

# Mid-Western Regional Council

GENERAL PURPOSE FINANCIAL REPORT  
for the year ended 30 June 2007

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a prosperous and progressive community  
that we proudly call home



# Mid-Western Regional Council

## General Purpose Financial Report for the financial year ended 30 June 2007

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### Overview

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

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

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

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

- (iii) All figures presented in this Financial Report represent Australian Currency.
  - (iv) This Financial Report was authorised for issue by the Council on 4/10/07.  
Council has the power to amend and reissue the financial report.
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## Mid-Western Regional Council

### General Purpose Financial Report

for the financial year ended 30 June 2007

### Statement by Councillors and Management

made pursuant to Section 413(2)(c) of the Local Government Act 1993 (as amended)

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

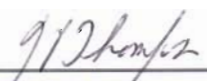
- The Local Government Act 1993 (as amended) and the Regulations made thereunder,
- The Australian Accounting Standards and professional pronouncements, and
- The Local Government Code of Accounting Practice and Financial Reporting.

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

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

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

**Signed in accordance with a resolution of Council made on 19/09/2007**

  
\_\_\_\_\_  
J P Thompson  
MAYOR  
\_\_\_\_\_  
M F Williams  
COUNCILLOR - CHAIRPERSON  
CORPORATE SERVICES COMMITTEE  
\_\_\_\_\_  
W L Bennett  
GENERAL MANAGER  
\_\_\_\_\_  
C E Phelan  
RESPONSIBLE ACCOUNTING OFFICER

# Mid-Western Regional Council

## Income Statement

for the financial year ended 30 June 2007

Budget <sup>(1)</sup>			Actual	Actual
2007	\$ '000	Notes	2007	2006
Income from Continuing Operations				
Revenue:				
17,888	Rates & Annual Charges	3a	17,985	16,811
9,332	User Charges & Fees	3b	9,731	9,089
894	Interest & Investment Revenue	3c	2,129	1,519
411	Other Revenues	3d	1,441	1,007
8,829	Grants & Contributions provided for Operating Purposes	3e,f	9,194	8,182
4,103	Grants & Contributions provided for Capital Purposes	3e,f	5,247	5,210
Other Income:				
925	Net gains from the Disposal of Assets	5	1,871	72
42,382	Total Income from Continuing Operations		47,598	41,890
Expenses from Continuing Operations				
15,223	Employee Benefits & on-costs	4a	13,591	14,090
698	Borrowing Costs	4b	631	438
9,692	Materials & Contracts	4c	11,756	10,337
7,943	Depreciation & Amortisation	4d	8,162	7,852
4,117	Other Expenses	4e	3,492	3,389
37,673	Total Expenses from Continuing Operations		37,632	36,106
4,709	Net Operating Result for the Year		9,966	5,784
4,709	Net Operating Result attributable to Council		9,966	5,784
	Net Operating Result attributable to Minority Interests		-	
Net Operating Result for the Year before Grants and Contributions provided for Capital Purposes				
606			4,719	574

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

# Mid-Western Regional Council

## Balance Sheet

as at 30 June 2007

\$ '000	Notes	Actual 2007	Actual 2006
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash & Cash Equivalents	6a	33,426	29,313
Investments	6b	1,500	-
Receivables	7	3,297	2,498
Inventories	8	707	658
Other	8	4	126
<b>Total Current Assets</b>		<b>38,934</b>	<b>32,595</b>
<b>Non-Current Assets</b>			
Investments	6b	946	-
Infrastructure, Property, Plant & Equipment	9	256,305	233,601
<b>Total Non-Current Assets</b>		<b>257,251</b>	<b>233,601</b>
<b>TOTAL ASSETS</b>		<b>296,185</b>	<b>266,196</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	10	2,808	2,330
Interest Bearing Liabilities	10	476	610
Provisions - anticipated as being payable within the next 12 months	10	1,591	1,888
Provisions - anticipated as being payable after the next 12 months	10	2,622	2,711
<b>Total Current Liabilities</b>		<b>7,497</b>	<b>7,539</b>
<b>Non-Current Liabilities</b>			
Interest Bearing Liabilities	10	7,744	8,201
Provisions	10	863	1,453
<b>Total Non-Current Liabilities</b>		<b>8,607</b>	<b>9,654</b>
<b>TOTAL LIABILITIES</b>		<b>16,104</b>	<b>17,193</b>
<b>Net Assets</b>		<b>280,081</b>	<b>249,003</b>
<b>EQUITY</b>			
Retained Earnings	20	258,969	249,003
Revaluation Reserves	20	21,112	-
<b>Total Equity</b>		<b>280,081</b>	<b>249,003</b>

## Mid-Western Regional Council

### Statement of Changes in Equity for the financial year ended 30 June 2007

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Equity Interest	Minority Interest	Total Equity
<b>2007</b>						
<b>Opening Balance</b> (as per Last Years Audited Accounts)		249,003	-	<b>249,003</b>	-	<b>249,003</b>
a. Correction of Prior Period Errors	20 (d)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (e)	-	-	-	-	-
<b>Revised Opening Balance</b> (as at 1/7/06)		<b>249,003</b>	-	<b>249,003</b>	-	<b>249,003</b>
c. Current Year Income & Expenses Recognised direct to Equity						
- Transfers to/(from) Asset Revaluation Reserve	20b (ii)	-	21,167	<b>21,167</b>	-	<b>21,167</b>
- Other Income/Expenses recognised	20b (ii)	-	(55)	<b>(55)</b>	-	<b>(55)</b>
<b>Net Income Recognised Directly in Equity</b>		-	<b>21,112</b>	<b>21,112</b>	-	<b>21,112</b>
d. Net Operating Result for the Year		<b>9,966</b>		<b>9,966</b>	-	<b>9,966</b>
<b>Total Recognised Income &amp; Expenses</b> (c&d)		<b>9,966</b>	<b>21,112</b>	<b>31,078</b>	-	<b>31,078</b>
e. Distributions to/(Contributions from) Minority Interests		-	-	-	-	-
f. Transfers between Equity		-	-	-	-	-
<b>Equity - End of Reporting Period Balance</b>		<b>258,969</b>	<b>21,112</b>	<b>280,081</b>	-	<b>280,081</b>

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Equity Interest	Minority Interest	Total Equity
<b>2006</b>						
<b>Opening Balance</b> (as per Last Years Audited Accounts)		243,219	-	<b>243,219</b>	-	<b>243,219</b>
a. Adjustments on adoption of AASB 132 and AASB139 as at (1/7/05)		-	-	-	-	-
b. Correction of Prior Period Errors	20 (d)	-	-	-	-	-
c. Changes in Accounting Policies (prior year effects)	20 (e)	-	-	-	-	-
<b>Revised Opening Balance</b> (as at 1/7/05)		<b>243,219</b>	-	<b>243,219</b>	-	<b>243,219</b>
d. Current Year Income & Expenses Recognised direct to Equity						
<b>Net Income Recognised Directly in Equity</b>		-	-	-	-	-
e. Net Operating Result for the Year		<b>5,784</b>		<b>5,784</b>	-	<b>5,784</b>
<b>Total Recognised Income &amp; Expenses</b> (c&d)		<b>5,784</b>	-	<b>5,784</b>	-	<b>5,784</b>
f. Distributions to/(Contributions from) Minority Interests		-	-	-	-	-
g. Transfers between Equity		-	-	-	-	-
<b>Equity - End of the Reporting Period Balance</b>		<b>249,003</b>	-	<b>249,003</b>	-	<b>249,003</b>

# Mid-Western Regional Council

## Cash Flow Statement

for the financial year ended 30 June 2007

Budget			Actual	Actual
2007	\$ '000	Notes	2007	2006
<b>Cash Flows from Operating Activities</b>				
	<b>Receipts:</b>			
18,389	Rates & Annual Charges		17,952	16,975
9,383	User Charges & Fees		10,143	10,265
894	Interest & Interest Received		1,880	1,371
12,244	Grants & Contributions		15,199	13,762
412	Other		2,584	1,308
	<b>Payments:</b>			
(14,714)	Employee Benefits & On-costs		(14,297)	(13,764)
(9,702)	Materials & Contracts		(13,203)	(11,010)
(698)	Borrowing Costs		(566)	(458)
(4,117)	Other		(5,214)	(4,325)
	Net Cash from Boundary Adjustments		-	
<b>12,091</b>	<b>Net Cash provided (or used in) Operating Activities</b>	11b	<b>14,478</b>	<b>14,124</b>
<b>Cash Flows from Investing Activities</b>				
	<b>Receipts:</b>			
1,400	Sale of Infrastructure, Property, Plant & Equipment		2,936	1,123
	Deferred Debtors Receipts		-	103
	<b>Payments:</b>			
	Purchase of Investments		(2,393)	
(11,145)	Purchase of Infrastructure, Property, Plant & Equip.		(10,317)	(7,840)
<b>(9,745)</b>	<b>Net Cash provided (or used in) Investing Activities</b>		<b>(9,774)</b>	<b>(6,614)</b>
<b>Cash Flows from Financing Activities</b>				
	<b>Receipts:</b>			
650	Proceeds from Borrowings & Advances		20	3,848
	<b>Payments:</b>			
(679)	Repayment of Borrowings & Advances		(344)	(4,269)
	Repayment of Finance Lease Liabilities		(267)	(216)
<b>(29)</b>	<b>Net Cash Flow provided (used in) Financing Activities</b>		<b>(591)</b>	<b>(637)</b>
<b>2,317</b>	<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>		<b>4,113</b>	<b>6,873</b>
22,715	plus: <b>Cash &amp; Cash Equivalents - beginning of year</b>	11a	29,313	22,440
<b>25,032</b>	<b>Cash &amp; Cash Equivalents - end of the year</b>	11a	<b>33,426</b>	<b>29,313</b>

Please refer to Note 11 for information on the following:

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

## Mid-Western Regional Council

### General Purpose Financial Report

for the financial year ended 30 June 2007

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**n/a** - Not Applicable



## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2007

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

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

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

##### (a) Basis of preparation

###### (i) Background

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

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

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

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

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

Examples include;

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

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

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

###### (iii) Application of AAS 27

Council is required to comply with AAS 27 – "Financial Reporting by Local Government", and where AAS 27 conflicts with AIFRS, the requirements of AAS 27 have been applied.

Where AAS 27 makes reference to another Australian accounting standard, the new Australian IFRS equivalent standards will apply and in particular any specific "Not-for-Profit" reporting requirements.

###### (iv) Basis of Accounting

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

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

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2007

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

##### (v) Changes in Accounting Policies

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

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

##### (vi) Critical Accounting Estimates

The preparation of this financial report (and financial statements) in conformity with AIFRS requires the use of certain critical accounting estimates.

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

##### (b) Revenue Recognition

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

Revenue is measured on major income categories as follows:

##### **Rates, Annual Charges, Grants and Contributions**

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

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

A provision for doubtful debts on rates 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.

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

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

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

The Council has obligations to provide facilities from contributions required from developers under the provisions of S94 of the EPA Act 1991.

Whilst Council generally incorporates these amounts as part of Development Consents Orders, 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 or 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 doubtful debt is recognised when collection in full is no longer probable.

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

# Mid-Western Regional Council

## Notes to the Financial Statements

for the financial year ended 30 June 2007

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

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

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

#### Interest and Rents

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

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

#### (c) Principles of Consolidation

These Financial Reports incorporate (i) the assets and liabilities of Council and any entities (or operations) that it **controls** (as at 30/6/07) and (ii) all the related operating results (for the financial year ended the 30th June 2007).

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

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

#### (i) The Consolidated Fund

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

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

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

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

#### (ii) The Trust Fund

In accordance with the provisions of Section 411 of the Local Government Act 1993 (as amended), a separate and distinct Trust Fund is maintained to account for all money and property received by the Council in trust which must be applied only for the purposes of, or in accordance with, the trusts relating to those monies.

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

Trust monies and property held by Council but not subject to the control of Council, have been excluded from these reports. A separate statement of monies held in the Trust Fund is available for inspection at the Council office by any person free of charge.

#### (iii) Joint Venture Entities

##### Jointly Controlled Assets

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

##### Jointly Controlled Entities

The interest in a Joint Venture Partnership is accounted for using the equity method and is carried at cost.

