	27	-	-	885	552	(1,901)	(464)	
Civic Improvements	(9)	4	-	-	-	-	(5)	-	(4,100)	(4,105)	
Car Parking	231	-	-	7	(10)	-	228	-	(473)	(245)	
Administration	132	68	-	6	(18)	-	188	36	(486)	(262)	
Extractive Haulage	-	-	-	-	-	-	-	1,440	-	1,440	
<b>Total</b>	<b>1,670</b>	<b>766</b>	<b>-</b>	<b>67</b>	<b>(326)</b>	<b>-</b>	<b>2,177</b>	<b>4,388</b>	<b>(9,052)</b>	<b>(2,487)</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	292	20	-	10	-	-	322	136			
<b>Total</b>	<b>292</b>	<b>20</b>	<b>-</b>	<b>10</b>	<b>-</b>	<b>-</b>	<b>322</b>				<b>-</b>

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000

The following assets and liabilities do not qualify for recognition in the Statement of Financial Position, 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 with member Councils required to make significantly higher contributions in future years.

The Local Government Superannuation Scheme has estimated that at 30 June 2013 a deficit of the fund still exists. Effective from 1 July 2009, employers have been required to contribute additional contributions to assist in distinguishing this deficit. The share of the deficit that can be broadly attributed to Council is estimated to be \$920,948 as at 30 June 2013. The annual amount of additional contributions payable by Council until the deficit is extinguished is \$198,081. The additional contributions made to the defined benefit scheme to rectify the net deficit position will be recognised as an expenses when they become payable.

##### (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 Councils 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 from 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 2013

#### 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 Councils intention to spend funds in the manner and timing set out in those Plans.

##### (iii) Recategorisation of land for rating purposes

During 2013, Council recategorised a number of parcels of land for rating purposes from the Farmland, Residential, and Business categories to the Mining category. Proceedings were commenced in the NSW Land & Environment Court by three separate land owners in relation to a total of 13 individual parcels of rateable land. The relevant proceedings are referred to as:

Moolarben Coal Mines Pty Ltd v Mid-Western Regional Council - Land and Environment Court Proceedings No. 31107 of 2012 (1 property)

Peabody Pastoral Holdings Pty Limited v Mid-Western Regional Council - Land and Environment Court Proceedings No. 31295 of 2012 (3 properties)

Ulan Coal Mines Ltd v Mid-Western Regional Council - Land and Environment Court Proceedings Nos. 31279 to 31287 of 2012 (9 properties)

Both the Moolarben and Peabody proceedings were settled by obtaining consent orders of the Court, with the rating category of each property reverting back to Farmland or Residential.

Peabody subsequently sought an order for costs, with the Land and Environment Court awarding costs against Council for Peabody's costs of the proceedings, and Peabody's costs of the application for costs. Council has lodged an Application for Leave to Appeal in the NSW Supreme Court, Court of Appeal (refer to proceedings 13/195874, 13/195879, 13/195882), seeking to overturn the judgement of the Land and Environment Court. A Provision for the payment of costs has been recognised in these financial statements.

The question of costs in Moolarben v MWRC is reserved, and no provision for payment of costs has been included in these financial statements.

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000

##### LIABILITIES NOT RECOGNISED (continued):

##### (iii) Recategorisation of land for rating purposes

(continued)

The Ulan Coal proceedings were heard by the Land and Environment Court in May 2013. A decision on that matter is yet to be handed down by the Senior Commissioner of the Land and Environment Court. Any decision in Ulan Coal proceedings will likely have implications for the categorisation of other properties of a similar nature.

Any payments made to Council for Ordinary Rates in relation to a parcel of land recategorised to Mining, less what would have been payable as per the former rating category, have been transferred to the internally restricted Community Plan Reserve. The Reserve balance includes any rates refunds recognised in liabilities but not yet paid.

##### ASSETS NOT RECOGNISED:

##### (ii) Infringement Notices/Fines

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

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

Accordingly, at year end, there is a potential asset due to Council representing issued but unpaid Infringement Notices.

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

##### (iii) Bank Guarantees

Council holds a number of bank guarantees to the value of \$726,560. Some of these guarantees are provided by various developers across the Mid-Western Region to secure performance of conditions of consent in relation to approved Developer Applications.

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

Other guarantees relate to work performed for Council by contractors, such as construction works. The guarantees will be returned once the conditions of the contract have been satisfied.

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

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

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	Notes	Actual 2013	Actual 2012
<b>(a) Retained Earnings</b>			
<b>Movements in Retained Earnings were as follows:</b>			
Balance at beginning of Year (from previous years audited accounts)		305,475	284,741
b. Changes in Accounting Policies (prior period effects)	20 (d)	-	9,467
d. Net Operating Result for the Year		12,176	8,360
f. Transfers between Equity		1,654	2,907
<b>Balance at End of the Reporting Period</b>		<b><u>319,305</u></b>	<b><u>305,475</u></b>
<b>(b) Reserves</b>			
<b>(i) Reserves are represented by:</b>			
- Infrastructure, Property, Plant & Equipment Revaluation Reserve		241,073	255,939
- "Available for Sale" Financial Investments Revaluation Reserve		(13)	(58)
<b>Total</b>		<b><u>241,060</u></b>	<b><u>255,881</u></b>
<b>(ii) Reconciliation of movements in Reserves:</b>			
<b>Infrastructure, Property, Plant &amp; Equipment Revaluation Reserve</b>			
- Opening Balance		255,939	256,629
- Revaluations for the year	9(a)	(13,157)	2,827
- Impairment of revalued assets (incl. impairment reversals)	9(a),(c)	(55)	(610)
- Transfer to Retained Earnings for Asset disposals		(1,654)	(2,907)
<b>- Balance at End of Year</b>		<b><u>241,073</u></b>	<b><u>255,939</u></b>
<b>"Available for Sale" Financial Investments Revaluation Reserve</b>			
- Opening Balance		(58)	(169)
- Unrealised Gain (Loss) in value for the year		45	111
<b>- Balance at End of Year</b>		<b><u>(13)</u></b>	<b><u>(58)</u></b>
<b>TOTAL VALUE OF RESERVES</b>		<b><u>241,060</u></b>	<b><u>255,881</u></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/decrement 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 by way of transfer from the Reserve

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

\$ '000	Notes	Actual 2013	Actual 2012
<b>(c) Correction of Error/s relating to a Previous Reporting Period</b>			
Council made no correction of errors during the current reporting period.			
<b>(d) Voluntary Changes in Accounting Policies</b>			
Council previously recognised a zero dollar residual value on sewer reticulation mains. As a result of technological advancements, Council has successfully renewed sewer pipes at the end of their useful life by utilising sewer reticulation main relining technologies. Council now recognises a residual value of 40%.			9,467
			-
			-
			-
<b>These amounted to the following Equity Adjustments:</b>			
- Adjustments to Opening Equity - 1/7/11 (relating to adjustments for the 30/6/11 reporting year end and prior periods)		-	9,467
- Adjustments to Closing Equity - 30/6/12 (relating to adjustments for the 30/6/12 year end)		-	-
<b>Total Prior Period Adjustments - Accounting Policy Changes</b>		<b>-</b>	<b>9,467</b>

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

Income Statement by Fund \$ '000	Actual 2013	Actual 2013	Actual 2013	Actual 2013
<b>Continuing Operations</b>	<b>Waste</b>	<b>Water</b>	<b>Sewer</b>	<b>General<sup>1</sup></b>
<b>Income from Continuing Operations</b>				
Rates & Annual Charges	3,240	961	3,729	15,057
User Charges & Fees	820	4,732	551	6,342
Interest & Investment Revenue	83	231	402	968
Other Revenues	518	6	147	3,684
Grants & Contributions provided for Operating Purposes	327	62	59	12,124
Grants & Contributions provided for Capital Purposes	-	1,319	4,345	7,752
<b>Total Income from Continuing Operations</b>	<b>4,988</b>	<b>7,311</b>	<b>9,233</b>	<b>45,927</b>
<b>Expenses from Continuing Operations</b>				
Employee Benefits & on-costs	1,893	1,066	871	14,808
Borrowing Costs	58	284	678	429
Materials & Contracts	1,714	1,119	560	9,288
Depreciation & Amortisation	272	1,450	1,344	10,402
Impairment				(122)
Other Expenses	448	1,533	1,183	3,692
Net Losses from the Disposal of Assets	108	90	64	2,051
<b>Total Expenses from Continuing Operations</b>	<b>4,493</b>	<b>5,542</b>	<b>4,700</b>	<b>40,548</b>
<b>Operating Result from Continuing Operations</b>	<b>495</b>	<b>1,769</b>	<b>4,533</b>	<b>5,379</b>
<b>Discontinued Operations</b>				
Net Profit/(Loss) from Discontinued Operations	-	-	-	-
<b>Net Operating Result for the Year</b>	<b>495</b>	<b>1,769</b>	<b>4,533</b>	<b>5,379</b>
<b>Net Operating Result attributable to each Council Fund</b>	<b>495</b>	<b>1,769</b>	<b>4,533</b>	<b>5,379</b>
<b>Net Operating Result attributable to Non-controlling Interests</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Operating Result for the year before Grants and Contributions provided for Capital Purposes</b>	<b>495</b>	<b>450</b>	<b>188</b>	<b>(2,373)</b>

