

# Mid-Western Regional Council

GENERAL PURPOSE FINANCIAL REPORT  
for the year ended 30 June 2008

---

*"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 2008

<b>Contents</b>	<b>Page</b>
<b>1. Statement by Councillors &amp; Management</b>	<b>2</b>
<b>2. Primary Financial Statements:</b>	
- Income Statement	3
- Balance Sheet	4
- Statement of Changes in Equity	5
- Cash Flow Statement	6
<b>3. Notes to the Financial Statements</b>	<b>7</b>
<b>4. Independent Auditor's Reports:</b>	
- On the Financial Report      (Sect 417 [2])	73
- On the Conduct of the Audit   (Sect 417 [3])	75

---

### Overview

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

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

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

A description of 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 7/10/08.  
Council has the power to amend and reissue the financial report.
-

## Mid-Western Regional Council

### General Purpose Financial Report

for the financial year ended 30 June 2008

### 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:**

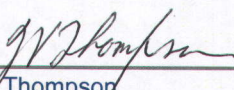
- The Local Government Act 1993 (as amended) and the Regulations made thereunder,
- The Australian Accounting Standards and professional pronouncements, and
- The Local Government Code of Accounting Practice and Financial Reporting.


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

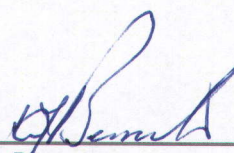
- presents fairly the Council's operating result and financial position for the year, and
- accords with Council's accounting and other records.


**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 20 August 2008.**

  
\_\_\_\_\_  
J P Thompson  
MAYOR

  
\_\_\_\_\_  
M B Walker  
DEPUTY MAYOR

  
\_\_\_\_\_  
W L Bennett  
GENERAL MANAGER

  
\_\_\_\_\_  
C E Phelan  
RESPONSIBLE ACCOUNTING OFFICER

# Mid-Western Regional Council

## Income Statement

for the financial year ended 30 June 2008

Budget <sup>(1)</sup>			Actual	Actual
2008	\$ '000	Notes	2008	2007
Income from Continuing Operations				
Revenue:				
19,116	Rates & Annual Charges	3a	19,018	17,985
8,662	User Charges & Fees	3b	12,138	9,800
1,016	Interest & Investment Revenue	3c	1,985	2,129
1,187	Other Revenues	3d	1,353	1,372
9,871	Grants & Contributions provided for Operating Purposes	3e,f	10,033	9,194
5,975	Grants & Contributions provided for Capital Purposes	3e,f	3,961	5,247
Other Income:				
1,220	Net gains from the disposal of assets	5	-	1,871
47,047	Total Income from Continuing Operations		48,488	47,598
Expenses from Continuing Operations				
15,311	Employee Benefits & On-Costs	4a	15,669	13,591
538	Borrowing Costs	4b	584	631
10,407	Materials & Contracts	4c	13,989	11,756
8,112	Depreciation & Amortisation	4d	8,545	8,162
3,689	Other Expenses	4e	3,809	3,492
-	Net Losses from the Disposal of Assets	5	242	-
38,057	Total Expenses from Continuing Operations		42,838	37,632
8,990	Net Operating Result for the Year		5,650	9,966
8,990	Net Operating Result attributable to Council		5,650	9,966
-	Net Operating Result attributable to Minority Interests		-	-
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes				
3,015			1,689	4,719