Under the equity method, the share of the profits or losses of the partnership is recognised in the income statement, and the share of movements in reserves is recognised in reserves in the balance sheet. Details relating to such Entities and Partnerships (where applicable) are set out in Note 19.

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2007

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

##### (iv) Associated Entities

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

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 Finance or Operating Leases.

###### Finance Leases

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

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

The corresponding rental obligations, net of finance charges, are included in other long term payables.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The interest element of the finance cost is charged 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 are depreciated over the shorter of each leased asset's useful life and the lease term.

###### Operating Leases

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

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

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

##### (e) Cash and Cash Equivalents

Cash and cash equivalents includes;

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

Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

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

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

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

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2007

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

Each classification depends on the purpose/intention for which the investment 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 are financial assets held for trading.

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term.

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

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

This classification principally comprises marketable equity securities.

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.

#### **General Accounting & Measurement of Financial Instruments:**

##### **(i) Initial Recognition**

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

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

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

##### **(ii) Subsequent Measurement**

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



## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2007

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

**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.

The fair values of quoted investments are based on current bid prices. 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 arms 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 issuers specific circumstances.

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

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired.

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

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

#### (iii) Types of Investments

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

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

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

#### (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.

Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

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.

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2007

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

##### (h) Receivables

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

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

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

A provision for doubtful 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.

##### (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

###### Acquisition of assets

All infrastructure, property, plant and equipment assets under Council's control are stated at cost (or deemed cost) less accumulated depreciation and any accumulated impairment losses, with the exception of:

- **Investment Properties** which are valued at Fair Value – refer Note 1(k), and
- **Water and Sewerage Networks** which are carried at Fair Value (generally based upon Depreciated Replacement Cost).

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

- **2006/07:** Water and Sewerage
- **2007/08:** Property, plant and equipment, land, & buildings
- **2008/09:** Roads, bridges, footpaths and drainage

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2007

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

##### Initial Recognition

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

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

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

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

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

- Increases in the carrying amounts arising on revaluation are credited to the asset revaluation reserve.
- To the extent that the increase reverses a decrease previously recognising profit or loss, the increase is first recognised in profit or loss.
- Decreases that reverse previous increases of the same asset are first charged against

revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset, with all other decreases charged to the Income statement.

##### Capitalisation Thresholds

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

##### Land

- council land	100% Capitalised
- open space	100% Capitalised
- land under roads	Not capitalised as at 30 June 2007

##### Plant & Equipment

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

##### Buildings & Land Improvements

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

##### Water & Sewer Assets

Reticulation extensions	> \$5,000
Other	> \$5,000

##### Stormwater Assets

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

##### Transport Assets

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

##### Depreciation

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



## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2007

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

Land is not depreciated.

The range of estimated useful lives for Councils assets include:

##### Plant & Equipment

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

##### Other Equipment

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

##### Buildings

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

##### Stormwater Drainage

- Drains	50 years
- Culverts	60 years

##### Transportation Assets

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

##### Water & Sewer Assets

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

##### Other Infrastructure Assets

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

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

#### (l) 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 Councils Income Statement.

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2007

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

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

##### (m) Rural Fire Service Assets

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

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 they have been doing in previous years, which is to incorporate the assets, their values and depreciation charges within these Financial Reports.

##### (n) Investment Property

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

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

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

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

##### (o) Land

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

This classification of Land is disclosed in Note 9(a).

##### (p) Land Under Roads

Council has elected not to recognise land under roads in accordance with the deferral arrangements available to it under AASB 1045.

These deferral arrangements cease to apply as of 30 June 2008.

##### (n) Provisions for Close Down, Restoration and for Environmental Clean Up Costs – Including Tips and Quarries

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

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

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

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

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

Although the ultimate cost to be incurred is uncertain, Council estimates the respective costs

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2007

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

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 shown as a borrowing cost.

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

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

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

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

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

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

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

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

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

Specific Information relating to Councils provisions relating to Close Down, Restoration and Remediation costs can be found at Note 21.

#### (q) Non-current Assets Held for Sale

Non-current assets are classified as held for sale and stated at the lower of their carrying amount and 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 classified as "Non Current Assets Held for Sale", an impairment loss is recognised where the assets carrying value is greater than its fair value less costs to sell.

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

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

#### (r) Impairment of Assets

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

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

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2007

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

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

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

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

#### (s) 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.

#### (t) Borrowings

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

Borrowings are subsequently measured at amortised cost.

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

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

#### (u) Borrowing Costs

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

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

#### (v) Provisions

Provisions for legal claims and service warranties are recognised when:

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

Provisions are not recognised for future operating losses.

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

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

#### (w) Employee Benefits

##### (i) Wages & Salaries, Annual Leave and Sick Leave

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

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

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

Liabilities for non-vesting sick leave are recognised at the time when the leave is taken and measured at

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2007

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

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) Long Service Leave

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

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

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

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

Due to the nature of when and how Long Service Leave can be taken, all Long Service Leave for employees with 5 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 5 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.

A liability or asset in respect of defined benefit superannuation plans would ordinarily be recognised in the balance sheet, and measured as the present value of the defined benefit obligation at the reporting date plus unrecognised actuarial gains (less unrecognised actuarial losses) less the fair

value of the superannuation fund's assets at that date and any unrecognised past service cost.

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

However, when this information is not reliably available, Council can account for its obligations to defined benefit plans on the same basis as its obligations to defined contribution plans.

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.

Accordingly, Councils contributions to the scheme have been recognised as an expense and disclosed as part of Superannuation Expenses at Note 4(a).

The last valuation of the Scheme was performed by Mr Martin Stevenson BSc, FIA, FIAA on 19<sup>th</sup> June 2007 and covers the period ended 30 June 2006.

This valuation found that the Schemes assets were \$3,291.1 million and its past service liabilities were \$2,980.3 million, giving it a Surplus of \$310.8 million.

The existence of this surplus has resulted in Councils contributing during the 06/07 year at half the normal level of contributions.

The financial position of the Scheme is monitored annually.



## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2007

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

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 arising from the payment of employee benefits in future periods – including Superannuation and Workers Compensation expenses which will be payable upon the future payment of some Leave Liabilities accrued as at 30/6/07.

##### (x) Self Insurance

Council does not self-insure.

##### (y) Allocation between Current and Non Current

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

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

##### Exceptions

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

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

##### (z). Taxes

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

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

##### Goods & Services Tax (GST)

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

In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the 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 Statement of Cash Flows 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.

Accordingly, the GST component of investing and financing activity cash flows which are recoverable from or payable to the ATO are classified as operating cash flows.

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

##### (aa) New accounting standards and UIG interpretations

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

- (i) **AASB 7:** Financial Instruments: Disclosures, and
- (ii) **AASB 2005-10:** Amendments to Australian Accounting Standards [AASB 132, AASB 101,

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2007

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

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AASB 114, AASB 117, AASB 133, AASB 139,  
AASB 1, AASB 4, AASB 1023 & AASB 1038]

AASB 7 and AASB 2005-10 are applicable to annual reporting periods beginning on or after 1 January 2007.

Council has not adopted the standards early.

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

#### **(ab) Rounding of amounts**

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

#### **(ac) Comparative Figures**

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

#### **(ad) Disclaimer**

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

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2007

#### Note 2(a). Functions

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions/Activities. Details of these Functions/Activities are provided at 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 2007	Actual 2007	Actual 2006	Original Budget 2007	Actual 2007	Actual 2006	Original Budget 2007	Actual 2007	Actual 2006	Actual 2007	Actual 2006	Actual 2007	Actual 2006	
Access	18,675	21,160	19,213	23,989	23,860	21,235	(5,314)	(2,700)	(2,022)	3,430	4,168	227,899	202,392	
Communications & Governance	16,224	16,394	15,146	5,190	3,388	5,702	11,034	13,006	9,444	3,060	2,986	35,106	31,473	
Economic Diversity	767	2,640	692	1,269	1,519	1,156	(502)	1,121	(464)	128	70	3,517	3,800	
Envrionment	3,315	3,161	2,748	3,677	3,537	2,871	(362)	(376)	(123)	325	210	3,872	4,596	
Lifestyle	2,628	2,489	2,851	5,395	5,328	5,142	(2,767)	(2,839)	(2,291)	1,375	1,791	25,791	23,935	
Total Functions & Activities	41,609	45,844	40,650	39,520	37,632	36,106	2,089	8,212	4,544	8,318	9,225	296,185	266,196	
Section 94 & Section 64 - Contributions & Interest	2,620	1,754	1,240				2,620	1,754	1,240					
Operating Result from Continuing Operations	44,229	47,598	41,890	39,520	37,632	36,106	4,709	9,966	5,784	8,318	9,225	296,185	266,196	



## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2007

#### Note 2(b). Components of Functions

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**The activities relating to the Council's functions reported on in Note 2(a) are as follows:**

##### **ACCESS**

Building services, motor vehicle facilities, bridges, airport, cycleways, footpaths, street lighting, emergency services, water supply, sewerage services, corporate and community buildings, plant and equipment

##### **LIFESTYLE**

Active recreation, passive recreation, public swimming pools, street landscaping, town approaches, childrens services, community services

##### **ECONOMIC DIVERSITY**

Economic development, land use and social planning, tourism, caravan park, livestock selling

##### **ENVIRONMENT**

Waste collection and disposal, recycling, geographic information systems, drainage systems and street landscaping

##### **COMMUNICATIONS & GOVERNANCE**

Support to elected Council, financial management, insurance and risk management, corporate support, employee services, information systems, training services

## Mid-Western Regional Council

### Notes to the Financial Statements for the financial year ended 30 June 2007

#### Note 3. Income from Continuing Operations

\$ '000	Notes	Actual 2007	Actual 2006
<b>(a). Rates &amp; Annual Charges</b>			
<b>Ordinary Rates</b>			
Residential		5,446	4,925
Farmland		4,195	4,117
Mining		466	397
Business		905	807
<b>Total Ordinary Rates</b>		<b>11,012</b>	<b>10,246</b>
<b>Special Rates</b>			
Sewerage Services		2,801	2,625
Other		12	12
<b>Total Special Rates</b>		<b>2,813</b>	<b>2,637</b>
<b>Annual Charges</b> (pursuant to s.496 & s.501)			
Domestic Waste Management Services		759	694
Rural Waste Management		569	505
Water Supply Services		1,922	1,908
Waste Management Services (non-domestic)		910	821
<b>Total Annual Charges</b>		<b>4,160</b>	<b>3,928</b>
<b><u>TOTAL RATES &amp; ANNUAL CHARGES</u></b>		<b><u>17,985</u></b>	<b><u>16,811</u></b>

Council has used 2003 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 2007

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

\$ '000	Notes	Actual 2007	Actual 2006
<b>(b). User Charges &amp; Fees</b>			
<b>Specific User Charges</b> (per s.502 - Specific "actual use" charges)			
Domestic Waste Management Services			
Water Supply Services		2,090	1,602
<b>Total User Charges</b>		<b>2,090</b>	<b>1,602</b>
<b>Other User Charges &amp; Fees</b>			
<b>(i) Fees &amp; Charges - Statutory &amp; Regulatory Functions</b> (per s608, 610A & 611)			
Planning & Building Regulation		684	858
Private Works - Section 67		445	173
<b>Total Fees &amp; Charges - Statutory/Regulatory</b>		<b>1,129</b>	<b>1,031</b>
<b>(ii) Fees &amp; Charges - Other (incl. General User Charges)</b> (per s.610C))			
Caravan Park		20	-
Aerodrome		114	91
Aged & Disabled Services		200	229
Cemeteries		160	136
Childrens Services		462	455
Convention, Conferences & Events		-	484
RTA Charges (State Roads not controlled by Council)		4,241	3,905
Saleyards		305	283
Swimming Centre		128	124
Waste Depot		522	441
Waste Water Services		126	118
Water Services		170	145
Other		64	45
<b>Total Fees &amp; Charges - Other</b>		<b>6,512</b>	<b>6,456</b>
<b><u>TOTAL USER CHARGES &amp; FEES</u></b>		<b><u>9,731</u></b>	<b><u>9,089</u></b>