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

\* Waste represents all aspects of solid waste management undertaken by Council

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 2013

## Note 21. Financial Result &amp; Financial Position by Fund (continued)

Statement of Financial Position by Fund \$ '000	Actual 2013	Actual 2013	Actual 2013	Actual 2013
<b>ASSETS</b>	<b>Waste</b>	<b>Water</b>	<b>Sewer</b>	<b>General<sup>1</sup></b>
<b>Current Assets</b>				
Cash & Cash Equivalents	2,722	4,914	5,240	8,619
Investments	-	-	-	13,512
Receivables	184	1,574	1,284	4,814
Inventories	-	290	26	1,084
<b>Total Current Assets</b>	<b>2,906</b>	<b>6,778</b>	<b>6,550</b>	<b>28,029</b>
<b>Non-Current Assets</b>				
Investments		-	-	975
Infrastructure, Property, Plant & Equipment	6,840	61,673	68,377	413,119
Intangible Assets	17	3	-	256
<b>Total Non-Current Assets</b>	<b>6,857</b>	<b>61,676</b>	<b>68,377</b>	<b>414,350</b>
<b>TOTAL ASSETS</b>	<b>9,763</b>	<b>68,454</b>	<b>74,927</b>	<b>442,379</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Payables	56	303	550	5,502
Borrowings	78	347	303	526
Provisions	20	171	-	5,657
<b>Total Current Liabilities</b>	<b>154</b>	<b>821</b>	<b>853</b>	<b>11,685</b>
<b>Non-Current Liabilities</b>				
Borrowings	472	3,858	9,892	6,284
Provisions	768	-	-	371
<b>Total Non-Current Liabilities</b>	<b>1,240</b>	<b>3,858</b>	<b>9,892</b>	<b>6,655</b>
<b>TOTAL LIABILITIES</b>	<b>1,394</b>	<b>4,679</b>	<b>10,745</b>	<b>18,340</b>
<b>Net Assets</b>	<b>8,369</b>	<b>63,775</b>	<b>64,182</b>	<b>424,039</b>
<b>EQUITY</b>				
Retained Earnings	5,735	48,417	41,249	223,904
Revaluation Reserves	2,634	15,358	22,933	200,135
Council Equity Interest	8,369	63,775	64,182	424,039
Non-controlling Interests	-	-	-	-
<b>Total Equity</b>	<b>8,369</b>	<b>63,775</b>	<b>64,182</b>	<b>424,039</b>

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

\* Waste represents all aspects of solid waste management undertaken by Council

NB. All amounts disclosed above are Gross - that is, they include internal receivables & payables between the Funds.

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

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

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\$ '000

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Council did not classify any Non Current Assets or Disposal Groups as "Held for Sale".

#### Note 23. Events occurring after the Reporting Period

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Events that occur between the end of the reporting period (ending 30 June 2013) and 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 applicable "authorised for issue" date relating to these General Purpose Financial Statements.

Accordingly, the "authorised for issue" date is 30/08/13.

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

##### **(i) Events that provide evidence of conditions that existed at the Reporting Period**

These financial statements (and the figures therein) incorporate all "adjusting events" that provided evidence of conditions that existed at 30 June 2013.

##### **(ii) Events that provide evidence of conditions that arose after the Reporting Period**

These financial statements (& figures therein) do not incorporate any "non-adjusting events" that have occurred after 30 June 2013 and which are only indicative of conditions that arose after 30 June 2013.

**On the 1st July 2013 the Glen Willow Soccer/Touch Amenities building was destroyed by fire. Council is insured for the building and expects to reconstruct by 30 June 2014.**

**As no damage existed at 30 June 2013 the financial effects of the above event have not been brought to account.**

**The building is held in Note 9 at a Fair Value of \$1,226,500.**

#### 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 2013

#### Note 25. Intangible Assets

\$ '000

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

	Actual 2013 Carrying Amount	Actual 2012 Carrying Amount
<b>Intangible Assets are as follows;</b>		
<b>Opening Values:</b>		
Gross Book Value (1/7/12)	694	618
Accumulated Amortisation (1/7/12)	(299)	(180)
Accumulated Impairment (1/7/12)	-	-
<b>Net Book Value - Opening Balance</b>	<b>395</b>	<b>438</b>
<b>Movements for the year</b>		
- Purchases	34	76
- Amortisation charges	(134)	(119)
- Gross Book Value written off	(19)	-
<b>Closing Values:</b>		
Gross Book Value (30/6/13)	709	694
Accumulated Amortisation (30/6/13)	(433)	(299)
Accumulated Impairment (30/6/13)	-	-
<b><u>TOTAL INTANGIBLE ASSETS - NET BOOK VALUE</u><sup>1</sup></b>	<b><u>276</u></b>	<b><u>395</u></b>

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

- Software	276	376
- Option to Purchase Land	-	19
	<b><u>276</u></b>	<b><u>395</u></b>

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2013

#### 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	
		2013	2012
Waste Transfer Stations & Tips - Region Wide	2013 - 2050	1,034	1,013
<b>Balance at End of the Reporting Period</b>		<b>1,034</b>	<b>1,013</b>

10(a)

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.

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

Balance at beginning of year	1,013	908
Amounts capitalised to new or existing assets:		
- Waste Transfer Stations	430	115
- Gravel Pits	-	13
Effect of a change in discount rates used in PV calculations	(69)	133
Effect of a change in other calculation estimates used	(345)	(169)
Amortisation of discount (expensed to borrowing costs)	25	26
Expenditure incurred attributable to Provisions	(20)	(13)
<b>Total - Reinstatement, rehabilitation and restoration provision</b>	<b>1,034</b>	<b>1,013</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 2013

#### Note 27. Council Information & Contact Details

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##### Principal Place of Business:

86 Market Street  
Mudgee NSW 2850

##### Contact Details

##### Mailing Address:

PO Box 156  
Mudgee NSW 2850

##### Opening Hours:

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

**Telephone:** 02 6378 2850

**Facsimile:** 02 6378 2815

**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

Intentus Chartered Accountants  
237 Lords Place  
Orange NSW 2800

##### Elected Members

##### MAYOR

Mr Des Kennedy

##### COUNCILLORS

Clr John Webb  
Clr Paul Cavalier  
Clr Esme Martens  
Clr Peter Shelley  
Clr Percy Thompson  
Clr John Weatherley  
Clr John Webb  
Clr Max Walker  
Clr Lucy White

##### Other Information

**ABN:** 96 149 391 332

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

**Report on the Financial Statements**

We have audited the accompanying general purpose financial statements of Mid-Western Regional Council for the financial year ended 30 June 2013. The financial statements comprise the Statement by Councillors and Management, Income Statement, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and accompanying Notes to the Financial Statements.

**Councils' Responsibility for the Financial Statements**

The Council are responsible for the preparation and fair presentation of the financial statements 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 statements that are 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 statements based on our audit. 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. 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 statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, 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 statements 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 statements

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 Statements

This auditor's report relates to the general purpose financial statements of Mid-Western Regional Council (Council) for the year ended 30 June 2013 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 statements to confirm the information included in the audited financial statements 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 statements:
  - (i) have been prepared in accordance with the requirements of this Division;
  - (ii) are consistent with the Council's accounting records;
  - (iii) present fairly the Council's financial position, the results of its operations and cashflows; and
  - (iv) are in accordance with applicable Australian Accounting Standards
- (c) all information relevant to the conduct of the audit has been obtained; and
- (d) there are no material deficiencies in the accounting records or financial statements that have come to light in the course of the audit.



**intentus**

237 Lords Place  
Orange  
Dated: August 30, 2013



**JD O'Malley**  
Partner

30 August 2013

The Mayor  
Councillor Des Kennedy  
Mid-Western Regional Council  
PO Box 156  
MUDGEE NSW 2850

Dear Mr Mayor

**INDEPENDENT AUDITOR'S REPORT ON THE CONDUCT OF THE AUDIT - Section 417(3)  
MID-WESTERN REGIONAL COUNCIL YEAR ENDED 30 JUNE 2013**

We advise having completed our audit of the financial statements of Mid-Western Regional Council for the financial year ended 30 June 2013. Our audit resulted in the issuing of an unmodified audit report on both the general purpose and special purpose financial statements of 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 2013. 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 Statements**

The Council is responsible for the preparation and fair presentation of the financial statements 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 Statements that are 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 statements based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant technical and ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial Statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, 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 statements 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 statements.

The following comments are provided in accordance with Section 415(3) of the Local Government Act 1993 and Regulation 227 of the Local Government (General) Regulation 2005 to assist in the understanding of the financial statements and our reports.



## 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 \$12,176,000 (2012 - \$8,360,000). Selected items of note in the operating statement include:

#### Revenue

- The operating result from ordinary activities *before* capital amounts was a deficit of \$1,240,000 (2012 surplus – \$142,000).
- User charges and fees increased \$1,350,000 (12.2%) to \$12,445,000 (2012 - \$11,095,000). The increase was driven on several fronts. Firstly, despite a further increase in the user charges for water, consumption over the summer billing period increased. Sewer charges also increased in the final year of the three year phase in of best practice pricing. Finally, an increase in development activity saw planning and building fees increase by 14%.
- Other revenue grew by \$371,000 (20%) mainly due to council leasing space in the Target Building in Mortimer Street.
- Operating grants and contributions were \$3,096,000 down on the prior year. This was mainly due to the first two instalments of the 2012/13 Federal (FAG) grants being paid during the 2011/12 financial year. In the ordinary course of events, only one instalment is paid in advance.
- Capital grants and contributions grew by \$5,198,000 (63.3%) to \$13,416,000 (2012 - \$8,218,000). The biggest contributors to the increase being a capital contribution by way of developer contributed assets of \$2,022,000 and roads and bridges contributions of \$2,835,000.