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



# Mid-Western Regional Council

## Balance Sheet

as at 30 June 2008

\$ '000	Notes	Actual 2008	Actual 2007
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash & Cash Equivalents	6a	26,934	33,426
Investments	6b	7,250	1,500
Receivables	7	2,823	3,297
Inventories	8	525	707
Other	8	-	4
Non-current assets classified as "held for sale"	22	65	-
<b>Total Current Assets</b>		<b>37,597</b>	<b>38,934</b>
<b>Non-Current Assets</b>			
Investments	6b	2,133	946
Receivables	7	124	-
Infrastructure, Property, Plant & Equipment	9	329,128	256,305
Intangible Assets	25	136	-
<b>Total Non-Current Assets</b>		<b>331,521</b>	<b>257,251</b>
<b>TOTAL ASSETS</b>		<b>369,118</b>	<b>296,185</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	10	3,473	2,808
Borrowings	10	681	476
Provisions	10	4,033	4,213
<b>Total Current Liabilities</b>		<b>8,187</b>	<b>7,497</b>
<b>Non-Current Liabilities</b>			
Interest Bearing Liabilities	10	7,143	7,744
Provisions	10	1,049	863
<b>Total Non-Current Liabilities</b>		<b>8,192</b>	<b>8,607</b>
<b>TOTAL LIABILITIES</b>		<b>16,379</b>	<b>16,104</b>
<b>Net Assets</b>		<b>352,739</b>	<b>280,081</b>
<b>EQUITY</b>			
Retained Earnings	20	264,619	258,969
Revaluation Reserves	20	88,120	21,112
Council Equity Interest		352,739	280,081
Minority Equity Interest		-	-
<b>Total Equity</b>		<b>352,739</b>	<b>280,081</b>

## Mid-Western Regional Council

### Statement of Changes in Equity for the financial year ended 30 June 2008

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

\$ '000	Notes	Retained Earnings	Reserves (Refer 20b)	Council Equity Interest	Minority Interest	Total Equity
<b>2007</b>						
<b>Opening Balance</b> (as per Last Year's Audited Accounts)		249,003	-	<b>249,003</b>	-	<b>249,003</b>
a. Correction of Prior Period Errors	20 (c)	-	-	-	-	-
b. Changes in Accounting Policies (prior year effects)	20 (d)	-	-	-	-	-
<b>Revised Opening Balance (as at 1/7/06)</b>		<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>
- Transfers to/(from) Other Reserves	20b (ii)	-	-	-	-	-
- Other Income/Expenses recognised	20b (ii)	-	(55)	<b>(55)</b>	-	<b>(55)</b>
- Other Adjustments	20b (ii)	-	-	-	-	-
<b>Net Income Recognised Directly in Equity</b>		<b>-</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 (c&amp;d)</b>		<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 - Balance at end of the reporting period</b>		<b>258,969</b>	<b>21,112</b>	<b>280,081</b>	-	<b>280,081</b>

# Mid-Western Regional Council

## Cash Flow Statement

for the financial year ended 30 June 2008

Budget 2008	\$ '000	Notes	Actual 2008	Actual 2007
<b>Cash Flows from Operating Activities</b>				
<b><u>Receipts:</u></b>				
19,622	Rates & Annual Charges		19,071	17,952
8,642	User Charges & Fees		12,892	10,143
1,011	Interest & Investment Revenue Received		2,719	1,880
16,428	Grants & Contributions		14,372	15,199
1,218	Other		2,900	2,584
<b><u>Payments:</u></b>				
(13,855)	Employee Benefits & On-Costs		(15,838)	(14,297)
(9,751)	Materials & Contracts		(15,250)	(13,203)
(525)	Borrowing Costs		(512)	(566)
(3,689)	Other		(4,638)	(5,214)
<b>19,101</b>	<b>Net Cash provided (or used in) Operating Activities</b>	11b	<b>15,716</b>	<b>14,478</b>
<b>Cash Flows from Investing Activities</b>				
<b><u>Receipts:</u></b>				
1,770	Sale of Infrastructure, Property, Plant & Equipment		1,137	2,936
<b><u>Payments:</u></b>				
-	Purchase of Investment Securities		(7,800)	(2,393)
(25,460)	Purchase of Infrastructure, Property, Plant & Equipment		(15,076)	(10,317)
<b>(23,690)</b>	<b>Net Cash provided (or used in) Investing Activities</b>		<b>(21,739)</b>	<b>(9,774)</b>
<b>Cash Flows from Financing Activities</b>				
<b><u>Receipts:</u></b>				
-	Proceeds from Borrowings & Advances		-	20
<b><u>Payments:</u></b>				
(497)	Repayment of Borrowings & Advances		(365)	(344)
-	Repayment of Finance Lease Liabilities		(104)	(267)
<b>(497)</b>	<b>Net Cash Flow provided (used in) Financing Activities</b>		<b>(469)</b>	<b>(591)</b>
<b>(5,086)</b>	<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>		<b>(6,492)</b>	<b>4,113</b>
33,023	plus: Cash & Cash Equivalents - beginning of year	11a	33,426	29,313
<b>27,937</b>	<b>Cash &amp; Cash Equivalents - end of the year</b>	11a	<b>26,934</b>	<b>33,426</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