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2007

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

\$ '000	Notes	Actual 2007	Actual 2006
<b>(c). Interest &amp; Investment Revenue</b>			
Interest on Overdue Rates & Charges		69	71
Interest Earned on Investments		2,060	1,448
<b><u>TOTAL INTEREST &amp; INVESTMENT REVENUE</u></b>		<b><u>2,129</u></b>	<b><u>1,519</u></b>
<b>Interest Revenue is attributable to:</b>			
<b>Unrestricted Investments/Financial Assets:</b>			
Overdue Rates & Annual Charges		69	71
General Council Investments		1,418	902
<b>Restricted Investments/Funds - External:</b>			
Development Contributions			
- Section 94		93	84
- Section 64		150	99
Water Fund Operations		240	185
Sewerage Fund Operations		159	178
<b>Restricted Investments/Funds - Internal:</b>			
Nil			
<b>Total Interest &amp; Investment Revenue Recognised</b>		<b><u>2,129</u></b>	<b><u>1,519</u></b>
<b>(d). Other Revenues</b>			
Rental Income - Other Council Properties		222	237
Fines		62	45
Legal Fees Recovery - Rates (Extra Charges)		125	123
Commissions & Agency Fees		15	13
Diesel Rebate		65	78
Insurance Claim Recoveries		126	292
Recycling Income (Non Domestic)		13	9
Sales - General		172	140
S44 Bushfire Claims		615	
Other		26	70
<b><u>TOTAL OTHER REVENUE</u></b>		<b><u>1,441</u></b>	<b><u>1,007</u></b>

# Mid-Western Regional Council

## Notes to the Financial Statements

for the financial year ended 30 June 2007

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

\$ '000	2007 Operating	2006 Operating	2007 Capital	2006 Capital
<b>(e). Grants</b>				
<b>General Purpose (Untied)</b>				
Financial Assistance - General Component	2,828	2,716		
Financial Assistance - Local Roads Component	1,644	1,548		
Pensioners' Rates Subsidies - General Component	232	226		
<b>Total General Purpose</b>	<b>4,704</b>	<b>4,490</b>	<b>-</b>	<b>-</b>
<b>Specific Purpose</b>				
Pensioners' Rates Subsidies:				
- Water	66	66		
- Sewerage	62	62		
- Domestic Waste Management	53	52		
Water Supplies			299	223
Sewerage Services			2	8
Aged & Disabled Services	387	415	60	
Bushfire & Emergency Services	320	385	58	126
Childrens Services	772	1,278	13	
Employment & Training Programs	8	42		
Environmental Programs	100	73		
Heritage & Cultural Services	11	37		
Library	84	84		
Recreation & Culture			55	
Transport (Roads to Recovery)			916	1,825
Transport (Other Roads & Bridges Funding)			104	8
Strategic Planning	102			
Other	50	51	92	
<b>Total Specific Purpose</b>	<b>2,015</b>	<b>2,545</b>	<b>1,599</b>	<b>2,190</b>
<b>Total Grants</b>	<b>6,719</b>	<b>7,035</b>	<b>1,599</b>	<b>2,190</b>
<b>Grant Revenue is attributable to:</b>				
- Commonwealth Funding	5,244	5,506	978	1,825
- State Funding	1,475	1,529	546	365
- Other Funding	-	-	75	-
	<b>6,719</b>	<b>7,035</b>	<b>1,599</b>	<b>2,190</b>

# Mid-Western Regional Council

## Notes to the Financial Statements

for the financial year ended 30 June 2007

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

\$ '000	2007 Operating	2006 Operating	2007 Capital	2006 Capital
<b>(f). Contributions</b>				
<b>Developer Contributions:</b>				
<b>(s93 &amp; s94 - EP&amp;A Act, s64 of the NSW LG Act):</b>				
S 93F - Contributions using Planning Agreements	-	-	450	-
S 94 - Contributions towards Amenities/Services	-	-	738	383
S 94A - Fixed Development Consent Levies	-	-	18	-
S 64 - Water Supply Contributions	-	-	441	399
S 64 - Sewerage Service Contributions	-	-	315	275
<b>Total Developer Contributions</b>	<sup>17</sup> -	-	<b>1,962</b>	<b>1,057</b>
<b>Other Contributions:</b>				
Kerb & Gutter	-	-	-	6
Other Councils - Joint Works/Services	77	63	-	-
Roads & Bridges	81	35	-	-
RTA Contributions (Regional/Local, Block Grant)	2,148	1,020	1,655	1,823
Sewerage (excl. Section 64 contributions)	-	-	-	-
Water Supplies (excl. Section 64 contributions)	-	-	-	-
Other	169	29	31	134
<b>Total Other Contributions</b>	<b>2,475</b>	<b>1,147</b>	<b>1,686</b>	<b>1,963</b>
<b>Total Contributions</b>	<b>2,475</b>	<b>1,147</b>	<b>3,648</b>	<b>3,020</b>
<b><u>TOTAL GRANTS &amp; CONTRIBUTIONS</u></b>	<b><u>9,194</u></b>	<b><u>8,182</u></b>	<b><u>5,247</u></b>	<b><u>5,210</u></b>

## Mid-Western Regional Council

### Notes to the Financial Statements for the financial year ended 30 June 2007

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

\$ '000	Actual 2007	Actual 2006
<b>(g). Restrictions relating to Grants and Contributions</b>		
<b>Certain grants &amp; contributions are obtained by Council on condition that they be spent in a specified manner:</b>		
Unexpended at the Close of the Previous Reporting Period	6,226	5,932
<b>add:</b> Grants and contributions recognised in the current period which have not been spent:	3,870	2,485
<b>less:</b> Grants and contributions recognised in a previous reporting period which have been spent in the current reporting period:	(2,091)	(2,191)
<b>Net Increase (Decrease) in Restricted Assets during the Current Reporting Period</b>	<b>1,779</b>	<b>294</b>
<b>Unexpended at the Close of this Reporting Period and held as Restricted Assets</b>	<b>8,005</b>	<b>6,226</b>
<b>Comprising:</b>		
- Specific Purpose Unexpended Grants	936	1,229
- Developer Contributions	7,069	4,927
- Other Contributions		70
	<b>8,005</b>	<b>6,226</b>

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2007

#### Note 4. Expenses from Continuing Operations

<b>\$ '000</b>	<b>Notes</b>	<b>Actual 2007</b>	<b>Actual 2006</b>
<b>(a) Employee Costs</b>			
Salaries and Wages		11,233	10,551
Travelling		43	30
Employee Leave Entitlements		1,784	2,509
Superannuation - Defined Contribution Plans		838	753
Superannuation - Defined Benefit Plans		197	211
Workers' Compensation Insurance		815	1,055
Fringe Benefit Tax		54	60
Payroll Tax		61	51
Training Costs (other than Salaries & Wages)		204	154
Other		129	104
<b>Total Employee Costs</b>		<b>15,358</b>	<b>15,478</b>
less: Capitalised Costs		(1,767)	(1,388)
<b><u>TOTAL EMPLOYEE COSTS EXPENSED</u></b>		<b><u>13,591</u></b>	<b><u>14,090</u></b>
Number of "Equivalent Full Time" Employees at year end		237	237
Number of "Equivalent Full Time" Employees at year end (incl. vacancies)		267	264
<b>(b) Borrowing Costs</b>			
<b>(i) Interest Bearing Liability Costs</b>			
Interest on Loans		518	396
Charges relating to Finance Leases		66	42
<b>Total Interest Bearing Liability Costs</b>		<b>584</b>	<b>438</b>
less: Capitalised Costs		-	-
<b>Total Interest Bearing Liability Costs Expensed</b>		<b>584</b>	<b>438</b>
<b>(ii) Other Borrowing Costs</b>			
Discount adjustments relating to movements in Provisions (other than ELE)		47	-
<b>Total Other Borrowing Costs</b>		<b>47</b>	<b>-</b>
<b><u>TOTAL BORROWING COSTS EXPENSED</u></b>		<b><u>631</u></b>	<b><u>438</u></b>



## Mid-Western Regional Council

### Notes to the Financial Statements for the financial year ended 30 June 2007

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

\$ '000	Notes	Actual 2007	Actual 2006
<b>(c) Materials &amp; Contracts</b>			
Raw Materials & Consumables		6,096	5,516
Contractor & Consultancy Costs		3,780	3,314
- Spray Seal Contract		1,205	957
Auditors Remuneration			
i. Audit Services		34	31
Legal Expenses - Planning & Development		61	23
Legal Expenses - Other		38	44
Legal Expenses - Debt Recovery		123	119
Operating Lease Rentals - Minimum Lease Payments <sup>1</sup>		419	333
<b><u>TOTAL MATERIALS &amp; CONTRACTS</u></b>		<b><u>11,756</u></b>	<b><u>10,337</u></b>
<b>1. Operating Leases are attributable to:</b>			
- Computers		209	187
- Motor Vehicles		205	141
- Other		5	5
		<b><u>419</u></b>	<b><u>333</u></b>

## Mid-Western Regional Council

### Notes to the Financial Statements for the financial year ended 30 June 2007

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

\$ '000	Notes	Depreciation/Amortisation		Impairment Costs	
		Actual	Actual	Actual	Actual
		2007	2006	2007	2006
(d) Depreciation, Amortisation & Impairment					
Plant and Equipment		1,178	1,351	-	-
Office Equipment		200	238	-	-
Furniture & Fittings		6	8	-	-
Property, Plant & Equipment - Leased		117		-	-
Land Improvements (depreciable)		6	8	-	-
Buildings		627	634	-	-
Other Structures		230	228	-	-
Infrastructure:					
- Roads, Bridges & Footpaths		3,480	3,444	-	-
- Stormwater Drainage		137	136	-	-
- Water Supply Network		1,239	1,046	-	-
- Sewerage Network		735	714	-	-
Other Assets					
- Library Books		65	45	-	-
Asset Reinstatement Costs	9 & 21	142	-	-	-
<b>TOTAL DEPRECIATION &amp; IMPAIRMENT COSTS EXPENSED</b>		<b>8,162</b>	<b>7,852</b>	<b>-</b>	<b>-</b>

## Mid-Western Regional Council

### Notes to the Financial Statements for the financial year ended 30 June 2007

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

\$ '000	Notes	Actual 2007	Actual 2006
<b>(e) Other Expenses</b>			
Other Expenses for the year include the following:			
Bad & Doubtful Debts		30	32
Contributions to Other Levels of Government			
- NSW Fire Brigade Levy		42	41
- NSW Rural Fire Service Levy		379	320
- Department of Planning Levy		55	48
- Other Contributions		171	159
Contribution to Tourism Centre		260	248
Councillor Expenses - Mayoral Fee		18	4
Councillor Expenses - Councillors Fees		87	21
Councillors Expenses (incl Mayor) - Other (excluding fees above)		33	17
Donations, Contributions & Assistance to other organisations (s 356)		165	174
Electricity & Heating		601	551
Family Day Care Benefit		510	602
Insurance		647	639
Property Rental		8	13
Street Lighting		197	205
Telephone & Communications		233	258
Other - (specify if material)		56	57
<b><u>TOTAL OTHER EXPENSES</u></b>		<b><u>3,492</u></b>	<b><u>3,389</u></b>

## Mid-Western Regional Council

### Notes to the Financial Statements for the financial year ended 30 June 2007

#### Note 5. Gains or Losses on Disposal of Assets

<b>\$ '000</b>	<b>Notes</b>	<b>Actual 2007</b>	<b>Actual 2006</b>
<b>Property</b> (excl. Investment Property)			
Proceeds from Disposal		1,830	
less: Carrying Amount of Property Assets Sold		(402)	
<b>Net Gain/(Loss) on Disposal</b>		<b>1,428</b>	<b>-</b>
<b>Plant &amp; Equipment</b>			
Proceeds from Disposal		1,118	1,123
less: Carrying Amount of P&E Assets Sold		(675)	(1,051)
<b>Net Gain/(Loss) on Disposal</b>		<b>443</b>	<b>72</b>
<b><u>NET GAIN/(LOSS) ON DISPOSAL OF ASSETS</u></b>		<b><u>1,871</u></b>	<b><u>72</u></b>

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2007

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

\$ '000	2007		2006	
	Actual Current	Actual Non Current	Actual Current	Actual Non Current
<b>Cash &amp; Cash Equivalents (Note 6a)</b>				
Cash on Hand and at Bank	965		1,320	
Cash-Equivalent Assets <sup>1</sup>				
- Managed Funds	28,311		23,343	
- Short Term Deposits	4,150		4,650	
<b>Total Cash &amp; Cash Equivalents</b>	<b>33,426</b>	<b>-</b>	<b>29,313</b>	<b>-</b>
<b>Investment Securities (Note 6b)</b>				
- Long Term Deposits	1,500			
- Equity Linked Notes		946		
<b>Total Investment Securities</b>	<b>1,500</b>	<b>946</b>	<b>-</b>	<b>-</b>
<b><u>TOTAL CASH ASSETS, CASH EQUIVALENTS &amp; INVESTMENTS</u></b>	<b><u>34,926</u></b>	<b><u>946</u></b>	<b><u>29,313</u></b>	<b><u>-</u></b>

<sup>1</sup> Those investments where maturity (from date of purchase) is < 3 mths.