#### Expenditure

- Borrowing costs increased \$889,000 to \$1,449,000 (2012 - \$560,000). The increase is due to new loans being drawn for the renovation of the pool and sewer augmentation works.
  - Materials and contracts expense have increased from \$11,202,000 to \$12,681,000. The major contributor being legal costs associated with council's defense of the rating re-categorisation of farmland.
  - The financial statements report a negative impairment expense of \$122,000 following the reversal of prior year impairments recorded directly against the income statement.
- Council's other major items of income and expenditure were relatively consistent with the prior period.

**(b) Financial Position**

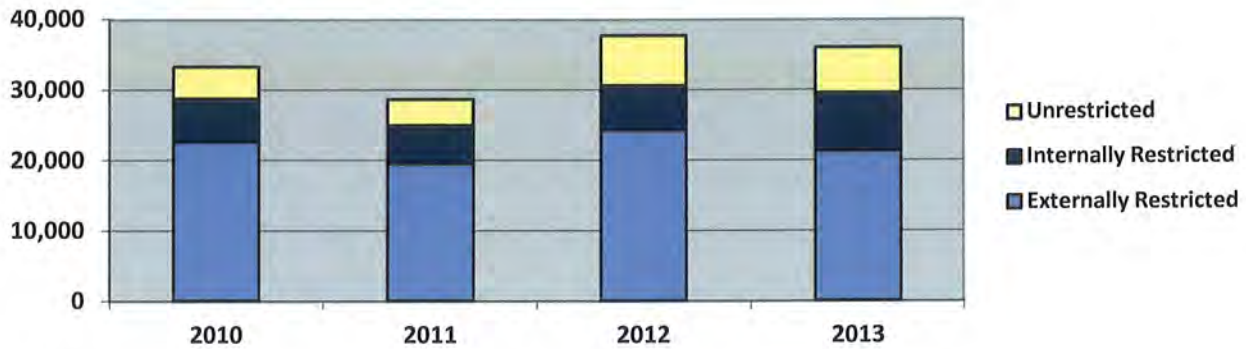
The Statement of Financial Position discloses that for the year ended 30 June 2013 Council's net assets stood at \$560,365,000 (2012 - \$561,356,000), which represents a decrease of \$991,000. That movement is comprised of the net operating surplus after capital amounts of \$12,176,000 combined with the net asset revaluation decrement of \$13,157,000 relating to the revaluation of Council's buildings and operational land. There was also an unrealised gain of \$45,000 on Council's available for sale financial investments less an impairment write-down of (\$55,000) following vandalism of play equipment and damage caused to the kiosk at Kandos showground.

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: -

	<b>2013</b>	<b>2012</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Net Current Assets</b>	<b>30,750</b>	<b>29,645</b>
Less: Amounts externally restricted for special purposes (refer Notes 6; 7; & 8 of financial statements)	(24,118)	(24,898)
Less: Council internally imposed restrictions (refer Note 6 of financial statements)	(8,272)	(6,369)
Add: Applicable current liabilities refer Note 10		
- Water	821	1,352
- Sewerage	853	906
- Domestic Waste Management	154	196
- Other	1,248	1,235
Add: Employee Leave Entitlements to be paid > 12 months	3,926	4,177
<b>Unrestricted net current asset surplus/(deficit)</b>	<b>5,362</b>	<b>6,244</b>
<b>Unrestricted net current assets comprise: -</b>		
Assets		
Cash	6,433	7,080
Receivables	4,356	3,150
Inventories	1,084	1,765
Less: General Purpose Liabilities	(10,437)	(9,928)
Plus: Employee Leave Entitlements to be paid > 12 months	3,926	4,177
<b>Unrestricted net current asset surplus/(deficit)</b>	<b>5,362</b>	<b>6,244</b>

Council's continues to enjoy a surplus of net current assets to cover the restrictions placed on those assets. The growth in this surplus is mainly through increased inventory of land held for sale.

### Cash, Cash Equivalents & Investments



### Liquidity

Note 6 to the accounts discloses total cash and investments of \$35,982,000 (2012 - \$37,691,000), of this amount \$21,277,000 (2012 - \$24,242,000) is subject to external restrictions requiring Council to commit those funds to the purposes for which they were provided and \$8,272,000 (2012 - \$6,369,000) 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 \$6,433,000 (2012 - \$7,080,000) represents liquid assets available to cover non-budgeted discretionary expenditure and meet short-term cash flow requirements. The extent of unrestricted cash and investments speaks to Council's strong financial position.

Whilst the consolidated financial statements 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. General information on the financial position and performance by fund is provided in Note 21 to the financial statements.

### (c) Performance Indicators

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

#### 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 3.09:1 indicates that it is comfortably able to settle 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) work, is considered manageable. At 8.93% (2012 - 2.71%) Mid-Western Regional Council's ratio is well below that benchmark and represents manageable debt. The increase follows borrowings for swimming pool refurbishment and sewer works.

#### Rates & Annual Charges Coverage Ratio

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

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

Mid-Western Regional Council's ratio of 35.18% (2012 - 35.43%) is comparable with the prior period and reflects a somewhat higher proportion of revenue being generated from this source than is typical of non-metropolitan councils generally.

## Rates & Annual Charges, Interest & Extra Charges Outstanding Ratio

The ratio 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 5.25% (2012 - 3.53%) continues to indicate very effective debtor management. Each percentage point movement in this ratio equates to \$240,000.

## 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.

Because the distinction between replacements, renewals and repairs is not well defined, it is difficult to make meaningful analysis from this ratio. The fact that this ratio has been in excess of 84% since the 2008/09 year, and stands at 144.61% in the current year suggests that Council is effectively maintaining its infrastructure assets.

## (d) Cash Flow Statement

The Statement of Cash Flows provides information regarding the movement in cash and cash-equivalents, which are highly liquid and have an original term to maturity of less than three months. The current year reports a net decrease in cash assets held of \$14,754,000 (2012 – increase \$10,895,000) as follows:

	2013 \$'000	2012 \$'000	Movement \$'000
<b>Cash flow provided by / (used in)</b>			
Operating activities	24,136	27,378	(3,242)
Investing activities	(46,428)	(23,423)	(23,005)
Financing activities	7,538	6,940	598
Net increase / (decrease) in cash held	(14,754)	10,895	(25,649)

### Cash flows from operating activities

The cashflows from operating activities have decreased due to the decrease in grants and contributions resulting from the early payment of 2013 instalments of the FAG assistance that were receipted in the 2012 year. Other negative impacts were higher outflows for employees and materials utilised for maintenance, increased borrowing costs to service new loans and increased legal costs.

### Cash flows from investing activities

Cash outflows related to acquisitions of infrastructure, property, plant and equipment were up by \$7,120,000 and the net purchase of investments (> 3 months to maturity) was up by \$11,007,000.

### Cash flows from financing activities

The net cash inflow provided by financing activities was the result of new loans taken out during the year to finance major capital works for the swimming pools, Mortimer Street precinct and sewer infrastructure.

## (e) Comparison of Actual and Budgeted Performance

Council's surplus from ordinary activities after capital amounts of \$12,176,000 was \$8,908,000 better than Council's original estimates.

It is beyond the purpose of this report to provide a detailed analysis of individual budget variations. Note 16 to Council's financial statements addresses the contributing factors to these variations in detail.

**(f) Other Matters**

**National Competition Policy**

In accordance with the requirements of National Competition Policy guidelines, Mid-Western Regional Council has prepared special purpose financial statements on its business units for the year ended 30 June 2013. Council has determined that it has four business units within its operations: Water Supply, Sewerage Services, Private Works and Sale Yards.

The Division 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 statements for the year ended 30 June 2013 has been issued.

**Management Letters**

Our most recent management letter was issued on 15 March 2013. 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 statements 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 Statements**

This auditor's report relates to the financial statements of Mid-Western Regional Council (Council) for the year ended 30 June 2013 included on Council's web site. Council is responsible for the integrity of its 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 statements to confirm the information included in the audited financial statements 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 statements and allowed proper and effective audit of these statements;
- (b) The Council's accounting records have been kept in a manner and form that facilitated the preparation of the special purpose financial statements and allowed proper and effective audit of these statements; and
- (c) all information relevant to the conduct of the audit has been obtained.



**intentus**

237 Lords Place  
Orange  
Dated: August 30, 2013



**JD O'Malley**  
Partner

# Mid-Western Regional Council

SPECIAL PURPOSE FINANCIAL STATEMENTS

for the year ended 30 June 2013

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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 2013

Contents	Page
<b>1. Statement by Councillors &amp; Management</b>	2
<b>2. Special Purpose Financial Statements:</b>	
Income Statement - Water Supply Business Activity	3
Income Statement - Sewerage Business Activity	4
Income Statement - Other Business Activities	5
Statement of Financial Position - Water Supply Business Activity	6
Statement of Financial Position - Sewerage Business Activity	7
Statement of Financial Position - Other Business Activities	8
<b>3. Notes to the Special Purpose Financial Statements</b>	9
<b>4. Auditor's Report</b>	18

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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).