## Notes to the Financial Statements

for the financial year ended 30 June 2008

### Contents of the Notes accompanying the Financial Statements

<b>Note</b>	<b>Details</b>	<b>Page</b>
<b>1</b>	Summary of Significant Accounting Policies	8
<b>2(a)</b>	Council Functions / Activities - Financial Information	24
<b>2(b)</b>	Council Functions / Activities - Component Descriptions	25
<b>3</b>	Income from Continuing Operations	27
<b>4</b>	Expenses from Continuing Operations	33
<b>5</b>	Gains or Losses from the Disposal of Assets	36
<b>6(a)</b>	Cash & Cash Equivalent Assets	37
<b>6(b)</b>	Investments	37
<b>6(c)</b>	Restricted Cash, Cash Equivalents & Investments - details	39
<b>7</b>	Receivables	41
<b>8</b>	Inventories & Other Assets	42
<b>9(a)</b>	Infrastructure, Property, Plant & Equipment	43
<b>9(b)</b>	Restricted Infrastructure, Property, Plant & Equipment	44
<b>9(c)</b>	Infrastructure, Property, Plant & Equipment - Current Year Impairments	44
<b>10(a)</b>	Payables, Borrowings & Provisions	45
<b>10(b)</b>	Description of (& movements in) Provisions	46
<b>11</b>	Reconciliation of Cash Flow movements & additional information	47
<b>12</b>	Commitments for Expenditure	49
<b>13</b>	Statement of Performance Measures	52
<b>14</b>	Investment Properties	53 n/a
<b>15</b>	Financial Risk Management disclosures	54
<b>16</b>	Material Budget Variations	58
<b>17</b>	Statement of Developer Contributions	60
<b>18</b>	Contingencies and Other Liabilities/Assets not recognised	62
<b>19</b>	Investments in Subsidiaries, Associated Entities & Joint Ventures	64 n/a
<b>20</b>	Equity - Retained Earnings and Revaluation Reserves	65
<b>21</b>	Reinstatement, Rehabilitation & Restoration Liabilities	67
<b>22</b>	Non Current Assets and Disposal Groups classified as "Held for Sale"	68 n/a
<b>23</b>	Events occurring after Balance Sheet date	68
<b>24</b>	Discontinued Operations	68 n/a
<b>25</b>	Intangible Assets	69

### Additional Disclosures

<b>26</b>	Review & Commentary on Council's Financial Result, Financial Position & Cash Flows	70
<b>27</b>	Council Information & Contact Details	72

n/a - not applicable



## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2008

#### 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, &

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

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

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

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

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

## Mid-Western Regional Council

### Notes to the Financial Statements for the financial year ended 30 June 2008

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

##### (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.

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 1979.

Whilst Council generally incorporates these amounts as part of A 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.

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

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

##### **Interest and Rents**

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

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2008

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

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

#### (c) Principles of Consolidation

These Financial Reports incorporate (i) the assets and liabilities of Council and any entities (or operations) that it **controls** (as at 30/6/08) and (ii) all the related operating results (for the financial year ended the 30th June 2008).

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.