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

<b>Cash &amp; Cash Equivalents</b>					
<b>a. "At Fair Value through the Profit &amp; Loss"</b>		<b>33,426</b>	<b>-</b>	<b>29,313</b>	<b>-</b>
<b>Investments</b>					
<b>a. "Held to Maturity"</b>	6(b-i)	1,500	-	-	-
<b>b. "Available for Sale"</b>	6(b-ii)	-	946	-	-
<b>Investments</b>		<b>1,500</b>	<b>946</b>	<b>-</b>	<b>-</b>

# Mid-Western Regional Council

## Notes to the Financial Statements

for the financial year ended 30 June 2007

### Note 6b. Investments (continued)

\$ '000	2007		2006	
	Actual Current	Actual Non Current	Actual Current	Actual Non Current
<b>Note 6(b-i)</b>				
<b>Reconciliation of Investments</b>				
<b>classified as "Held to Maturity"</b>				
Nil				
Balance at the Beginning of the Year	-	-	-	-
Adjustment on adoption of AASB 132/139	-	-	-	-
Amortisation of Premiums & Discounts	-	-	-	-
Additions	1,500	-	-	-
Disposals (sales & redemptions)	-	-	-	-
Transfers between Current/Non Current	-	-	-	-
Transfers from/(to) "At Fair Value"	-	-	-	-
Transfers from/(to) "Available for Sale"	-	-	-	-
<b>Balance at End of Year</b>	<b>1,500</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Comprising:</b>				
- Term Deposits	1,500	-	-	-
<b>Total</b>	<b>1,500</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Note 6(b-ii)</b>				
<b>Reconciliation of Investments</b>				
<b>classified as "Available for Sale"</b>				
Nil				
Balance at the Beginning of the Year	-	-	-	-
Adjustment on adoption of AASB 132/139	-	-	-	-
Revaluation (transferred to equity)	(0)	(54)	-	-
Additions	0	1,000	-	-
Disposals (sales & redemptions)	-	-	-	-
Transfers between Current/Non Current	-	-	-	-
Transfers from/(to) "At Fair Value"	-	-	-	-
Transfers from/(to) "Held to Maturity"	-	-	-	-
Transfers from/(to) "Loans/Receivables"	-	-	-	-
<b>Balance at End of Year</b>	<b>-</b>	<b>946</b>	<b>-</b>	<b>-</b>
<b>Comprising:</b>				
- Listed Property Securities	-	946	-	-
<b>Total</b>	<b>-</b>	<b>946</b>	<b>-</b>	<b>-</b>

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2007

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

\$ '000	2007		2006	
	Actual Current	Actual Non Current	Actual Current	Actual Non Current
<b>Total Cash, Cash Equivalents and Investment Securities</b>	<b>34,926</b>	<b>946</b>	<b>29,313</b>	<b>-</b>
<b>attributable to:</b>				
External Restrictions (refer below)	17,589	946	16,241	-
Internal Restrictions (refer below)	13,514	-	10,219	-
Unrestricted	3,823	-	2,853	-
	<b>34,926</b>	<b>946</b>	<b>29,313</b>	<b>-</b>
<b>Details of Restrictions</b>	<b>Opening Balance</b>	<b>Transfers to Restrictions</b>	<b>Transfers from Restrictions</b>	<b>Closing Balance</b>
<b>External Restrictions - Included in Liabilities</b>				
Specific Purpose Unexpended Loans-General (A)	65	-	-	65
Trust Deposits	470	59		529
<b>External Restrictions - Included in Liabilities</b>	<b>535</b>	<b>59</b>	<b>-</b>	<b>594</b>
<b>External Restrictions - Other</b>				
Developer Contributions - General (D)	2,075	2,800	(880)	3,994
Developer Contributions - Water Fund (D)	509	470	(166)	813
Developer Contributions - Sewer Fund (D)	2,343	436	(517)	2,262
RTA Contributions (E)	70	-	(70)	-
Specific Purpose Unexpended Grants (F)	1,228	-	(299)	929
Specific Purpose Unexpended Grants (F) - Water	-	7	-	7
Water Supplies (G)	3,817	346	-	4,163
Sewerage Services (G)	3,591	739	-	4,330
Domestic Waste Management (G)	1,141	-	(357)	784
Family Day Care	189	-	(112)	77
Child Care Centres	100	-	(61)	39
Community Tenancy Scheme	199	8	-	207
Sect 355 Committees	104	9	-	113
Community Services Centre	340	-	(117)	223
<b>External Restrictions - Other</b>	<b>15,706</b>	<b>4,815</b>	<b>(2,579)</b>	<b>17,941</b>
<b>Total External Restrictions</b>	<b>16,241</b>	<b>4,874</b>	<b>(2,579)</b>	<b>18,535</b>

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2007

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

2007 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
<b>Internal Restrictions</b>				
Employee Leave Entitlements	2,057	730	-	2,787
Emergency (Disaster)	100	-	-	100
Land Development	295	170	(1)	464
Council Elections	76	40	-	116
Asset Replacement	5,584	2,432	(763)	7,253
Capital Program	1,587	750	(92)	2,245
Saleyards	-	30	-	30
Mudgee Ceramic Art Collection	1	-	(1)	-
State Roads Warranty	500	-	-	500
Community Services (Rylstone)	19	-	-	19
<b>Total Internal Restrictions</b>	<b>10,219</b>	<b>4,152</b>	<b>(857)</b>	<b>13,514</b>
<b>TOTAL RESTRICTIONS</b>	<b>26,460</b>	<b>9,026</b>	<b>(3,436)</b>	<b>32,049</b>

- A** Loan moneys which must be applied for the purposes for which the loans were raised.
- B** Advances by the Roads and Traffic Authority for works on the State's classified roads.
- C** Self insurance liability resulting from reported claims or incurred claims not yet reported.
- D** Development contributions which are not yet expended for the provision of services and amenities in accordance with contributions plans (refer Note 17).
- E** RTA contributions which are not yet expended for the provision of services and amenities in accordance with those contributions.
- F** Grants which are not yet expended for the purposes for which the grants were obtained. (refer Note 1)
- G** Water, Sewerage, Domestic Waste Management (DWM) & 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 2007

#### Note 7. Receivables

\$ '000	2007		2006	
	Current	Non Current	Current	Non Current
<b>Purpose</b>				
Rates & Annual Charges	713		675	
Interest & Extra Charges	188		181	
User Charges & Fees	1,014		964	
Accrued Revenues				
- Interest on Investments	398		259	
Government Grants & Subsidies	880		512	
Net GST Receivable	200		54	
Other Debtors	41		3	
<b>Total</b>	<b>3,434</b>	<b>-</b>	<b>2,648</b>	<b>-</b>
<b>less: Provision for Doubtful Debts</b>				
Rates & Annual Charges	(94)		(90)	
Interest & Extra Charges	(20)		(15)	
User Charges & Fees	(23)		(45)	
<b>Total Provisions for Doubtful Debts</b>	<b>(137)</b>	<b>-</b>	<b>(150)</b>	<b>-</b>
<b><u>TOTAL NET RECEIVABLES</u></b>	<b><u>3,297</u></b>	<b><u>-</u></b>	<b><u>2,498</u></b>	<b><u>-</u></b>
<b>Externally Restricted Receivables</b>				
<b>Water Supply</b>				
- Rates & Availability Charges	763	-	757	
<b>Sewerage Services</b>				
- Rates & Availability Charges	86	-	83	
<b>Domestic Waste Management</b>	<u>97</u>	<u>-</u>	<u>92</u>	
<b>Total External Restrictions</b>	<b>946</b>	<b>-</b>	<b>932</b>	<b>-</b>
<b>Internally Restricted Receivables</b>				
<b>Unrestricted Receivables</b>	<u>2,351</u>	<u>-</u>	<u>1,566</u>	<u>-</u>
<b><u>TOTAL NET RECEIVABLES</u></b>	<b><u>3,297</u></b>	<b><u>-</u></b>	<b><u>2,498</u></b>	<b><u>-</u></b>

#### Notes on Debtors above:

- (i) Rates & Annual Charges Outstanding are secured against the property.
- (ii) Doubtful Rates Debtors are provided for where the value of the property is less than the debt outstanding.  
An allowance for other doubtful debts is made when there is objective evidence that a receivable is impaired.
- (iii) Interest is charged on overdue rates at 9.00% (2006 9.00%).  
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 2007

#### Note 8. Inventories & Other Assets

\$ '000	2007		2006	
	Current	Non Current	Current	Non Current
<b>Inventories</b>				
Stores & Materials	605		517	
Other	102		141	
<b>Total Inventories</b>	<b>707</b>	<b>-</b>	<b>658</b>	<b>-</b>
<b>Other Assets</b>				
Prepayments	4			
Other	-		126	
<b>Total Other Assets</b>	<b>4</b>	<b>-</b>	<b>126</b>	<b>-</b>
<b><u>TOTAL INVENTORIES &amp; OTHER ASSETS</u></b>	<b><u>711</u></b>	<b><u>-</u></b>	<b><u>784</u></b>	<b><u>-</u></b>
 (i) Externally Restricted Assets				
<b>Water</b>				
Stores & Materials	184	-	117	
<b>Total Water</b>	<b>184</b>	<b>-</b>	<b>117</b>	<b>-</b>
<b>Sewerage</b>				
Nil				
Stores & Materials	27	-	17	
<b>Total Sewerage</b>	<b>27</b>	<b>-</b>	<b>17</b>	<b>-</b>
<b>Domestic Waste Management</b>				
Nil				
<b>Total Externally Restricted Assets</b>	<b>211</b>	<b>-</b>	<b>134</b>	<b>-</b>
<b>Total Internally Restricted Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Unrestricted Assets</b>	<b>500</b>	<b>-</b>	<b>650</b>	<b>-</b>
<b><u>TOTAL INVENTORIES &amp; OTHER ASSETS</u></b>	<b><u>711</u></b>	<b><u>-</u></b>	<b><u>784</u></b>	<b><u>-</u></b>

Notes to the Financial Statements  
for the financial year ended 30 June 2007

Note 9a. Infrastructure, Property, Plant & Equipment

	as at 30/6/2006				Asset Movements during the Reporting Period					as at 30/6/2007			
	At Cost	At Fair Value	Accumulated Deprec.	Carrying Value	Asset Additions <sup>1</sup>	WDV-Asset Disposals	Depreciation Expense	Adjustment & Transfers	Revaluation Increments to Equity (ARR)	At Cost	At Fair Value	Accumulated Dep'n	Carrying Value
<b>\$ '000</b>													
Plant & Equipment	18,626	-	11,946	6,680	2,491	(675)	(1,237)			18,518	-	11,259	7,259
Office Equipment	2,742	-	2,269	473			(200)			2,742	-	2,469	273
Furniture & Fittings	108	-	69	39	267		(6)			375	-	75	300
Plant & Equipment (under Finance Lease)	1,563	-	469	1,094			(117)			1,563	-	586	977
<b>Land</b>													
- Operational	5,608	-	-	5,608	341	(362)				5,587	-	-	5,587
- Community	14,905	-	-	14,905	162					15,067	-	-	15,067
Land Improvements - depreciable	123	-	75	48			(6)			123	-	81	42
Buildings	26,370	-	12,904	13,466	216	(39)	(627)			26,489	-	13,473	13,016
Other Structures	8,277	-	3,828	4,449	883		(230)			9,160	-	4,058	5,102
<b>Infrastructure</b>													
- Roads, Bridges, Footpaths	203,206	-	110,380	92,826	5,252		(3,483)			208,458	-	113,863	94,595
- Bulk Earthworks (non-depreciable)	24,051	-	-	24,051	24					24,075	-	-	24,075
- Stormwater Drainage	10,513	-	5,087	5,426	157		(75)			10,670	-	5,162	5,508
- Water Supply Network	69,419	-	24,505	44,914	946		(1,239)		10,750		87,813	32,442	55,371
- Sewerage Network	39,805	-	21,781	18,024	630		(735)		10,417		63,943	35,607	28,336
<b>Other Assets</b>													
- Heritage Collections				-			-						-
- Library Books	1,005	-	757	248	89		(65)			1,094	-	822	272
<b>Reinstatement, Rehabilitation &amp; Restoration Assets</b> (refer Note 21)													
- Tip Asset	1,150	-	-	1,150			(141)	(496)		654	-	141	513
- Quarry Asset	200	-	-	200			(1)	(187)		13	-	1	12
<b>TOTAL INFRASTRUCTURE, PROPERTY, PLANT &amp; EQUIP.</b>	<b>427,671</b>	<b>-</b>	<b>194,070</b>	<b>233,601</b>	<b>11,458</b>	<b>(1,076)</b>	<b>(8,162)</b>	<b>(683)</b>	<b>21,167</b>	<b>324,588</b>	<b>151,756</b>	<b>220,039</b>	<b>256,305</b>