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## Mid-Western Regional Council

### Special Purpose Financial Statements

for the financial year ended 30 June 2013

### 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:**

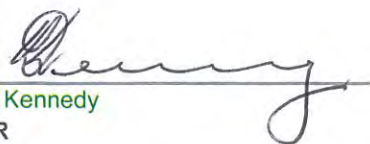
- The NSW Government Policy Statement "Application of National Competition Policy to Local Government".
- The Division of Local Government Guidelines "Pricing & Costing for Council Businesses - A Guide to Competitive Neutrality".
- The Local Government Code of Accounting Practice and Financial Reporting.
- 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:**

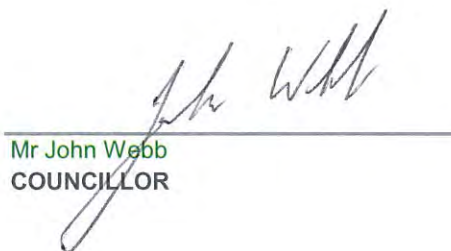
- Present fairly the Operating Result and Financial Position for each of Council's declared Business Activities for the year, and
- Accord with Council's accounting and other records.

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

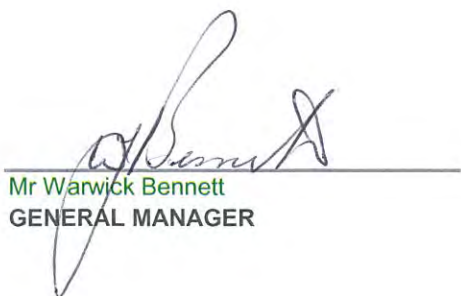
**Signed in accordance with a resolution of Council made on 21 August 2013.**



Mr Des Kennedy  
MAYOR



Mr John Webb  
COUNCILLOR



Mr Warwick Bennett  
GENERAL MANAGER



Mrs Clare Phelan  
RESPONSIBLE ACCOUNTING OFFICER



## Mid-Western Regional Council

### Income Statement of Council's Water Supply Business Activity

for the financial year ended 30 June 2013

\$ '000	Actual 2013	Actual 2012
<b>Income from continuing operations</b>		
Access charges	961	978
User charges	4,732	3,556
Fees	-	103
Interest	231	272
Grants and contributions provided for non capital purposes	62	61
Profit from the sale of assets	-	-
Other income	6	3
<b>Total income from continuing operations</b>	<b>5,992</b>	<b>4,973</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	1,066	985
Borrowing costs	284	305
Materials and contracts	1,119	986
Depreciation and impairment	1,450	1,621
Water purchase charges	-	69
Loss on sale of assets	90	-
Calculated taxation equivalents	18	15
Debt guarantee fee (if applicable)	-	-
Other expenses	1,533	1,492
<b>Total expenses from continuing operations</b>	<b>5,560</b>	<b>5,473</b>
<b>Surplus (deficit) from Continuing Operations before capital amounts</b>	<b>432</b>	<b>(500)</b>
Grants and contributions provided for capital purposes	1,319	1,187
<b>Surplus (deficit) from Continuing Operations after capital amounts</b>	<b>1,751</b>	<b>687</b>
Surplus (deficit) from discontinued operations	-	-
<b>Surplus (deficit) from ALL Operations before tax</b>	<b>1,751</b>	<b>687</b>
less: Corporate Taxation Equivalent (30%) [based on result before capital]	(130)	-
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>1,621</b>	<b>687</b>
plus Opening Retained Profits	46,548	45,846
plus/less: Prior Period Adjustments	-	-
plus/less: Other Adjustments - Disposals transfer from ARR	100	-
<b>plus Adjustments for amounts unpaid:</b>		
- Taxation equivalent payments	18	15
- Debt guarantee fees	-	-
- Corporate taxation equivalent	130	-
<b>less:</b>		
- Tax Equivalent Dividend paid	-	-
- Surplus dividend paid	-	-
<b>Closing Retained Profits</b>	<b>48,417</b>	<b>46,548</b>
<b>Return on Capital %</b>	<b>1.2%</b>	<b>-0.3%</b>
<b>Subsidy from Council</b>	<b>1,609</b>	<b>2,072</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	1,621	687
less: Capital grants and contributions (excluding developer contributions)	(531)	(727)
<b>Surplus for dividend calculation purposes</b>	<b>1,090</b>	<b>-</b>
<b>Potential Dividend calculated from surplus</b>	<b>545</b>	<b>-</b>

## Mid-Western Regional Council

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

for the financial year ended 30 June 2013

\$ '000	Actual 2013	Actual 2012
<b>Income from continuing operations</b>		
Access charges	3,729	3,286
User charges	551	352
Liquid Trade Waste charges	-	-
Fees	-	18
Interest	402	316
Grants and contributions provided for non capital purposes	59	60
Profit from the sale of assets	-	-
Other income	147	47
<b>Total income from continuing operations</b>	<b>4,888</b>	<b>4,079</b>
<b>Expenses from continuing operations</b>		
Employee benefits and on-costs	871	819
Borrowing costs	678	53
Materials and contracts	560	500
Depreciation and impairment	1,344	1,394
Loss on sale of assets	64	115
Calculated taxation equivalents	6	8
Debt guarantee fee (if applicable)	-	-
Other expenses	1,183	1,015
<b>Total expenses from continuing operations</b>	<b>4,706</b>	<b>3,904</b>
<b>Surplus (deficit) from Continuing Operations before capital amounts</b>	<b>182</b>	<b>175</b>
Grants and contributions provided for capital purposes	4,345	1,893
<b>Surplus (deficit) from Continuing Operations after capital amounts</b>	<b>4,527</b>	<b>2,068</b>
Surplus (deficit) from discontinued operations	-	-
<b>Surplus (deficit) from ALL Operations before tax</b>	<b>4,527</b>	<b>2,068</b>
less: Corporate Taxation Equivalent (30%) [based on result before capital]	(55)	(53)
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>4,472</b>	<b>2,015</b>
plus Opening Retained Profits	36,679	34,603
plus/less: Prior Period Adjustments	-	-
plus/less: Other Adjustments - Disposals Transfer from ARR	37	-
plus Adjustments for amounts unpaid:		
- Taxation equivalent payments	6	8
- Debt guarantee fees	-	-
- Corporate taxation equivalent	55	53
less:		
- Tax Equivalent Dividend paid	-	-
- Surplus dividend paid	-	-
<b>Closing Retained Profits</b>	<b>41,249</b>	<b>36,679</b>
<b>Return on Capital %</b>	<b>1.3%</b>	<b>0.4%</b>
<b>Subsidy from Council</b>	<b>1,718</b>	<b>1,465</b>
<b>Calculation of dividend payable:</b>		
Surplus (deficit) after tax	4,472	2,015
less: Capital grants and contributions (excluding developer contributions)	(3,918)	(1,593)
<b>Surplus for dividend calculation purposes</b>	<b>554</b>	<b>422</b>
<b>Potential Dividend calculated from surplus</b>	<b>277</b>	<b>211</b>

## Mid-Western Regional Council

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

for the financial year ended 30 June 2013

\$ '000	Private Works		Saleyards	
	Category 2		Category 2	
	Actual 2013	Actual 2012	Actual 2013	Actual 2012
<b>Income from continuing operations</b>				
Access charges	-	-	-	-
User charges	275	253	313	287
Fees	-	-	-	-
Interest	8	12	-	-
Grants and contributions provided for non capital purposes	-	-	-	-
Profit from the sale of assets	-	-	-	-
Other income	-	-	20	17
<b>Total income from continuing operations</b>	<b>283</b>	<b>265</b>	<b>333</b>	<b>304</b>
<b>Expenses from continuing operations</b>				
Employee benefits and on-costs	41	39	104	86
Borrowing costs	-	-	2	4
Materials and contracts	144	123	52	58
Depreciation and impairment	-	-	72	107
Loss on sale of assets	-	-	-	-
Calculated taxation equivalents	-	-	-	-
Debt guarantee fee (if applicable)	-	-	-	-
Other expenses	-	-	106	93
<b>Total expenses from continuing operations</b>	<b>185</b>	<b>162</b>	<b>336</b>	<b>348</b>
<b>Surplus (deficit) from Continuing Operations before capital amounts</b>	<b>98</b>	<b>103</b>	<b>(3)</b>	<b>(44)</b>
Grants and contributions provided for capital purposes	-	-	-	-
<b>Surplus (deficit) from Continuing Operations after capital amounts</b>	<b>98</b>	<b>103</b>	<b>(3)</b>	<b>(44)</b>
Surplus (deficit) from discontinued operations	-	-	-	-
<b>Surplus (deficit) from ALL Operations before tax</b>	<b>98</b>	<b>103</b>	<b>(3)</b>	<b>(44)</b>
less: Corporate Taxation Equivalent (30%) [based on result before capital]	(29)	(31)	-	-
<b>SURPLUS (DEFICIT) AFTER TAX</b>	<b>69</b>	<b>72</b>	<b>(3)</b>	<b>(44)</b>
plus Opening Retained Profits	252	149	326	370
plus/less: Prior Period Adjustments	-	-	-	-
plus/less: Other Adjustments	-	-	-	-
plus Adjustments for amounts unpaid:				
- Taxation equivalent payments	-	-	-	-
- Debt guarantee fees	-	-	-	-
- Corporate taxation equivalent	29	31	-	-
add:				
- Subsidy Paid/Contribution To Operations	-	-	-	-
less:				
- TER dividend paid	-	-	-	-
- Dividend paid	(250)	-	-	-
<b>Closing Retained Profits</b>	<b>100</b>	<b>252</b>	<b>323</b>	<b>326</b>
Return on Capital %	n/a	n/a	0.0%	-0.7%
Subsidy from Council	-	-	219	225