#### (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 "significantly influence" over the other entities operations but neither controls nor jointly controls the entity, then Council accounts for such interests using the Equity Method of Accounting – in a similar fashion to Joint Venture Entities.

Such entities are usually termed "Associates".

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2008

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

##### (v) County Councils

Council is not a member of any County Councils.

##### (vi) Additional Information

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

##### (d) Leases

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

##### Finance Leases

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

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

The corresponding rental obligations, net of finance charges, are included in 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 is depreciated over the shorter of each leased asset's useful life and the lease term.

##### Operating Leases

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

Payments made under operating leases (net of any incentives received from the lessor) are charged to

the income statement on a straight-line basis over the period of the lease.

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

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

Cash and cash equivalents includes;

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

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

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

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

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

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

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

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2008

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

##### **(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.

Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

Accordingly, this classification principally comprises marketable equity securities.

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.

**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.



## Mid-Western Regional Council

### Notes to the Financial Statements for the financial year ended 30 June 2008

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

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

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.

#### (h) Receivables

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

## Mid-Western Regional Council

### Notes to the Financial Statements for the financial year ended 30 June 2008

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

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 (I,PP&E)

##### Acquisition of assets

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

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

- **Investment Properties** 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).
- **Operational Land** (External Valuation)
- **Buildings – Specialised/Non Specialised** (External Valuation)
- **Plant and Equipment** (as approximated by depreciated historical cost)

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

- **2008/09:** Roads, bridges, footpaths and drainage, land improvements, other structures and other assets
- **2009/10:** Community land

## Mid-Western Regional Council

### Notes to the Financial Statements for the financial year ended 30 June 2008

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

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

##### Initial Recognition

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

Where settlement of any part of an 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 arm's length transaction.

##### Subsequent costs

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

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

##### Asset Revaluations

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 2008

##### Plant & Equipment

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

##### Buildings & Land Improvements

Park Furniture & Equipment	> \$2,000
----------------------------	-----------

##### Building

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

##### Water & Sewer Assets

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

##### Stormwater Assets

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

##### Transport Assets

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

## Mid-Western Regional Council

### Notes to the Financial Statements for the financial year ended 30 June 2008

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

##### 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.

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
-------------------	----------

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.

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2008

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

##### (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 Council's Income Statement.

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

##### (m) Rural Fire Service assets

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

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

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

##### (n) Investment property

Investment property comprises land and/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 1 July 2008.

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

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

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

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

Costs are estimated on the basis of a closure plan.



## Mid-Western Regional Council

### Notes to the Financial Statements for the financial year ended 30 June 2008

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

---

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

#### (r) 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.

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2008

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

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

##### (s) Impairment of assets

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

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

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

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

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

##### (t) Payables

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

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

##### (u) Borrowings

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

Borrowings are subsequently measured at amortised cost.

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

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

##### (v) Borrowing costs

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

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

##### (w) Provisions

Provisions for legal claims and service warranties are recognised when:

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

Provisions are not recognised for future operating losses.

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

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

##### (x) Employee benefits

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

Liabilities for wages and salaries (including non-monetary benefits), annual leave and vesting sick leave, are recognised in the provision for employee

## Mid-Western Regional Council

### Notes to the Financial Statements for the financial year ended 30 June 2008

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

benefits in respect of employees' services up to the reporting date.

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

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

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

Wages 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 for the current reporting year 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.

## Mid-Western Regional Council

### Notes to the Financial Statements for the financial year ended 30 June 2008

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

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.

Whilst the existence of this surplus resulted in Council contributing at half the normal level of contributions during the 06/07 year, investment market conditions experienced in the last 12 months has resulted in the Board requiring all Councils to contribute at the full "notional" contribution rate from 1/7/08.

The financial position of the Scheme is monitored annually.

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 30/6/08.

#### (y) Self insurance

Council does not self-insure.

#### (z) 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.

#### (aa) Taxes

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

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

#### Goods and Services Tax (GST)

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

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

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2008

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

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

#### **(ab) New accounting standards and UIG interpretations**

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory for reporting periods ending 30 June 2008.