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2007

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

\$ '000 Class of Asset	Actual 2007				Actual 2006			
	At Cost	At Value	Dep & Impair'm't	Carrying Value	At Cost	At Value	Dep & Impair'm't	Carrying Value
<b>Water Supply</b>								
Land								
- Operational Land	526			<b>526</b>	526			<b>526</b>
- Community Land	3			<b>3</b>	3			<b>3</b>
- Improvements - depreciable	26		17	<b>9</b>	26		16	<b>10</b>
Buildings	2,353		1,341	<b>1,012</b>	2,353		1,311	<b>1,042</b>
Other Structures	41			<b>41</b>	41			<b>41</b>
Infrastructure		87,813	32,442	<b>55,371</b>	69,378		24,502	<b>44,876</b>
<b>Total Water Supply</b>	<b>2,949</b>	<b>87,813</b>	<b>33,800</b>	<b>56,962</b>	<b>72,327</b>	<b>-</b>	<b>25,829</b>	<b>46,498</b>
<b>Sewerage Services</b>								
Land								
- Operational Land	476			<b>476</b>	158			<b>158</b>
- Improvements - depreciable	58		30	<b>28</b>	58		28	<b>30</b>
Buildings	134		17	<b>117</b>	134		15	<b>119</b>
Other Structures				<b>-</b>				<b>-</b>
Infrastructure		63,943	35,607	<b>28,336</b>	39,812		21,781	<b>18,031</b>
<b>Total Sewerage Services</b>	<b>668</b>	<b>63,943</b>	<b>35,654</b>	<b>28,957</b>	<b>40,162</b>	<b>-</b>	<b>21,824</b>	<b>18,338</b>
<b>Domestic Waste Management</b>								
Plant & Equipment	1,529		313	<b>1,216</b>	1,248		367	<b>881</b>
Land								
- Operational Land	33			<b>33</b>	33			<b>33</b>
- Community Land	299			<b>299</b>	299			<b>299</b>
Buildings	305		73	<b>232</b>	305		62	<b>243</b>
Other Assets	2,227		299	<b>1,928</b>	2,453		131	<b>2,322</b>
<b>Total DWM</b>	<b>4,393</b>	<b>-</b>	<b>685</b>	<b>3,708</b>	<b>4,338</b>	<b>-</b>	<b>560</b>	<b>3,778</b>
<b>TOTAL RESTRICTED I,PP&amp;E</b>	<b>8,010</b>	<b>151,756</b>	<b>70,139</b>	<b>89,627</b>	<b>116,827</b>	<b>-</b>	<b>48,213</b>	<b>68,614</b>

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

No impairment losses or reversals of previously recorded impairment losses were recognised in the Statement of Financial Performance during this financial year.

**NB.** Impairment Adjustments relating to other assets may have been recognised direct to Equity

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2007

#### Note 10a. Payables, Interest Bearing Liabilities & Provisions

\$ '000	Notes	2007		2006	
		Current	Non Current	Current	Non Current
<b>Payables</b>					
Goods & Services - Operating		1,095		1,578	
Goods & Services - Capital Expenditure		452			
Payments Received In Advance		610		172	
Accrued Expenses					
- Interest Bearing Liabilities		87		69	
- Other Expenditure Accruals				16	
Security Bonds, Deposits & Retentions		529		470	
Other		35		25	
<b>Total Payables</b>		<b>2,808</b>	<b>-</b>	<b>2,330</b>	<b>-</b>
<b>Interest Bearing Liabilities</b>					
Loans - Secured <sup>1</sup>		345	7,436	344	7,781
Government Advances		2	18		
Finance Lease Liabilities		129	290	266	420
<b>Total Interest Bearing Liabilities</b>		<b>476</b>	<b>7,744</b>	<b>610</b>	<b>8,201</b>
<b>Provisions</b>					
<b>Employee Benefits</b>					
Annual Leave		946	-	1,022	
Sick Leave		1,056	63	1,157	53
Long Service Leave		2,211	85	2,420	50
<b>Sub Total - Aggregate Employee Benefits</b>		<b>4,213</b>	<b>148</b>	<b>4,599</b>	<b>103</b>
Asset Remediation/Restoration Works	21		715		1,350
<b>Total Provisions</b>		<b>4,213</b>	<b>863</b>	<b>4,599</b>	<b>1,453</b>
<b>Total Payables, Interest Bearing Liabilities &amp; Provisions</b>					
		<b>7,497</b>	<b>8,607</b>	<b>7,539</b>	<b>9,654</b>

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

	2007		2006	
	Current	Non Current	Current	Non Current
Domestic Waste Management			136	923
Water	419	5,640	668	5,880
Sewer	147	841	167	896
Trust Deposits	529		80	98
<b>Total Restricted Liabilities</b>	<b>1,095</b>	<b>6,481</b>	<b>1,051</b>	<b>7,797</b>

<sup>1</sup>. Loans are secured over the General Rating Income of Council  
Disclosures on Liability Interest Rate Risk Exposures, Fair Value Disclosures & Security can be found in Note 15.

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2007

#### Note 10a. Payables, Interest Bearing Liabilities & Provisions (continued)

\$ '000

##### (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.	2007	2006
Employees Leave Entitlements	2,622	2,711
	<b>2,622</b>	<b>2,711</b>

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

\$ '000

Class of Provision	2006		2007			Closing Balance as at 30/6/07
	Opening Balance as at 1/7/06	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting	Unused amounts reversed	
Annual Leave	1,022	895	(920)	(51)		946
Sick Leave	1,210	18	(73)	(36)		1,119
Long Service Leave	2,470	173	(307)	(40)		2,296
Gratuities	-	-				-
Other Leave	-	-				-
ELE On-Costs	-	-				-
Self Insurance	-	-				-
Asset Remediation	1,350	1		(29)	(607)	715
Other	-	-				-
<b>TOTAL</b>	<b>6,052</b>	<b>1,087</b>	<b>(1,300)</b>	<b>(156)</b>	<b>(607)</b>	<b>5,076</b>

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

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

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2007

#### Note 11. Cash Flow Statement - Additional Information

\$ '000	Notes	Actual 2007	Actual 2006
<b>(a) Reconciliation of Cash Assets</b>			
Total Cash & Cash Equivalent Assets	6a	33,426	29,313
Less Bank Overdraft	10	-	-
<b>BALANCES AS PER STATEMENT OF CASH FLOWS</b>		<b>33,426</b>	<b>29,313</b>
<b>(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities</b>			
<b>Net Operating Result from Income Statement</b>		<b>9,966</b>	<b>5,784</b>
<b>Adjust for non cash items:</b>			
Depreciation & Amortisation		8,162	7,852
Losses/(Gains) recognised on Fair Value Re-measurements through the P&L			
- Investments classified as "@ Fair Value" or "Held for Trading"		(108)	-
Unwinding of Discount Rates on Reinstatement Provisions		47	-
Net Losses/(Gains) on Disposal of Assets		(1,871)	(72)
Non Cash Capital Grants and Contributions		(7)	(34)
<b>+/- Movement in Operating Assets and Liabilities &amp; Other Cash Items:</b>			
Decrease/(Increase) in Receivables		(774)	-
Increase/(Decrease) in Provision for Doubtful Debts		(13)	-
Decrease/(Increase) in Inventories		(49)	91
Decrease/(Increase) in Other Current Assets		122	81
Increase/(Decrease) in Payables		(483)	411
Increase/(Decrease) in Accrued Interest Payable		18	-
Increase/(Decrease) in Other Accrued Expenses Payable		(16)	(24)
Increase/(Decrease) in Other Current Liabilities		507	(26)
Increase/(Decrease) in Employee Leave Entitlements		(341)	61
Increase/(Decrease) in Other Provisions		(682)	-
<b>NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES FROM CASH FLOW STATEMENT</b>		<b>14,478</b>	<b>14,124</b>

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2007

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

\$ '000	Notes	Actual 2007	Actual 2006
<b>(c) Non-Cash Investing &amp; Financing Activities</b>			
NSW Dept. of Utilities, Energy & Sustainability Projects		7	34
<b>Total Non-Cash Investing &amp; Financing Activities</b>		<b>7</b>	<b>34</b>

#### (d) Financing Arrangements

##### (i) Unrestricted access was available at balance date to the following lines of credit:

Bank Overdraft Facilities <sup>1</sup>	700	700
Standby Credit Facilities	310	310
Operating Lease Facility	600	-
Credit Cards / Purchase Cards	30	20
<b>Total Financing Arrangements</b>	<b>1,640</b>	<b>1,030</b>

##### Amounts utilised as at Balance Date:

- Bank Overdraft Facilities	-	-
- Standby Credit Facilities	-	-
- Operating Lease Facility	170	-
- Credit Cards / Purchase Cards	-	-
<b>Total Financing Arrangements Utilised</b>	<b>170</b>	<b>-</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

Nil



## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2007

### Note 12. Commitments for Expenditure

\$ '000	Notes	Actual 2007	Actual 2006
<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. The amounts represent uncompleted works in 05/06 and resolved by Council to revote in 07/08.			
<b>Property, Plant &amp; Equipment</b>			
Buildings		223	317
Plant & Equipment			1,034
Other Structures		207	87
Roads		258	195
Sewer Network			18
Water Network			266
Other Assets		14	225
Operating Commitments			495
<b>Investment Property</b>			
- n/a			
<b>Total Commitments</b>		<b>702</b>	<b>2,637</b>
<b>These expenditures are payable as follows:</b>			
Within the next year		702	2,637
Later than one year and not later than 5 years			-
Later than 5 years			-
<b>Total Payable</b>		<b>702</b>	<b>2,637</b>
<b>Sources for Funding of Capital Commitments:</b>			
Unrestricted General Funds		115	463
Future Grants & Contributions			293
Sect 64 & 94 Funds/Reserves		187	97
Unexpended Grants		239	271
Externally Restricted Reserves			281
Internally Restricted Reserves		161	901
Unexpended Loans			65
Restricted Revenue			266
<b>Total Sources of Funding</b>		<b>702</b>	<b>2,637</b>



## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2007

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

\$ '000	Notes	Actual 2007	Actual 2006
(d) Operating Lease Commitments (Non Cancellable)			
<b>a. Commitments under Non Cancellable Operating Leases at the Reporting date, but not recognised as Liabilities are payable:</b>			
Within the next year		369	348
Later than one year and not later than 5 years		302	208
Later than 5 years		-	-
<b>Total Non Cancellable Operating Lease Commitments</b>		<b>671</b>	<b>556</b>

**b. Non Cancellable Operating Leases include the following assets:**

Motor Vehicles, Computers and Other Office Equipment.