## Mid-Western Regional Council

### Statement of Financial Position - Council's Water Supply Business Activity as at 30 June 2013

\$ '000	Actual 2013	Actual 2012
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	4,914	3,755
Investments	-	-
Receivables	1,574	1,430
Inventories	290	309
Other	-	-
Non-current assets classified as held for sale	-	-
<b>Total Current Assets</b>	<b>6,778</b>	<b>5,494</b>
<b>Non-Current Assets</b>		
Investments	-	-
Receivables	-	-
Inventories	-	-
Infrastructure, property, plant and equipment	61,673	61,933
Investments accounted for using equity method	-	-
Investment property	-	-
Other	3	3
<b>Total non-Current Assets</b>	<b>61,676</b>	<b>61,936</b>
<b>TOTAL ASSETS</b>	<b>68,454</b>	<b>67,430</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Bank Overdraft	-	-
Payables	303	380
Interest bearing liabilities	347	326
Provisions	171	200
<b>Total Current Liabilities</b>	<b>821</b>	<b>906</b>
<b>Non-Current Liabilities</b>		
Payables	-	-
Interest bearing liabilities	3,858	4,204
Provisions	-	-
<b>Total Non-Current Liabilities</b>	<b>3,858</b>	<b>4,204</b>
<b>TOTAL LIABILITIES</b>	<b>4,679</b>	<b>5,110</b>
<b>NET ASSETS</b>	<b>63,775</b>	<b>62,320</b>
<b>EQUITY</b>		
Retained earnings	48,417	46,548
Revaluation reserves	15,358	15,772
Council equity interest	63,775	62,320
Non-controlling interest	-	-
<b>TOTAL EQUITY</b>	<b>63,775</b>	<b>62,320</b>

## Mid-Western Regional Council

### Statement of Financial Position - Council's Sewerage Business Activity as at 30 June 2013

\$ '000	Actual 2013	Actual 2012
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	5,240	9,172
Investments	-	-
Receivables	1,284	217
Inventories	26	30
Other	-	-
Non-current assets classified as held for sale	-	-
<b>Total Current Assets</b>	<b>6,550</b>	<b>9,419</b>
<b>Non-Current Assets</b>		
Investments	-	-
Receivables	-	-
Inventories	-	-
Infrastructure, property, plant and equipment	68,377	55,869
Investments accounted for using equity method	-	-
Investment property	-	-
Other	-	-
<b>Total non-Current Assets</b>	<b>68,377</b>	<b>55,869</b>
<b>TOTAL ASSETS</b>	<b>74,927</b>	<b>65,288</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Bank Overdraft	-	-
Payables	550	925
Interest bearing liabilities	303	427
Provisions	-	-
<b>Total Current Liabilities</b>	<b>853</b>	<b>1,352</b>
<b>Non-Current Liabilities</b>		
Payables	-	-
Interest bearing liabilities	9,892	5,581
Provisions	-	-
<b>Total Non-Current Liabilities</b>	<b>9,892</b>	<b>5,581</b>
<b>TOTAL LIABILITIES</b>	<b>10,745</b>	<b>6,933</b>
<b>NET ASSETS</b>	<b>64,182</b>	<b>58,355</b>
<b>EQUITY</b>		
Retained earnings	41,249	36,679
Revaluation reserves	22,933	21,676
Council equity interest	64,182	58,355
Non-controlling equity interest	-	-
<b>TOTAL EQUITY</b>	<b>64,182</b>	<b>58,355</b>

## Mid-Western Regional Council

### Statement of Financial Position - Council's Other Business Activities

as at 30 June 2013

\$ '000	Private Works		Saleyards	
	Category 2		Category 2	
	Actual 2013	Actual 2012	Actual 2013	Actual 2012
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	100	258	(914)	-
Investments	-	-	-	-
Receivables	-	-	4	3
Inventories	-	-	-	-
Other	-	-	-	-
Non-current assets classified as held for sale	-	-	-	-
<b>Total Current Assets</b>	<b>100</b>	<b>258</b>	<b>(910)</b>	<b>3</b>
<b>Non-Current Assets</b>				
Investments	-	-	-	-
Receivables	-	-	-	-
Inventories	-	-	-	-
Infrastructure, property, plant and equipment	-	-	5,788	6,118
Investments accounted for using equity method	-	-	-	-
Investment property	-	-	-	-
Other	-	-	-	-
<b>Total Non-Current Assets</b>	<b>-</b>	<b>-</b>	<b>5,788</b>	<b>6,118</b>
<b>TOTAL ASSETS</b>	<b>100</b>	<b>258</b>	<b>4,878</b>	<b>6,121</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Bank Overdraft	-	-	-	958
Payables	-	6	5	1
Interest bearing liabilities	-	-	8	7
Provisions	-	-	-	-
<b>Total Current Liabilities</b>	<b>-</b>	<b>6</b>	<b>13</b>	<b>966</b>
<b>Non-Current Liabilities</b>				
Payables	-	-	-	-
Interest bearing liabilities	-	-	45	54
Provisions	-	-	-	-
Other Liabilities	-	-	-	-
<b>Total Non-Current Liabilities</b>	<b>-</b>	<b>-</b>	<b>45</b>	<b>54</b>
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>6</b>	<b>58</b>	<b>1,020</b>
<b>NET ASSETS</b>	<b>100</b>	<b>252</b>	<b>4,820</b>	<b>5,101</b>
<b>EQUITY</b>				
Retained earnings	100	252	323	326
Revaluation reserves	-	-	4,497	4,775
Council equity interest	<b>100</b>	<b>252</b>	<b>4,820</b>	<b>5,101</b>
Non-controlling equity interest	-	-	-	-
<b>TOTAL EQUITY</b>	<b>100</b>	<b>252</b>	<b>4,820</b>	<b>5,101</b>

## Mid-Western Regional Council

### Special Purpose Financial Statements

for the financial year ended 30 June 2013

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

Note	Details	Page
1	Summary of Significant Accounting Policies	10
2	Water Supply Business Best Practice Management disclosure requirements	13
3	Sewerage Business Best Practice Management disclosure requirements	15

## Mid-Western Regional Council

### Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2013

#### 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 is not a reporting not-for-profit entity.

The figures presented in these special purpose financial statements, unless otherwise stated, have been prepared in accordance with:

- the recognition and measurement criteria of relevant Australian Accounting Standards,
- other authoritative pronouncements of the Australian Accounting Standards Board (AASB) &
- Australian Accounting Interpretations.

The disclosures in these special purpose financial statements have been prepared in accordance with:

- 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, 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.

#### 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



## Mid-Western Regional Council

### Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2013

#### Note 1. Significant Accounting Policies

Management Disclosures) and Note 3 (Sewerage Best Practice Management Disclosures).

As required by the NSW Office of Water (Department of Primary Industries) the 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 \$406,000 of combined land values attracts 0%. From \$406,001 to \$2,482,000 the rate is 1.6% + \$100. For the remaining combined land value that exceeds \$2,482,000, a premium marginal rate of 2.0% applies.

Payroll Tax – 5.45% on the value of taxable salaries and wages in excess of \$689,000.

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

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

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

##### Income Tax

An income tax equivalent has been applied on the profits of each reported Business Activity.

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 General Purpose Financial Statements.

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

##### Local Government Rates & Charges

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

##### Loan & Debt Guarantee Fees

The debt guarantee fee is designed to ensure that council business activities face "true" commercial

## Mid-Western Regional Council

### Notes to the Special Purpose Financial Statements

for the financial year ended 30 June 2013

#### Note 1. Significant Accounting Policies

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 each reported Business Activity.

##### (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 3.77% at 30/6/13.

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 2013 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 the payment.

## Mid-Western Regional Council

### Notes to the Special Purpose Financial Statements for the financial year ended 30 June 2013

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

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

2013

##### 1. Calculation and Payment of Tax-Equivalents

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

(i)	Calculated Tax Equivalents	18,000
(ii)	No of assessments multiplied by \$3/assessment	24,234
(iii)	Amounts payable for Tax Equivalents [lesser of (i) and (ii)]	18,000
(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]	545,200
(ii)	No. of assessments multiplied by \$30/assessment, less tax equivalent charges/assessment	224,340
(iii)	Cumulative surplus before Dividends for the 3 years to 30 June 2013, less the cumulative dividends paid for the 2 years to 30 June 2012 & 30 June 2011	(169,600)

2013 Surplus	1,090,400	2012 Surplus	(40,000)	2011 Surplus	(1,220,000)
		2012 Dividend	-	2011 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	YES
	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 2013

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

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated) 2013

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

NWI F1	Total Revenue (Water) Total Income (w13) - Grants for the Acquisition of Assets (w11a) - Interest Income (w9) - Aboriginal Communities W&S Program Income (w10a)	\$'000	7,067
NWI F4	Revenue from Residential Usage Charges (Water) Income from Residential Usage Charges (w6b) x 100 divided by the sum of [Income from Residential Usage Charges (w6a) + Income from Residential Access Charges (w6b)]	%	82.04%
NWI F9	Written Down Replacement Cost of Fixed Assets (Water) Written down current cost of system assets (w47)	\$'000	61,673
NWI F11	Operating Cost (OMA) (Water) Management Expenses (w1) + Operational & Maintenance Expenses (w2)	\$'000	3,719
NWI F14	Capital Expenditure (Water) Acquisition of fixed assets (w16)	\$'000	1,184
NWI F17	Economic Real Rate of Return (Water) [Total Income (w13) - Interest Income (w9) - Grants for acquisition of assets (w11a) - Operating Costs (NWI F11) - Current Cost Depreciation (w3)] x 100 divided by [Written Down Current Cost of System Assets (w47) + Plant & Equipment (w33b)]	%	3.08%
NWI F26	Capital Works Grants (Water) Grants for the Acquisition of Assets (w11a)	\$'000	41