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

#### **Applicable to Local Government with the implications:**

- Revised AASB 101 Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101 and AASB 2007-10 Further Amendments to Australian Accounting Standards arising from AASB 101
- AASB 1051 Land Under Roads,

AASB 1051 will allow Council to recognise or not recognise land under roads acquired before 30 June 2008.

Council will be required to nominate whether to recognise Land under roads (acquired after 30 June 2008) or to exclude these Assets from recognition.

This Standard could have a significant impact on the Council's Balance Sheet depending on Council's accounting policy choice.

- AASB 1052 Disaggregated Disclosures,

AASB 1052 requires disclosure of financial information by function or activity.

Council already provides this information in Note 2(a) so there will be no additional impact on the financial statements.

- AASB 1004 Contributions (revised),

AASB 1004 requires contributions made to Council to be recognised at fair value when they are controlled and to be appropriately disclosed.

Council already accounts for contributions in this manner so there will be no additional impact on the financial statements.

- AASB 2007-9 Amendments to Australian Accounting Standards arising from the review of AAS 27, AAS 29 and AAS 31, Council will no longer apply AAS 27 from 1 July 2008 due to its withdrawal. Council currently applies AIFRS (but with AAS 27 taking precedence).

The withdrawal of AAS 27 will see specific paragraphs transferred to existing AIFRS, and accordingly there is little impact from its withdrawal.

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

- Revised AASB 123 Borrowing Costs and AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12]

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

- AASB-I 12 Service Concession Arrangements, AASB 2007-1 Amendments to Australian Accounting Standards arising from AASB Interpretation 12, revised UIG 4 Determining whether an Arrangement contains a Lease and revised UIG 129 Service Concession Arrangements: Disclosures
- ASB-I 13 Customer Loyalty Programmes
- AASB-I 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction



## Mid-Western Regional Council

### Notes to the Financial Statements for the financial year ended 30 June 2008

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

---

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

- AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8
- AASB 1049 Whole of Government and General Government Sector Financial Reporting
- AASB 1050 Administered Items
- Interpretation 1038 Contributions by Owners Made to Wholly-Owned Public Sector Entities (revised)