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

**Conditions relating to Finance & Operating Leases:**

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

#### (e) Investment Property Commitments

Nil

#### (f) Remuneration Commitments

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

Within the next year	1,115	797
Later than one year and not later than 5 years	4,706	1,950
Later than 5 years	383	-
<b>Total Payable</b>	<b>6,204</b>	<b>2,747</b>

#### (g) Investment in Associates / Joint Ventures - Commitments

Nil

# Mid-Western Regional Council

## Notes to the Financial Statements

for the financial year ended 30 June 2007

### Note 13. Statement of Performance Measurement

\$ '000	Amounts 2007	Indicator 2007	Prior Periods 20062005	
1. Unrestricted Current Ratio				
Current Assets less all External Restrictions <sup>(1)</sup>	20,188	5.34 : 1	4.05	3.02
Current Liabilities less Specific Purpose Liabilities <sup>(2,3)</sup>	3,780			
2. Debt Service Ratio				
Debt Service Cost	1,195	3.16%	14.96%	8.87%
Revenue from Continuing Operations excluding Capital Items & Specific Purpose Grants/Contributions	37,861			
3. Rates & Annual Charges Coverage Ratio				
Rates & Annual Charges	17,985	37.79%	40.13%	38.45%
Revenue from Continuing Operations	47,598			
4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage				
Rates, Annual & Extra Charges Outstanding	787	4.16%	4.23%	5.11%
Rates, Annual & Extra Charges Collectible	18,930			

#### 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(c) - excludes all ELE not expected to be paid in the next 12 months.

## Mid-Western Regional Council

### Notes to the Financial Statements for the financial year ended 30 June 2007

#### Note 14. Investment Properties

	Actual	Actual
\$ '000	2007	2006

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

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2007

#### Note 15. Financial Instruments

\$ '000	Floating Interest Rate	≤ 1 Year	1-2 Yrs	Fixed Interest Rate				Non Interest Bearing	Total
				2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs		
(a) Exposure to Interest Rate Risk									
Council's exposure to Interest Rate Risk & the effective weighted average interest rates by maturity for each class of Financial Assets & Financial Liabilities is set out below. Exposures arise predominantly from assets & liabilities with variable interest rates, which Council intends to hold to maturity.									
2007									
Cash & Cash Equivalents	29,276	4,150							33,426
Investment Securities	-	1,500					946		2,446
Receivables		619						2,678	3,297
Total Financial Assets	29,276	6,269	-	-	-	-	946	2,678	39,169
Weighted Avg Interest Rate		6.9%					7.0%		
Bank Overdraft	-								-
Trade/Other Payables	-							2,198	2,198
Loans & Advances							7,801	-	7,801
Lease Liabilities		43	376				(0)		419
Total Financial Liabilities	-	43	376	-	-	-	7,801	2,198	10,418
Weighted Avg Interest Rate		7.1%	6.2%				6.5%		
Net Financial Assets/Liabilities									
	29,276	6,226	(376)	-	-	-	(6,855)	480	28,751
2006									
Cash & Cash Equivalents	-	27,913						1,400	29,313
Investment Securities	-								-
Receivables		856						1,642	2,498
Total Financial Assets	-	28,769	-	-	-	-	-	3,042	31,811
Weighted Avg Interest Rate		6.8%							
Bank Overdraft	-								-
Trade/Other Payables								2,158	2,158
Loans & Advances		610					7,515	-	8,125
Lease Liabilities							686		686
Total Financial Liabilities	-	610	-	-	-	-	8,201	2,158	10,969
Weighted Avg Interest Rate		6.3%	6.3%	6.3%	6.3%	6.3%	6.3%		
Net Financial Assets/Liabilities									
	-	28,159	-	-	-	-	(8,201)	884	20,842

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2007

#### Note 15. Financial Instruments (continued)

\$ '000	Notes	2007		2006	
		Carrying Amount	Net Fair Value	Carrying Amount	Net Fair Value
(b) Net Fair Value					
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.					
Financial Assets					
Cash and Cash Equivalents		33,426	33,426	29,313	29,313
Investments					
- "Held for Trading"		-	-	-	-
- "Designated At Fair Value on Initial Recognition"		-	-	-	-
- "Held to Maturity"		1,500	1,500	-	-
- "Loans & Receivables"		-	-	-	-
- "Available for Sale"		946	946	-	-
Receivables		3,297	3,297	2,498	2,498
Other Financial Assets		-	-	-	-
Total Financial Assets		39,169	39,169	31,811	31,811
Financial Liabilities					
Bank Overdraft		-	-	-	-
Payables		2,198	2,198	2,158	2,158
Loans / Advances		7,801	7,801	8,125	8,125
Lease Liabilities		419	419	686	686
Other Financial Liabilities		-	-	-	-
Total Financial Liabilities		10,418	10,418	10,969	10,969

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities approximates their carrying value.

Where a market exists, the net fair value of other financial assets and liabilities is based upon market prices - otherwise the expected future cash flows are discounting by the prevailing interest rates for assets and liabilities with similar risk profiles.

## Mid-Western Regional Council

### Notes to the Financial Statements for the financial year ended 30 June 2007

#### Note 15. Financial Instruments (continued)

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\$ '000

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##### (c) Credit Risk

The credit risk of financial assets (excluding investment securities) is the carrying amount net of any provision for doubtful debts.

Council has an Investment Policy which seeks to minimise the risk of capital loss. Investments are placed in accordance with the Local Government Investment Order which restricts investments to securities carrying a credit rating of "A" or better, Governments, and deposit facilities with Banks, Building Societies and Credit Unions.

Debtors for Rates & Annual Charges are secured by a charge over the land to which it relates.

There are no significant concentrations of credit risk to any single debtor or group of debtors - apart from a natural geographic concentration relating to Rates & Annual Charges that pertain to Council's Local Government Area.

##### (d) Policies

Council's accounting policies in respect of Financial Assets and Financial Liabilities are described in Note 1.

##### (e) Terms & Conditions

There are no Terms & Conditions associated with Financial Assets and Financial Liabilities which may significantly affect the amount, timing and certainty of future cash flows.



## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2007

#### Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 06/07 was incorporated as part of its Management Plan and was adopted by the Council on 28 June 2006.

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

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

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

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

	2007 Budget	2007 Actual	2007 Variance*	
<b>REVENUES</b>				
<b>Rates &amp; Annual Charges</b>	<b>17,888</b>	<b>17,985</b>	<b>97</b>	<b>0.5% F</b>
<b>User Charges &amp; Fees</b>	<b>9,332</b>	<b>9,731</b>	<b>399</b>	<b>4% F</b>
<b>Interest &amp; Investment Revenue</b>	<b>894</b>	<b>2,129</b>	<b>1,235</b>	<b>138% F</b>
Council generally adopts a conservative approach when budgeting for interest on investments. A large portion of investment revenue relates to externally restricted investments such as water, sewer, and developer contributions and is subsequently transferred to those funds. During 2006/2007, Council's cash and investments balance was higher than originally anticipated, due to timing of grant payment receipts and proceeds from disposal of assets. This, combined with more favourable market conditions and a change in Council's portfolio mix, contributed to higher than anticipated interest income.				
<b>Other Revenues</b>	<b>411</b>	<b>1,441</b>	<b>1,030</b>	<b>251% F</b>
The major variations in this area are attributable to:				
- NSW Rural Fire Service reimbursement of costs incurred by Council during the November 2006 Section 44 Bushfire Emergency - \$615,000 (F)				
- Additional income from recovery of legal fees associated with collection of rates - \$90,000 (F)				
- Higher than anticipated receipts from insurance claims - \$35,000 (F)				
- Income from Property Rental classed as User Charges & Fees in original budget - \$222,000 (F)				
<b>Capital Grants &amp; Contributions</b>	<b>4,103</b>	<b>5,247</b>	<b>1,144</b>	<b>28% F</b>
In many instances, the actual amount of grants received depends upon decisions made by State and Federal Governments after Council adopts its Management Plan. The major variations in this area are attributable to:				
- Higher than anticipated Developer Contributions - \$711,000 (F)				
- Additional grants for roadworks and other transport infrastructure - \$643,000 (F)				
- Lower than anticipated funding for sewer augmentation due to delay in works - \$297,000 (U)				

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2007

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

\$ '000	2007 Budget	2007 Actual	2007 Variance*	
<b>Net Gains from Disposal of Assets</b>	<b>925</b>	<b>1,871</b>	<b>946</b>	102% <b>F</b>
The major variations in this area are attributable to:				
- The sale of land in Mortimer Street proceeding earlier than anticipated - \$1,143,000 (F)				
- The sale of plant was lower than anticipated as a result of delays to Councils plant replacement program whilst plant requirements review was undertaken - \$440,000 (U)				
<b>EXPENSES</b>				
<b>Employee Benefits &amp; On-Costs</b>	<b>15,223</b>	<b>13,591</b>	<b>1,632</b>	11% <b>F</b>
Favourable variations in this area are primarily due to substantial reductions in workers compensation insurance premiums as a result of improved OHS management, and lower than anticipated expenditure on employee leave entitlements, together with savings in salaries and wages, largely relating to staff vacancies in professional roles.				
<b>Materials &amp; Contracts</b>	<b>9,692</b>	<b>11,756</b>	<b>(2,064)</b>	(21%) <b>U</b>
The major variations in this area are attributable to:				
- costs incurred as a result of the November 2006 Section 44 Bushfire Emergency - \$641,000 (U)				
- higher than anticipated usage of contractors on State Road work - \$886,000 (U)				
<b>Other Expenses</b>	<b>4,117</b>	<b>3,492</b>	<b>625</b>	15% <b>F</b>
The favourable variation in this area is primarily due to a \$300,000 saving on insurance premiums compared to original estimates.				
<b>Borrowing Costs</b>	<b>698</b>	<b>631</b>	<b>67</b>	10% <b>F</b>
During the budgeting process, Council anticipated drawing down additional loan funding. The projects for which loan funding was to be utilised have been deferred, resulting in lower than expected borrowing costs.				
<b>Depreciation &amp; Amortisation</b>	<b>7,943</b>	<b>8,162</b>	<b>(219)</b>	(3%) <b>U</b>

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2007

### Note 17. Statement of Developer Contributions

\$ '000

Under Section 94 and Section 94A of the Environmental Planning and Assessment Act 1979, a Council may require (i) the payment of a monetary contribution or dedication of land or (ii) a % levy on the value of development, in relation to development works that are subject to a development consent issued by Council.

These developer contributions (under S94) or developer levies (under S94A) must be spent specifically for the purpose they were levied and any interest applicable to unspent funds must be attributed to the funds and also spent in accordance with the purpose levied.

As well, Council may under Section 93F enter into a Planning Agreement with developers under which the developer is required to either dedicate land free of cost, pay a monetary contribution, or provide any other material public benefit (or any combination of the three) to be used for or applied towards a public purpose.

S93F funds are also required to be spent on the public purposes nominated within each individual Planning Agreement.

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 use by their nature and must be spent for the specific purposes raised. Note:

During 2007, Mid-Western Regional Council undertook significant work in the area of S94 planning. The end result being that the existing plans of the former Rylstone Shire Council and Mudgee Shire Council were repealed and replaced by the Mid-Western Regional Contribution Plan 2005 - 2021. All existing monies were reallocated to the new plan, and will be spent in accordance with the adopted schedule of works.