- Notes:
1. References to w (eg. w12) refer to item numbers within Special Schedules No. 3 & 4 of Council's Annual Financial Statements.
  2. 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 2013

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

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

2013

##### 1. Calculation and Payment of Tax-Equivalents

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

(i)	Calculated Tax Equivalents	6,000
(ii)	No of assessments multiplied by \$3/assessment	20,976
(iii)	Amounts payable for Tax Equivalents [lesser of (i) and (ii)]	6,000
(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]	277,200
(ii)	No. of assessments x (\$30 less tax equivalent charges per assessment)	203,760
(iii)	Cumulative surplus before dividends for the 3 years to 30 June 2013, less the cumulative dividends paid for the 2 years to 30 June 2012 & 30 June 2011	1,104,897

2013 Surplus	554,400	2012 Surplus	422,497	2011 Surplus	128,000
		2012 Dividend	-	2011 Dividend	-

(iv)	Maximum dividend from surplus [least of (i), (ii) and (iii) above]	203,760
(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]	YES
	Complying charges	
	(a) Residential [Item 2(c) in Table 1]	YES
	(b) Non Residential [Item 2(c) in Table 1]	YES
	(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	YES
	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 2013

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

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated) 2013

##### 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) - Aboriginal Communities W&S Program Income (w10a)	\$'000	6,180
<b>NWI F10</b>	Written Down Replacement Cost of Fixed Assets (Sewerage) Written down current cost of system assets (s48)	\$'000	68,377
<b>NWI F12</b>	Operating Cost (Sewerage) Management Expenses (s1) + Operational & Maintenance Expenses (s2)	\$'000	2,614
<b>NWI F15</b>	Capital Expenditure (Sewerage) Acquisition of Fixed Assets (s17)	\$'000	11,253
<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)]	%	3.25%
<b>NWI F27</b>	Capital Works Grants (Sewerage) Grants for the Acquisition of Assets (12a)	\$'000	2,664

##### 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	13,093
<b>NWI F8</b>	Revenue from Community Service Obligations (Water & Sewerage) Community Service Obligations (NWI F25) x 100 divided by Total Income (NWI F3)	%	0.92%
<b>NWI F16</b>	Capital Expenditure (Water & Sewerage) Acquisition of Fixed Assets (w16 + s17)	\$'000	12,437
<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)]	%	3.17%
<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 2013

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

Dollars Amounts shown below are in WHOLE DOLLARS (unless otherwise indicated) 2013

#### 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)]	%	3.32%
<b>NWI F23</b>	Interest Cover (Water & Sewerage) Earnings before Interest & Tax (EBIT) divided by Net Interest  Earnings before Interest & Tax (EBIT): <span style="border: 1px solid black; padding: 2px;">3,832</span> 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: <span style="border: 1px solid black; padding: 2px;">370</span> Interest Expense (w4a + s4a) - Interest Income (w9 + s10)		10
<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	3,597
<b>NWI F25</b>	Community Service Obligations (Water & Sewerage) Grants for Pensioner Rebates (w11b + s12b)	\$'000	121

- 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 STATEMENTS OF  
MID-WESTERN REGIONAL COUNCIL**

**Report on the Financial Statements**

We have audited the special purpose financial statements of Mid-Western Regional Council for the year ended 30 June 2013, comprising the Statement by Council, Income Statement by Business Activities, Statement of Financial Position 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 Statements**

The Council are responsible for the preparation and fair presentation of the financial statements and have determined that the accounting policies described in Note 1 to the financial statements which form part of the financial statements are appropriate to meet the financial reporting requirements of the Council and the Division 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 statements that are 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 statements 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 statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, 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 statements 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 statements.

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 Statements

This auditor's report relates to the special purpose financial statements of Mid-Western Regional Council (Council) for the year ended 30 June 2013 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 statements to confirm the information included in the audited financial statements presented on this web site.

## Audit Opinion

In our opinion, the special purpose financial statements of Mid-Western Regional Council are 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.

## Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial statement, which describes the basis of accounting. The special purpose financial statements have been prepared for distribution to the Council and the Division of Local Government for the purpose of fulfilling the requirements of National Competition Policy reporting. As a result, the financial statements may not be suitable for another purpose. We disclaim any assumption of responsibility for any reliance on this report or on the financial statements to which it relates to any person other than the Council or the Division of Local Government or for any purpose other than for which the statements were prepared.



intentus

237 Lords Place  
Orange  
Dated: August 30, 2013



JD O'Malley  
Partner



Chartered Accountants



COVER OF EXCELLENCE

# Mid-Western Regional Council

SPECIAL SCHEDULES

for the year ended 30 June 2013

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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 2013

### Contents

Page

#### 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 - Statement of Financial Position	9
- Special Schedule No. 5	Sewerage Service - Income Statement	10
- Special Schedule No. 6	Sewerage Service - Statement of Financial Position	14
- Notes to Special Schedules No. 3 & 5		15
- Special Schedule No. 7	Condition of Public Works	16
- Special Schedule No. 8	Financial Projections	19

<sup>1</sup> Special Purpose Schedules are not audited.

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#### 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 2013

\$'000

Function or Activity	Expenses from Continuing Operations.	Income from continuing operations		Net Cost. of Services.
		Non Capital.	Capital.	
<b>Governance</b>	<b>572</b>	<b>76</b>	<b>-</b>	<b>(496)</b>
<b>Administration</b>	<b>8,317</b>	<b>4,477</b>	<b>1,860</b>	<b>(1,980)</b>
<b>Public Order and Safety</b>				
Fire Service Levy, Fire Protection, Emergency Services	969	450	173	(346)
Beach Control	-	-	-	-
Enforcement of Local Govt. Regulations	-	-	-	-
Animal Control	152	22	-	(130)
Other	77	78	-	1
<b>Total Public Order &amp; Safety</b>	<b>1,198</b>	<b>550</b>	<b>173</b>	<b>(475)</b>
<b>Health</b>	<b>294</b>	<b>107</b>	<b>-</b>	<b>(187)</b>
<b>Environment</b>				
Noxious Plants and Insect/Vermin Control	802	312	-	(490)
Other Environmental Protection	310	142	6	(162)
Solid Waste Management	4,159	4,635	-	476
Street Cleaning	215	(2)	-	(217)
Drainage	794	(133)	60	(867)
Stormwater Management	-	-	-	-
<b>Total Environment</b>	<b>6,280</b>	<b>4,954</b>	<b>66</b>	<b>(1,260)</b>
<b>Community Services and Education</b>				
Administration & Education	363	133	-	(230)
Social Protection (Welfare)	-	-	-	-
Aged Persons and Disabled	934	916	-	(18)
Children's Services	1,205	1,239	-	34
<b>Total Community Services &amp; Education</b>	<b>2,502</b>	<b>2,288</b>	<b>-</b>	<b>(214)</b>
<b>Housing and Community Amenities</b>				
Public Cemeteries	315	153	-	(162)
Public Conveniences	44	(2)	-	(46)
Street Lighting	275	-	-	(275)
Town Planning	1,524	594	-	(930)
Other Community Amenities	37	45	-	8
<b>Total Housing and Community Amenities</b>	<b>2,195</b>	<b>790</b>	<b>-</b>	<b>(1,405)</b>
<b>Water Supplies</b>	<b>4,671</b>	<b>5,048</b>	<b>1,400</b>	<b>1,777</b>
<b>Sewerage Services</b>	<b>3,837</b>	<b>4,009</b>	<b>4,373</b>	<b>4,545</b>

## Mid-Western Regional Council

Special Schedule No. 1 - Net Cost of Services (continued)  
for the financial year ended 30 June 2013

\$'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	1,095	114	153	(828)
Museums	15	12	-	(3)
Art Galleries	-	-	-	-
Community Centres and Halls	165	(50)	-	(215)
Performing Arts Venues	-	-	-	-
Other Performing Arts	-	-	-	-
Other Cultural Services	-	-	-	-
Sporting Grounds and Venues	1,448	208	59	(1,181)
Swimming Pools	2,107	20	17	(2,070)
Parks & Gardens (Lakes)	883	(143)	-	(1,026)
Other Sport and Recreation	-	-	-	-
<b>Total Recreation and Culture</b>	<b>5,713</b>	<b>161</b>	<b>229</b>	<b>(5,323)</b>
<b>Fuel &amp; Energy</b>	-	-	-	-
<b>Agriculture</b>	-	-	-	-
<b>Mining, Manufacturing and Construction</b>				
Building Control	490	533	-	43
Other Mining, Manufacturing & Construction	-	-	-	-
<b>Total Mining, Manufacturing and Const.</b>	<b>490</b>	<b>533</b>	-	<b>43</b>
<b>Transport and Communication</b>				
Urban Roads (UR) - Local	1,794	125	1,058	(611)
Urban Roads - Regional	23	-	180	157
Sealed Rural Roads (SRR) - Local	3,124	(111)	3,159	(76)
Sealed Rural Roads (SRR) - Regional	2,977	1,666	780	(531)
Unsealed Rural Roads (URR) - Local	2,565	72	-	(2,493)
Unsealed Rural Roads (URR) - Regional	149	416	-	267
Bridges on UR - Local	-	-	-	-
Bridges on SRR - Local	408	-	-	(408)
Bridges on URR - Local	-	-	-	-
Bridges on Regional Roads	345	42	-	(303)
Parking Areas	451	28	-	(423)
Footpaths	200	-	138	(62)
Aerodromes	325	130	-	(195)
Other Transport & Communication	3,528	3,628	-	100
<b>Total Transport and Communication</b>	<b>15,889</b>	<b>5,996</b>	<b>5,315</b>	<b>(4,578)</b>
<b>Economic Affairs</b>				
Camping Areas & Caravan Parks	11	123	-	112
Other Economic Affairs	1,187	917	-	(270)
<b>Total Economic Affairs</b>	<b>1,198</b>	<b>1,040</b>	-	<b>(158)</b>
<b>Totals – Functions</b>	<b>53,156</b>	<b>30,029</b>	<b>13,416</b>	<b>(9,711)</b>
<b>General Purpose Revenues<sup>(2)</sup></b>		<b>21,887</b>		<b>21,887</b>
<b>Share of interests - joint ventures &amp; associates using the equity method</b>	-	-		-
<b>NET OPERATING RESULT<sup>(1)</sup></b>	<b>53,156</b>	<b>51,916</b>	<b>13,416</b>	<b>12,176</b>