**Council has not adopted any of these standards early.**

##### **(ac) Rounding of amounts**

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

##### **(ad) Comparative Figures**

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

##### **(ae) Disclaimer**

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

# Mid-Western Regional Council

## Notes to the Financial Statements

for the financial year ended 30 June 2008

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

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 2(b).												
	Income from Continuing Operations			Expenses from Continuing Operations			Operating Result from Continuing Operations			Grants included in Income from Continuing Operations		Total Assets held (Current & Non-current)	
	Original Budget	Actual	Actual	Original Budget	Actual	Actual	Original Budget	Actual	Actual	Actual	Actual	Actual	Actual
	2008	2008	2007	2008	2008	2007	2008	2008	2007	2008	2007	2008	2007
Governance	64	64	101	378	390	500	(314)	(326)	(399)	-	-	(743)	-
Administrative & Statutory Services	17,208	19,196	17,049	5,406	6,913	4,195	11,802	12,283	12,854	3,793	3,469	48,964	30,705
Regulatory Control	190	196	258	500	542	647	(310)	(346)	(389)	85	100	709	108
Development & Environmental Services	871	580	661	1,768	1,341	1,445	(897)	(761)	(784)	57	11	15	-
Strategic Planning	4	2	106	259	280	292	(255)	(278)	(186)	-	102	-	-
Community Services	2,184	2,187	1,978	2,331	2,514	2,252	(147)	(327)	(274)	1,413	1,224	2,728	1,106
Cemeteries	175	189	160	225	230	209	(50)	(41)	(49)	-	-	378	215
Waste Management	3,343	3,666	3,202	2,478	3,270	2,604	865	396	598	244	53	7,167	4,118
Stormwater & Drainage	145	36	171	327	341	438	(182)	(305)	(267)	85	171	18,973	10,671
Water Supply	5,486	3,795	5,003	3,986	4,188	4,510	1,500	(393)	493	66	373	66,902	62,893
Sewer Services	4,122	2,919	3,290	2,811	2,942	2,649	1,311	(23)	641	62	64	37,804	35,663
Libraries	101	115	107	775	818	777	(674)	(703)	(670)	85	84	2,088	2,106
Corporate & Community Buildings	166	14	104	946	681	719	(780)	(667)	(615)	-	-	52,160	11,655
Swimming Pools	151	136	128	605	666	608	(454)	(530)	(480)	-	-	970	758
Parks & Reserves	13	21	172	1,459	1,402	1,485	(1,446)	(1,381)	(1,313)	37	67	19,343	18,002
Roads & Bridges	9,771	13,032	10,520	11,865	14,738	12,415	(2,094)	(1,706)	(1,895)	3,501	2,389	103,881	110,994
Carparking, Cycleways, Streetscaping	-	19	104	457	517	461	(457)	(498)	(357)	-	104	3,719	2,917
Mudgee Airport	157	126	206	176	168	206	(19)	(42)	-	3	92	792	757
Economic Development & Tourism	1,358	735	2,524	1,305	897	1,220	53	(162)	1,304	-	15	3,268	3,517
<b>Total Functions &amp; Activities</b>	<b>45,509</b>	<b>47,028</b>	<b>45,844</b>	<b>38,057</b>	<b>42,838</b>	<b>37,632</b>	<b>7,452</b>	<b>4,190</b>	<b>8,212</b>	<b>9,431</b>	<b>8,318</b>	<b>369,118</b>	<b>296,185</b>
Section 94 & Section 64 - Contributions & Interest	1,538	1,460	1,754	-	-	-	1,538	1,460	1,754	-	-	-	-
<b>Operating Result from Continuing Operations</b>	<b>47,047</b>	<b>48,488</b>	<b>47,598</b>	<b>38,057</b>	<b>42,838</b>	<b>37,632</b>	<b>8,990</b>	<b>5,650</b>	<b>9,966</b>	<b>9,431</b>	<b>8,318</b>	<b>369,118</b>	<b>296,185</b>