#### SUMMARY OF CONTRIBUTIONS & LEVIES

PURPOSE	Opening Balance	Received during Year		Interest earned in Yr	Exp. during Yr	Internal Borrowing (to)/from	Held as Restricted Asset	Projections		
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding
Transport Mngmnt	718	149	-	34	(327)	-	574	1,876	(2,279)	171
Open Space	739	176	-	29	(484)	-	460	5,292	(2,069)	3,683
Community Facilities	930	205	-	46	(9)	-	1,172	644	(2,879)	(1,063)
Civic Improvements	(333)	190	-	(17)	(29)	(1,500)	1,311	-	(4,100)	(2,789)
Carparking	21	-	-	1	-	-	22	280	(1,444)	(1,142)
Administration	-	18	-	-	-	-	18	686	(512)	192
<b>S94 Contributions - under a Plan</b>	<b>2,075</b>	<b>738</b>	<b>-</b>	<b>93</b>	<b>(849)</b>	<b>(1,500)</b>	<b>3,557</b>	<b>8,778</b>	<b>(13,283)</b>	<b>(948)</b>
<b>S94A Levies - Under a Plans</b>	<b>-</b>	<b>18</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18</b>	<b>700</b>	<b>-</b>	<b>718</b>
<b>Total S94 Revenue Under Plans</b>	<b>2,075</b>	<b>756</b>	<b>-</b>	<b>93</b>	<b>(849)</b>	<b>(1,500)</b>	<b>3,575</b>	<b>9,478</b>	<b>(13,283)</b>	<b>(230)</b>
S94 not under Plans	-	-	-	-	-	-	-	-	-	-
S93F Planning Agreements		450			(30)		420	1,400		1,820
S64 Contributions	2,852	756		150	(684)		3,074			3,074
<b>Total Contributions</b>	<b>4,927</b>	<b>1,962</b>	<b>-</b>	<b>243</b>	<b>(1,563)</b>	<b>(1,500)</b>	<b>7,069</b>	<b>10,878</b>	<b>(13,283)</b>	<b>4,664</b>

# Mid-Western Regional Council

## Notes to the Financial Statements for the financial year ended 30 June 2007

### Note 17. Statement of Developer Contributions (continued)

\$ '000

#### S94 CONTRIBUTIONS - UNDER A PLAN

##### CONTRIBUTION PLAN - MID-WESTERN REGIONAL

PURPOSE	Opening Balance	Received during Year		Interest earned in Yr	Exp. during Yr	Internal Borrowing (to)/from	Held as Restricted Asset	Projections		
		Cash	Non Cash					Future Income	Exp still outstanding	Over or (Under) Funding
Transport Management	718	149		34	(327)		574	1,876	(2,279)	171
Open Space	739	176		29	(484)		460	5,292	(2,069)	3,683
Community Facilities	930	205		46	(9)		1,172	644	(2,879)	(1,063)
Civic Improvements	(333)	190		(17)	(29)	(1,500)	1,311		(4,100)	(2,789)
Carparking	21	-		1			22	280	(1,444)	(1,142)
Administration	-	18		-			18	686	(512)	192
<b>Total</b>	<b>2,075</b>	<b>738</b>	<b>-</b>	<b>93</b>	<b>(849)</b>	<b>(1,500)</b>	<b>3,557</b>	<b>8,778</b>	<b>(13,283)</b>	<b>(948)</b>

#### S94A LEVIES - UNDER A PLAN

##### CONTRIBUTION PLAN - MID-WESTERN REGIONAL

PURPOSE	Opening Balance	Received during Year		Interest earned in Yr	Exp. during Yr	Internal Borrowing (to)/from	Held as Restricted Asset	Projections		
		Cash	Non Cash					Future income	Exp still outstanding	Over or (under) Funding
Traffic Management	-	18					18	546		564
Library Building	-	-					-	154		154
<b>Total</b>	<b>-</b>	<b>18</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18</b>	<b>700</b>	<b>-</b>	<b>718</b>

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2007

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

\$ '000

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

### LIABILITIES NOT RECOGNISED:

#### 1. Guarantees

##### (i) StateCover Limited

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

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

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

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

##### (ii) Other Guarantees

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

#### 2. Other Liabilities

##### (i). Third Party Claims

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

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

##### (ii) S94 Plans

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

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

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

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

##### (iii) Land and Environment Court Costs

Council is a respondent in Mid-Western Regional Council and Anor ats Mid-Western Community Action Group Inc, proceedings no. 40200 of 2007.

On 7 August 2007, the Court ordered that the Respondents pay the Applicant's costs of the proceedings.

Council, as a joint Respondent, is liable for 50% of the Mid-Western Community Action Group Inc's costs. However, the amount of the obligation cannot be measured with sufficient reliability, thus has not been recognised in Council's 2006/2007 financial statements.

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2007

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

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\$ '000

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##### **ASSETS NOT RECOGNISED:**

##### **(i) Defined Benefit Superannuation Contribution Plans**

Council participates in an employer sponsored Defined Benefit superannuation Scheme, and makes contributions as determined by the Superannuations Trustees.

The Local Government Superannuation Scheme however, has advised that it is unable to provide Council with an accurate estimate of its share of the Defined Benefit Schemes assets and liabilities in accordance with AASB 119.

The Schemes most recent full actuarial review indicated that the Net Assets of the Scheme were more than sufficient to meet the accrued benefits of the Schemes defined benefit member category.

Council has not recorded any asset in these Financial Reports to represent any future economic benefit relating to the Scheme's Financial Position, nor has it recorded any movements in the Schemes Financial Position in these Accounts.

Accordingly, contributions made to the defined benefit scheme are recognised as an expense when they become payable - similar to accounting for a defined contributions plan.

##### **(ii) Land Under Roads**

As permitted under AASB 1045 and in accordance with DLG recommendations, Council has not brought to account in these Reports the value of Land Under Roads. This is due to the divergence of opinion as to what value should be ascribed to such assets

At present, the transitional period for deferral of recognition ends on 30 June 2008.

## Mid-Western Regional Council

### Notes to the Financial Statements for the financial year ended 30 June 2007

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

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**\$ '000**

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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 2007

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

\$ '000	Notes	Actual 2007	Actual 2006
<b>a. Retained Earnings</b>			
<b>Movements in Retained Earnings were as follows:</b>			
Balance at beginning of Year (from previous years audited accounts)		249,003	243,219
a. Adjustments on adoption of AASB 132/AASB139 as at 1/7/05	n/a	-	-
b. Correction of Prior Period Errors		-	-
c. Changes in Accounting Policies (Prior Period Effects)		-	-
d. Current Year Income & Expenses Recognised direct to Equity excluding direct to Reserves transactions		-	-
e. Net Operating Result for the Year		9,966	5,784
f. Distributions to/(Contributions from) Minority Interests		-	-
g. Transfers between Equity		-	-
h. Other Changes (disclosure required)		-	-
<b>Balance at End of the Reporting Period</b>		<b>258,969</b>	<b>249,003</b>
<b>b. Reserves</b>			
<b>(i) Reserves are represented by:</b>			
- Infrastructure, Property, Plant & Equipment Reserve		21,167	-
- Available for Sale Investments		(55)	-
<b>Total</b>		<b>21,112</b>	<b>-</b>
<b>(ii). Reconciliation of movements in Reserves:</b>			
<b>Infrastructure, Property, Plant &amp; Equipment Reserve</b>			
- Opening Balance		-	-
- Revaluations for the year	9(a)	21,167	-
- Transfer to Retained Earnings for Assets Disposed of		-	-
<b>- Balance at End of Year</b>		<b>21,167</b>	<b>-</b>
<b>"Available for Sale" Financial Investments</b>			
- Opening Balance		-	-
- Adjustments on adoption of AASB 132/AASB139 as at 1/7/05		-	-
- Gains/(Losses) in Value for the year		(55)	-
- Transfer of "Available for Sale" to the P&L - Disposals		-	-
<b>- Balance at End of Year</b>		<b>(55)</b>	<b>-</b>
<b>TOTAL VALUE OF RESERVES</b>		<b>21,112</b>	<b>-</b>



## Mid-Western Regional Council

### Notes to the Financial Statements for the financial year ended 30 June 2007

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

		Actual	Actual
\$ '000	Notes	2007	2006

##### (iii). Nature & Purpose of Reserves

###### **Infrastructure, Property, Plant & Equipment Revaluation Reserve**

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

###### **"Available for Sale" Financial Investments Revaluation Reserve**

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

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

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

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

##### d. Voluntary Changes in Accounting Policies

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

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2007

#### Note 21. 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	
		2007	2006
Waste Transfer Stations & Tips - Region Wide	2009 - 2016	699	1,150
Chapmans Quarry	2037	16	200
<b>Balance at End of the Reporting Period</b>	10	<b>715</b>	<b>1,350</b>

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

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

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

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

Balance at beginning of year	1,350	1,350
Amounts capitalised to new or existing assets:		
- Waste Transfer Stations and Tips - Region Wide	(456)	
- Chapmans Quarry	(150)	
Effect of a change in discount rates used in PV calculations	(76)	
Amortisation of discount (expenses to borrowing costs)	47	
Expenditure incurred attributable to Provisions		
<b>Total - Reinstatement, rehabilitation and restoration provision</b>	<b>715</b>	<b>1,350</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 Councils Annual Domestic Waste Management Charge.

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2007

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

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\$ '000

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Events that occur after the reporting date of 30 June 2007, and up to and including the date when the financial report is "authorised for issue" have been taken into account in preparing this financial report.

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

Accordingly, the "authorised for issue" date is 4/10/07.

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

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

These financial reports (and the figures therein) incorporate all "adjusting events" that provided evidence of conditions that existed at 30 June 2007.

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

These financial reports (and figures therein) do not incorporate any "non adjusting events" that have occurred after 30 June 2007 and which are only indicative of conditions that arose after 30 June 2007.

Council is aware of the following "non adjusting event" that merits disclosure;

On 30 July 2007, Council took over the operations of Mudgee Foundation Inc.

Mudgee Foundation Inc was a not-for profit organisation established in 1975 to provide employment to members of Mudgee's disabled community.

The Foundation's business operations were Mudgee Recycling and Ironed Out, both of which will now be run as part of Mid-Western Regional Council.

All assets and liabilities of Mudgee Foundation as at 30 July 2007 have been transferred to Council. Net assets are estimated to be \$364,000, and the anticipated operating result for 2007/2008 is \$15,000 profit.

## Mid-Western Regional Council

### Notes to the Financial Statements for the financial year ended 30 June 2007

#### Note 26. Additional Council Disclosures - Financial Information

<b>Income Statement by Fund</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>
<b>\$ '000</b>	<b>2007</b>	<b>2007</b>	<b>2007</b>
<b>Continuing Operations</b>	<b>General</b>	<b>Water</b>	<b>Sewer</b>
<b>Income from Continuing Operations</b>			
Rates & Annual Charges	13,220	1,962	2,803
User Charges & Fees	7,221	2,376	134
Interest & Investment Revenue	1,555	287	287
Other Revenues	1,433	6	2
Grants & Contributions provided for Operating Purposes	9,058	74	62
Grants & Contributions provided for Capital Purposes	4,190	740	317
<b>Other Income</b>			
Net Gains from Disposal of Assets	1,871	-	-
<b>Total Income from Continuing Operations</b>	<b>38,548</b>	<b>5,445</b>	<b>3,605</b>
<b>Expenses from Continuing Operations</b>			
Employee Benefits & on-costs	11,794	948	849
Borrowing Costs	183	388	60
Materials & Contracts	10,325	990	441
Depreciation & Amortisation	6,150	1,273	739
Other Expenses	2,021	911	560
<b>Total Expenses from Continuing Operations</b>	<b>30,473</b>	<b>4,510</b>	<b>2,649</b>
<b>Net Operating Result for the Year</b>	<b>8,075</b>	<b>935</b>	<b>956</b>
<b>Net Operating Result attributable to each Council Fund</b>	<b>8,075</b>	<b>935</b>	<b>956</b>
<b>Net Operating Result attributable to Minority Interests</b>	<b>-</b>	<b>n/a</b>	<b>n/a</b>
<b>Net Operating Result for the year before Grants and Contributions provided for Capital Purposes</b>	<b>3,885</b>	<b>195</b>	<b>639</b>

# Mid-Western Regional Council

## Notes to the Financial Statements

as at 30 June 2007

### Note 26. Additional Council Disclosures - Financial Information

<b>Balance Sheet by Fund</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>
<b>\$ '000</b>	<b>2007</b>	<b>2007</b>	<b>2007</b>
<b>ASSETS</b>	<b>General</b>	<b>Water</b>	<b>Sewer</b>
<b>Current Assets</b>			
Cash & Cash Equivalents	21,851	4,983	6,592
Investments	1,500	-	-
Receivables	2,448	763	86
Inventories	496	184	27
Other	4	-	-
<b>Total Current Assets</b>	<b>26,299</b>	<b>5,930</b>	<b>6,705</b>
<b>Non-Current Assets</b>			
Investments	946	-	-
Infrastructure, Property, Plant & Equipment	170,384	56,963	28,958
<b>Total Non-Current Assets</b>	<b>171,330</b>	<b>56,963</b>	<b>28,958</b>
<b>TOTAL ASSETS</b>	<b>197,629</b>	<b>62,893</b>	<b>35,663</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	2,529	183	96
Interest Bearing Liabilities	189	236	51
Provisions	4,213	-	-
<b>Total Current Liabilities</b>	<b>6,931</b>	<b>419</b>	<b>147</b>
<b>Non-Current Liabilities</b>			
Payables	-	-	-
Interest Bearing Liabilities	1,263	5,640	841
Provisions	863	-	-
<b>Total Non-Current Liabilities</b>	<b>2,126</b>	<b>5,640</b>	<b>841</b>
<b>TOTAL LIABILITIES</b>	<b>9,057</b>	<b>6,059</b>	<b>988</b>
<b>Net Assets</b>	<b>188,572</b>	<b>56,834</b>	<b>34,675</b>
<b>EQUITY</b>			
Retained Earnings	188,627	46,085	24,257
Revaluation Reserves	(55)	10,749	10,418
<b>Council Equity Interest</b>	<b>188,572</b>	<b>56,834</b>	<b>34,675</b>
Minority Interests	-	-	-
<b>Total Equity</b>	<b>188,572</b>	<b>56,834</b>	<b>34,675</b>