(1) As reported in the Income Statement

(2) Includes: Rates &amp; Annual Charges (incl. Ex Gratia, excl. Water &amp; Sewer), Non Capital General Purpose Grants, Interest on Investments (excl. Ext. Restricted Assets) &amp; Interest on overdue Rates &amp; Annual Charges

# Mid-Western Regional Council

## Special Schedule No. 2(a) - Statement of Long Term Debt (all purpose)

for the financial year ended 30 June 2013

\$'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	4	21	25	-	5	-	-	2	5	15	20
Public Subscription	-	-	-	-	-	-	-	-	-	-	-
Financial Institutions	1,048	13,149	14,197	10,159	2,616	-	-	1,422	1,249	20,491	21,740
Other	-	-	-	-	-	-	-	-	-	-	-
<b>Total Loans</b>	<b>1,052</b>	<b>13,170</b>	<b>14,222</b>	<b>10,159</b>	<b>2,621</b>	<b>-</b>	<b>-</b>	<b>1,424</b>	<b>1,254</b>	<b>20,506</b>	<b>21,760</b>
<b>Other Long Term Debt</b>											
Ratepayers Advances	-	-	-	-	-	-	-	-	-	-	-
Government Advances	-	-	-	-	-	-	-	-	-	-	-
Finance Leases	-	-	-	-	-	-	-	-	-	-	-
Deferred Payments	-	-	-	-	-	-	-	-	-	-	-
<b>Total Long Term Debt</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Debt</b>	<b>1,052</b>	<b>13,170</b>	<b>14,222</b>	<b>10,159</b>	<b>2,621</b>	<b>-</b>	<b>-</b>	<b>1,424</b>	<b>1,254</b>	<b>20,506</b>	<b>21,760</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** (which are reported in the GPFS).

## 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 2013

\$'000	Actuals 2013	Actuals 2012
<b>A Expenses and Income</b>		
<b>Expenses</b>		
<b>1. Management expenses</b>		
a. Administration	307	338
b. Engineering and Supervision	852	832
<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	716	676
<b>- Reservoirs</b>		
e. Operation expenses	110	82
f. Maintenance expenses	139	106
<b>- Pumping Stations</b>		
g. Operation expenses (excluding energy costs)	51	43
h. Energy costs	120	60
i. Maintenance expenses	73	64
<b>- Treatment</b>		
j. Operation expenses (excluding chemical costs)	676	430
k. Chemical costs	256	245
l. Maintenance expenses	325	387
<b>- Other</b>		
m. Operation expenses	-	-
n. Maintenance expenses	-	-
o. Purchase of water	94	69
<b>3. Depreciation expenses</b>		
a. System assets	1,449	1,621
b. Plant and equipment	-	-
<b>4. Miscellaneous expenses</b>		
a. Interest expenses	284	305
b. Revaluation Decrements	-	-
c. Other expenses	-	200
d. Impairment - System assets	-	-
e. Impairment - Plant and equipment	-	-
f. Aboriginal Communities Water & Sewerage Program	-	-
g. Tax Equivalents Dividends (actually paid)	-	-
<b>5. Total expenses</b>	<b>5,452</b>	<b>5,458</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 2013

\$'000	Actuals 2013	Actuals 2012
<b>Income</b>		
<b>6. Residential charges</b>		
a. Access (including rates)	739	755
b. Usage charges	3,375	2,563
<b>7. Non-residential charges</b>		
a. Access (including rates)	222	223
b. Usage charges	1,205	993
<b>8. Extra charges</b>	28	24
<b>9. Interest income</b>	203	248
<b>10. Other income</b>	158	106
<b>10a. Aboriginal Communities Water and Sewerage Program</b>	-	-
<b>11. Grants</b>		
a. Grants for acquisition of assets	41	690
b. Grants for pensioner rebates	62	61
c. Other grants	-	-
<b>12. Contributions</b>		
a. Developer charges	788	460
b. Developer provided assets	490	-
c. Other contributions	-	37
<b>13. Total income</b>	<b>7,311</b>	<b>6,160</b>
<b>14. Gain (or loss) on disposal of assets</b>	(90)	-
<b>15. Operating Result</b>	<b>1,769</b>	<b>702</b>
<b>15a. Operating Result (less grants for acquisition of assets)</b>	1,728	12



## 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 2013

\$'000	Actuals 2013	Actuals 2012
<b>B Capital transactions</b>		
<b>Non-operating expenditures</b>		
<b>16. Acquisition of Fixed Assets</b>		
a. New Assets for Improved Standards	8	214
b. New Assets for Growth	529	1,222
c. Renewals	647	321
d. Plant and equipment	-	-
<b>17. Repayment of debt</b>		
a. Loans	325	304
b. Advances	-	-
c. Finance leases	-	-
<b>18. Transfer to sinking fund</b>	-	-
<b>19. Totals</b>	<b>1,509</b>	<b>2,061</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)	6,549	6,412
b. Residential (unoccupied, ie. vacant lot)	616	603
c. Non-residential (occupied)	783	767
d. Non-residential (unoccupied, ie. vacant lot)	130	127
<b>25. Number of ETs for which developer charges were received</b>	100 ET	60 ET
<b>26. Total amount of pensioner rebates (actual dollars)</b>	\$ 111,847	\$ 111,071

## Mid-Western Regional Council

### Special Schedule No. 3 - Water Supply Cross Subsidies for the financial year ended 30 June 2013

\$'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"/> YES	<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)?	<input type="checkbox"/>	<input type="checkbox"/>	
<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.			
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"/> YES	<input type="checkbox"/>	
b. Total cross-subsidy in water supply developer charges for 2012/13 (page 47 of Guidelines)			<input type="text" value="788,068"/>
** 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="788,068"/>
* 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 <b>not</b> 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 Statement of Financial Position

Includes INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
as at 30 June 2013

\$'000	Actuals Current	Actuals Non Current	Actuals Total
<b>ASSETS</b>			
<b>30. Cash and investments</b>			
a. Developer charges	2,686	-	2,686
b. Special purpose grants	11	-	11
c. Accrued leave	-	-	-
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	2,217	-	2,217
<b>31. Receivables</b>			
a. Specific purpose grants	13	-	13
b. Rates and Availability Charges	42	-	42
c. User Charges	1,519	-	1,519
d. Other	-	-	-
<b>32. Inventories</b>	290	-	290
<b>33. Property, plant and equipment</b>			
a. System assets	-	61,673	61,673
b. Plant and equipment	-	-	-
<b>34. Other assets</b>	-	3	3
<b>35. Total assets</b>	<b>6,778</b>	<b>61,676</b>	<b>68,454</b>
<b>LIABILITIES</b>			
<b>36. Bank overdraft</b>	-	-	-
<b>37. Creditors</b>	303	-	303
<b>38. Borrowings</b>			
a. Loans	347	3,858	4,205
b. Advances	-	-	-
c. Finance leases	-	-	-
<b>39. Provisions</b>			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	171	-	171
<b>40. Total liabilities</b>	<b>821</b>	<b>3,858</b>	<b>4,679</b>
<b>41. NET ASSETS COMMITTED</b>	<b>5,957</b>	<b>57,818</b>	<b>63,775</b>
<b>EQUITY</b>			
<b>42. Accumulated surplus</b>			48,417
<b>43. Asset revaluation reserve</b>			15,358
<b>44. TOTAL EQUITY</b>			<b>63,775</b>
<b>Note to system assets:</b>			
<b>45. Current replacement cost</b> of system assets			101,223
<b>46. Accumulated current cost</b> depreciation of system assets			(39,550)
<b>47. Written down current cost</b> of system assets			<b>61,673</b>

## Mid-Western Regional Council

### Special Schedule No. 5 - Sewerage Service Income Statement

Includes ALL INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
for the financial year ended 30 June 2013