## Mid-Western Regional Council

### Notes to the Financial Statements for the financial year ended 30 June 2007

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

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**Principal Place of Business:**

86 Market Street  
Mudgee NSW 2850

**Contact Details**
**Mailing Address:**

PO Box 156  
Mudgee NSW 2850

**Telephone:** 02 6378 2850

**Facsimile:** 02 6378 2815

**Officers**
**GENERAL MANAGER**

Mr Warwick Bennett

**RESPONSIBLE ACCOUNTING OFFICER**

Ms Clare Phelan

**PUBLIC OFFICER**

Mr Ian Roberts

**AUDITORS**

Morse Group

**Opening Hours**

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

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

**Email:** [council@midwestern.nsw.gov.au](mailto:council@midwestern.nsw.gov.au)

**Elected Members**
**MAYOR**

Clr Percy Thompson

**COUNCILLORS**

Clr Peter A Shelley

Clr James Loneragan

Clr Esme E Martens

Clr Jeff Moore

Clr Susan J Pascoe

Clr Max Walker

Clr John R Webb

Clr Mike Williams

**Other Information**

**ABN:** 96 149 391 332

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

**Report on the Financial Report**

We have audited the accompanying financial report of Mid-Western Regional Council for the financial year ended 30 June 2007. The financial report comprises the Statement by Council, Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and accompanying Notes to the Financial Statements. Our audit responsibility does not extend to the original budget figures included in the Income Statement and Cash Flow Statement, the original budget disclosures in Notes 2(a) and 16, nor the projected revenue and expenditure of developer contributions reported in Note 17 and accordingly, we express no opinion on them.

**Councils' Responsibility for the Financial Report**

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

**Auditors Responsibility**

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

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

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

**Independence**

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

## Audit Opinion


In our opinion:

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



**MORSE GROUP**

237 Lords Place  
Orange  
Dated: 4 October 2007



**JD O'MALLEY**  
PARTNER



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

We have audited the financial reports of Mid-Western Regional Council for the financial year ended 30 June 2007. The financial reports include the general purpose consolidated accounts of the economic entity comprising the Council and its controlled entities and the special purpose financial report, detailing the income and expenditure of Council's business units and their financial position at balance date. The contents of both of these reports include the Council's Certificate as required by section 413(2)(c) of the Local Government Act 1993. The Council is responsible for the preparation and presentation of the financial reports and the information they contain. We have conducted an independent audit of these financial reports in order to express an opinion on them to the Council.

In accordance with Section 417 of the Local Government Act 1993 we submit our report on the conduct of the audit of Mid-Western Regional Council for the year ended 30 June 2007. Our audit reports on the general purpose financial statements of Council and the special purpose financial statements on Council's business units outline the legislative framework of our audit and should be referred to in order to establish the context in which our comments are made.

**Council's Responsibility for the Financial Report**

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

**Auditor's Responsibility**

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

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

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

## ***Review of Financial Results***

### **(a) Operating Result**

As disclosed in Council's Income Statement the year's operations resulted in a net operating result of \$9,966,000 (2006 - \$5,784,000). Selected items of note in the operating statement include:

The operating result from ordinary activities *before* capital amounts was \$4,719,000 (2006 - \$574,000).

Rates and annual charges increased by \$1,174,000 (6.98%) due to a combination of the rate pegging increase and the re-categorisation of certain residential land to the mining category.

Operating grants and contributions were up \$1,012,000 to \$9,194,000 (2006 - \$8,182,000) this financial year due to the increases in the amount of Regional/Local and Block Grant roads funding received by Council .

The net gain on disposal of assets of \$1,871,000 (2006 - \$72,000) was primarily due to the sale of Mortimer St land.

Employee costs were down \$499,000 on the previous year which is due mainly to decreases in the level of employee leave entitlements and increases in the amount of capitalised labour.

Materials and contracts expenditure increased by \$1,419,000 to \$11,756,000 (2006 - \$10,337,000). The increase in expenditure primarily relates to the November 2006 Section 44 Bushfire Emergency which was coordinated by Council, and an increase in the value of State Roads work undertaken

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

**(b) Financial Position**

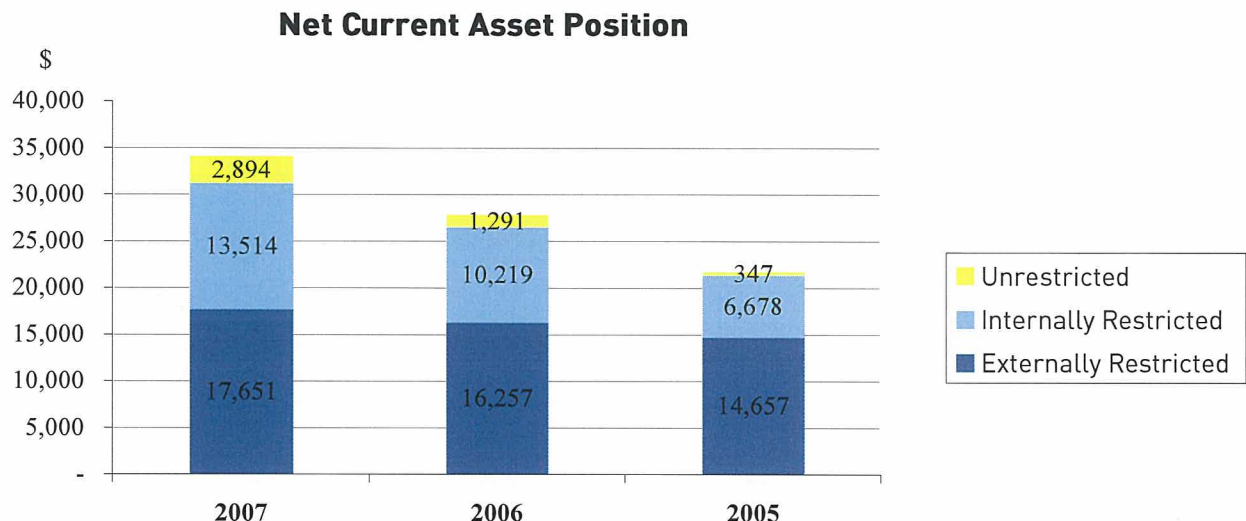
The Balance Sheet discloses that for the year ended 30 June 2007 Council's net assets stood at \$280,081,000 (2006 - \$249,003,000), which represents an increase of \$31,078,000 being the net operating surplus after capital amounts of \$9,966,000 plus the asset revaluation increment of \$21,112,000 relating to the revaluation of water and sewer infrastructure.

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: -

	2007 \$'000	2006 \$'000
Net current assets	31,437	25,056
Less: Amounts externally restricted for special purposes refer Notes 6; 7; & 8 of financial statements	(18,746)	(17,308)
Less: Council internally imposed restrictions (refer Note 6 of financial statements)	(13,514)	(10,219)
Add: Applicable current liabilities refer Note 10		
- Water	419	668
- Sewerage	147	167
- Domestic Waste Management	-	136
- Other	529	80
Add: Employee Leave Entitlements to be paid > 12 months	2,622	2,711
Unrestricted net current asset surplus/(deficit)	2,894	1,291
Unrestricted net current assets comprise: -		
Assets		
Cash	3,823	2,852
Receivables	2,351	1,566
Inventories	500	524
Other	-	126
	6,674	5,068
Less: General Purpose Liabilities	(6,402)	(6,488)
Plus: Employee Leave Entitlements to be paid > 12 months	2,622	2,711
Unrestricted net current asset surplus/(deficit)	2,894	1,291

Council's surplus of net current assets to cover the restrictions placed on those assets is further evidence of its strong financial position.

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



## Liquidity

Note 6 to the accounts discloses total cash and investments of \$35,872,000 (2006 - \$29,313,000), of this amount \$18,535,000 (2006 - \$16,241,000) is subject to external restrictions requiring Council to commit those funds to the purposes for which they were provided and \$13,514,000 (2006 - \$10,219,000) 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 their management plan.

The unrestricted balance of \$3,823,000 (2006 - \$2,853,000) represents liquid assets available to cover non-budgeted discretionary expenditure and short-term cash flow requirements and reflects Council's strong financial position.

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

## (c) Performance Indicators

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

### Unrestricted Current Ratio

The Unrestricted Current Ratio is a measure of Council's liquidity that demonstrates its ability to satisfy obligations out of short-term and immediate asset balances. Council's ratio of 5.34:1 indicates a high degree of liquidity and the ability to comfortably repay debts as they fall due.

## Debt Service Ratio

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

Whilst there is no definitive guide on what constitutes an acceptable ratio it is generally accepted that a ratio of up to 20% depending on the level of long-term development (infrastructure) plans, is considered manageable. At 3.16% (2006 – 14.96%) Mid-Western Regional Council's ratio is well below these industry benchmarks and represents manageable debt. The sudden reduction in the ratio is the result of Council making accelerated debt repayments (re-financing) in the 2006 year rather than any change in Council's underlying financial position. Council did not draw down any additional debt this financial year.

## Rates & Annual Charges Coverage Ratio

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

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

Mid-Western Regional Council's ratio of 37.79% (2006 – 40.13%) is relatively consistent with the prior period. The ratio is comparable with other regional councils with similar characteristics of population and geographic size.

## Rates & Annual Charges Outstanding Ratio

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

Mid-Western Regional Council's rates and annual charges outstanding percentage of 4.16% (2006 - 4.23%) has improved over last year and indicates effective debtor management, particularly given the economic impact that drought is causing.

## (d) Cash Flow Statement

The Statement of Cash Flows reports a net increase in cash assets held of \$4,113,000 (2006 - \$6,873,000) as follows:

	2007 \$'000	2006 \$'000	Movement \$'000
<b>Cash flow provided by / (used in)</b>			
Operating activities	14,478	14,124	354
Investing activities	(9,774)	(6,614)	(3,160)
Financing activities	(591)	(637)	46
Net increase / (decrease) in cash held	4,113	6,873	(2,760)

### **Cash flows from operating activities**

The cashflows from operating activities has remained relatively consistent with the prior financial year. All material movements have been explained in the income statement above.

### **Cash flows from investing activities**

The major cash outflows related to acquisitions property, plant and equipment, including \$5.25M of roads, bridges and footpath additions. Significant among these were the Yamble Bridge and Bylong Valley Way projects.

Council also placed a further \$2.4M (net) into short-term investments.

### **Cash flows from financing activities**

The net cash flow used in financing activities was (\$591,000). No new borrowings were drawn in the current financial year.

Repayments made were in line with the requirements of the loans.

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

Council's surplus from ordinary activities after capital amounts of \$9,966,000 was \$5,257,000 more than Council's original estimates.

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

### **(f) Other Matters**

#### **National Competition Policy**

In accordance with the requirements of National Competition Policy guidelines, Mid-Western Regional Council has prepared a special purpose financial report on its business units for the year ended 30 June 2007. Council has determined that it has two business units within its operations: Water and Sewerage.

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

An unqualified audit report on the special purpose reports for the year ended 30 June 2007 has been issued.

#### **Management Letters**

Our most recent management letter was issued on 3 May 2007 and a final letter for the 2007 audit will be sent in the next two weeks.

**(g) Legislative compliance**

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

**Conclusion**

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

*Morse Group*  
**MORSE GROUP**

237 Lords Place  
Orange  
Dated: 4 October 2007

*J D O'Malley*  
**JD O'MALLEY**  
PARTNER