\$'000	Actuals 2013	Actuals 2012
<b>A Expenses and Income</b>		
<b>Expenses</b>		
<b>1. Management expenses</b>		
a. Administration	136	149
b. Engineering and Supervision	846	764
<b>2. Operation and Maintenance expenses</b>		
<b>- Mains</b>		
a. Operation expenses	-	-
b. Maintenance expenses	468	424
<b>- Pumping Stations</b>		
c. Operation expenses (excluding energy costs)	108	-
d. Energy costs	59	44
e. Maintenance expenses	50	162
<b>- Treatment</b>		
f. Operation expenses (excl. chemical, energy, effluent & biosolids management costs)	589	276
g. Chemical costs	18	21
h. Energy costs	84	56
i. Effluent Management	-	-
j. Biosolids Management	-	-
k. Maintenance expenses	256	438
<b>- Other</b>		
l. Operation expenses	-	-
m. Maintenance expenses	-	-
<b>3. Depreciation expenses</b>		
a. System assets	1,344	1,394
b. Plant and equipment	-	-
<b>4. Miscellaneous expenses</b>		
a. Interest expenses	678	53
b. Revaluation Decrements	-	-
c. Other expenses	-	-
d. Impairment - System assets	-	-
e. Impairment - Plant and equipment	-	-
f. Aboriginal Communities Water & Sewerage Program	-	-
d. Tax Equivalent Dividends (actually paid)	-	-
<b>5. Total expenses</b>	<b>4,636</b>	<b>3,781</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 2013

\$'000	Actuals 2013	Actuals 2012
<b>Income</b>		
<b>6. Residential charges</b> (including rates)	3,504	3,066
<b>7. Non-residential charges</b>		
a. Access (including rates)	225	220
b. Usage charges	531	352
<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>	13	11
<b>10. Interest income</b>	389	305
<b>11. Other income</b>	167	65
<b>11a. Aboriginal Communities Water &amp; Sewerage Program</b>	-	-
<b>12. Grants</b>		
a. Grants for acquisition of assets	2,664	1,400
b. Grants for pensioner rebates	59	60
c. Other grants	-	-
<b>13. Contributions</b>		
a. Developer charges	427	300
b. Developer provided assets	1,254	-
c. Other contributions	-	193
<b>14. Total income</b>	<b>9,233</b>	<b>5,972</b>
<b>15. Gain (or loss) on disposal of assets</b>	(64)	(115)
<b>16. Operating Result</b>	<b>4,533</b>	<b>2,076</b>
<b>16a. Operating Result (less grants for acquisition of assets)</b>	1,869	676

## 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 2013

\$'000	Actuals 2013	Actuals 2012
<b>B Capital transactions</b>		
<b>Non-operating expenditures</b>		
<b>17. Acquisition of Fixed Assets</b>		
a. New Assets for Improved Standards	-	402
b. New Assets for Growth	5,715	230
c. Renewals	5,538	4,947
d. Plant and equipment	-	-
<b>18. Repayment of debt</b>		
a. Loans	406	66
b. Advances	-	-
c. Finance leases	-	-
<b>19. Transfer to sinking fund</b>	-	-
<b>20. Totals</b>	<b>11,659</b>	<b>5,645</b>
<b>Non-operating funds employed</b>		
<b>21. Proceeds from disposal of assets</b>	-	-
<b>22. Borrowing utilised</b>		
a. Loans	6,614	3,386
b. Advances	-	-
c. Finance leases	-	-
<b>23. Transfer from sinking fund</b>	-	-
<b>24. Totals</b>	<b>6,614</b>	<b>3,386</b>
<b>C Rates and charges</b>		
<b>25. Number of assessments</b>		
a. Residential (occupied)	5,727	5,585
b. Residential (unoccupied, ie. vacant lot)	566	552
c. Non-residential (occupied)	615	600
d. Non-residential (unoccupied, ie. vacant lot)	84	82
<b>26. Number of ETs for which developer charges were received</b>	119 ET	86 ET
<b>27. Total amount of pensioner rebates (actual dollars)</b>	\$ 107,504	\$ 108,762

## Mid-Western Regional Council

### Special Schedule No. 5 - Sewerage Cross Subsidies for the financial year ended 30 June 2013

\$'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"/> YES	<input type="checkbox"/>	
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"/>	<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)			<input type="text"/>
<b>c.</b> Cross-subsidy <b>to</b> trade waste discharges (page 46 of Guidelines)			<input type="text"/>
<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 2012/13 (page 47 of Guidelines)			<input type="text" value="426,996"/>
** 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>			<input type="text" value="426,996"/>

\* 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 Service Statement of Financial Position

Includes INTERNAL TRANSACTIONS, ie. prepared on a Gross Basis.  
as at 30 June 2013

\$'000	Actuals Current	Actuals Non Current	Actuals Total
<b>ASSETS</b>			
<b>31. Cash and investments</b>			
a. Developer charges	943	-	943
b. Special purpose grants	-	-	-
c. Accrued leave	-	-	-
d. Unexpended loans	-	-	-
e. Sinking fund	-	-	-
f. Other	4,297	-	4,297
<b>32. Receivables</b>			
a. Specific purpose grants	856	-	856
b. Rates and Availability Charges	118	-	118
c. User Charges	192	-	192
d. Other	118	-	118
<b>33. Inventories</b>	26	-	26
<b>34. Property, plant and equipment</b>			
a. System assets	-	68,377	68,377
b. Plant and equipment	-	-	-
<b>35. Other assets</b>	-	-	-
<b>36. Total Assets</b>	<b>6,550</b>	<b>68,377</b>	<b>74,927</b>
<b>LIABILITIES</b>			
<b>37. Bank overdraft</b>	-	-	-
<b>38. Creditors</b>	550	-	550
<b>39. Borrowings</b>			
a. Loans	303	9,892	10,195
b. Advances	-	-	-
c. Finance leases	-	-	-
<b>40. Provisions</b>			
a. Tax equivalents	-	-	-
b. Dividend	-	-	-
c. Other	-	-	-
<b>41. Total Liabilities</b>	<b>853</b>	<b>9,892</b>	<b>10,745</b>
<b>42. NET ASSETS COMMITTED</b>	<b>5,697</b>	<b>58,485</b>	<b>64,182</b>
<b>EQUITY</b>			
<b>42. Accumulated surplus</b>			41,249
<b>44. Asset revaluation reserve</b>			22,933
<b>45. TOTAL EQUITY</b>			<b>64,182</b>
<b>Note to system assets:</b>			
<b>46. Current replacement cost</b> of system assets			107,077
<b>47. Accumulated current cost</b> depreciation of system assets			(38,700)
<b>48. Written down current cost</b> of system assets			<b>68,377</b>



## Mid-Western Regional Council

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

for the financial year ended 30 June 2013

#### 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.

**Impairment Losses** (item 4d & 4e of Special Schedules 3 and 5) are to be used when the carrying amount of an asset exceeds its recoverable amount (refer to page D-31).

**Aboriginal Communities Water and Sewerage Program** (item 4f of Special Schedules 3 and 5) is to be used when operation and maintenance work has been undertaken on behalf of the Aboriginal Communities Water and Sewerage Program. Similarly, income for item 11a of Special Schedule 3 and item 12a of Special Schedule 5 are for services provided to the Aboriginal Communities Water and Sewerage Program and is not part of Council's water supply and sewerage revenue.

**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) incl. 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 2013

\$'000	Actual <sup>(1)</sup> 12/13	Forecast <sup>(3)</sup> 13/14	Forecast <sup>(3)</sup> 14/15	Forecast <sup>(3)</sup> 15/16	Forecast <sup>(3)</sup> 16/17	Forecast <sup>(3)</sup> 17/18	Forecast <sup>(3)</sup> 18/19	Forecast <sup>(3)</sup> 19/20	Forecast <sup>(3)</sup> 20/21	Forecast <sup>(3)</sup> 21/22	Forecast <sup>(3)</sup> 22/23
<b>(i) OPERATING BUDGET</b>											
Income from continuing operations	65,332	58,041	59,111	61,266	63,847	66,551	69,046	71,313	75,174	76,679	79,456
Expenses from continuing operations	53,156	51,410	52,376	53,614	55,109	56,729	58,776	60,824	63,069	63,962	65,747
<b>Operating Result from Continuing Operations</b>	<b>12,176</b>	<b>6,631</b>	<b>6,735</b>	<b>7,652</b>	<b>8,738</b>	<b>9,822</b>	<b>10,270</b>	<b>10,489</b>	<b>12,105</b>	<b>12,717</b>	<b>13,709</b>
<b>(ii) CAPITAL BUDGET</b>											
New Capital Works <sup>(2)</sup>	2,716	125	50	-	1,200	-	-	-	-	-	-
Replacement/Refurbishment of Existing Assets	32,502	21,121	11,995	12,570	14,296	31,374	32,851	17,419	19,399	17,099	22,208
<b>Total Capital Budget</b>	<b>35,218</b>	<b>21,246</b>	<b>12,045</b>	<b>12,570</b>	<b>15,496</b>	<b>31,374</b>	<b>32,851</b>	<b>17,419</b>	<b>19,399</b>	<b>17,099</b>	<b>22,208</b>
<b>Funded by:</b>											
- Loans	8,792	1,000	-	-	-	6,000	12,000	-	-	-	-
- Asset sales	-	152	161	181	467	796	673	520	741	513	546
- Reserves	10,043	10,882	6,006	6,359	9,182	18,508	13,915	10,457	10,759	9,727	14,587
- Grants/Contributions	10,926	4,883	1,517	1,507	1,507	1,508	1,509	1,510	2,761	1,512	1,513
- Recurrent revenue	5,457	4,329	4,361	4,523	4,340	4,562	4,754	4,932	5,138	5,347	5,562
- Other	-	-	-	-	-	-	-	-	-	-	-
	<b>35,218</b>	<b>21,246</b>	<b>12,045</b>	<b>12,570</b>	<b>15,496</b>	<b>31,374</b>	<b>32,851</b>	<b>17,419</b>	<b>19,399</b>	<b>17,099</b>	<b>22,208</b>

**Notes:**

(1) From 12/13 Income Statement.

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

(3) Financial projections should be in accordance with Council's Integrated Planning and Reporting framework.