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

## Mid-Western Regional Council

### Notes to the Financial Statements for the financial year ended 30 June 2008

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

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

##### **GOVERNANCE**

Elected members expenses and support

##### **ADMINISTRATIVE & STATUTORY SERVICES**

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

##### **REGULATORY CONTROL**

Animal and pest control, noxious weeds control, parking control

##### **DEVELOPMENT & ENVIRONMENTAL SERVICES**

Town planning, environmental protection, food control, building control

##### **STRATEGIC PLANNING**

Strategic planning

##### **COMMUNITY SERVICES**

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

##### **CEMETERIES**

Public cemeteries

##### **WASTE MANAGEMENT**

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

##### **STORMWATER & DRAINAGE**

Stormwater and drainage management

##### **WATER SUPPLY**

##### **SEWER SERVICES**

##### **LIBRARIES**

Public libraries

##### **CORPORATE & COMMUNITY BUILDINGS**

Public halls, community centres, museums, corporate buildings

##### **SWIMMING POOLS**

Public swimming pools

##### **PARKS & RESERVES**

Passive parks, sporting grounds, public conveniences

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2008

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

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

##### **ROADS & BRIDGES**

Local rural and urban roads, regional roads, state roads

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

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

##### **MUDGEES AIRPORT**

Mudgee airport operations and development

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

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

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2008

### Note 3. Income from Continuing Operations

<b>\$ '000</b>	<b>Notes</b>	<b>Actual 2008</b>	<b>Actual 2007</b>
<b>(a). Rates &amp; Annual Charges</b>			
<b>Ordinary Rates</b>			
Residential		6,071	5,446
Farmland		4,077	4,195
Mining		482	466
Business		939	905
<b>Total Ordinary Rates</b>		<b>11,569</b>	<b>11,012</b>
<b>Special Rates</b>			
Sewerage Services		2,969	2,801
Other		7	12
<b>Total Special Rates</b>		<b>2,976</b>	<b>2,813</b>
<b>Annual Charges</b> (pursuant to s.496 & s.501)			
Domestic Waste Management Services		829	759
Rural Waste Management		617	569
Water Supply Services		2,026	1,922
Waste Management Services (non-domestic)		1,001	910
<b>Total Annual Charges</b>		<b>4,473</b>	<b>4,160</b>
<b><u>TOTAL RATES &amp; ANNUAL CHARGES</u></b>		<b><u>19,018</u></b>	<b><u>17,985</u></b>

Council has used 2003 year valuations provided by the NSW Valuer General in calculating its rates.



## Mid-Western Regional Council

### Notes to the Financial Statements for the financial year ended 30 June 2008

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

\$ '000	Notes	Actual 2008	Actual 2007
<b>(b). User Charges &amp; Fees</b>			
<b>Specific User Charges</b> (per s.502 - Specific "actual use" charges)			
Water Supply Services		1,898	2,090
<b>Total User Charges</b>		<b>1,898</b>	<b>2,090</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		639	684
Private Works - Section 67		249	445
<b>Total Fees &amp; Charges - Statutory/Regulatory</b>		<b>888</b>	<b>1,129</b>
<b>(ii) Fees &amp; Charges - Other (incl. General User Charges</b> (per s.610C))			
Aerodrome		113	114
Aged & Disabled Care		227	200
Cemeteries		190	160
Childrens Services		417	462
Leaseback Fees - Vehicles		94	89
RTA Charges (State Roads not controlled by Council)		7,091	4,241
Saleyards		268	305
Swimming Centre		136	128
Waste Depot		591	522
Waste Water Services		94	126
Water Services		97	170
Other		34	64
<b>Total Fees &amp; Charges - Other</b>		<b>9,352</b>	<b>6,581</b>
<b>TOTAL USER CHARGES &amp; FEES</b>		<b>12,138</b>	<b>9,800</b>

## Mid-Western Regional Council

### Notes to the Financial Statements for the financial year ended 30 June 2008

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

\$ '000	Notes	Actual 2008	Actual 2007
<b>(c). Interest &amp; Investment Revenue (incl. losses)</b>			
Interest on Overdue Rates & Annual Charges		81	69
Interest earned on Investments (interest & coupon payment income)		2,455	2,060
Fair Valuation Movements in Investments (unrealised capital gains/(losses))		(551)	-
<b><u>TOTAL INTEREST &amp; INVESTMENT REVENUE</u></b>		<b><u>1,985</u></b>	<b><u>2,129</u></b>
<b>Interest Revenue is attributable to:</b>			
<b>Unrestricted Investments/Financial Assets:</b>			
Overdue Rates & Annual Charges		43	36
General Council Cash & Investments		1,058	1,373
<b>Restricted Investments/Funds - External:</b>			
Development Contributions			
- Section 94		169	93
- Section 64		158	150
Water Fund Operations		262	258
Sewerage Fund Operations		284	166
Domestic Waste Management operations		11	53
<b><u>Total Interest &amp; Investment Revenue Recognised</u></b>		<b><u>1,985</u></b>	<b><u>2,129</u></b>
<b>(d). Other Revenues</b>			
Rental Income - Other Council Properties		306	242
Fines		85	62
Legal Fees Recovery - Rates & Charges (Extra Charges)		130	125
Commissions & Agency Fees		13	15
Diesel Rebate		54	65
Insurance Claim Recoveries		289	126
Recycling Income (non domestic)		321	13
Sales - General		20	83
Section 44 Bushfire Claims		-	615
Sales - Ironed Out		78	-
Other		57	26
<b><u>TOTAL OTHER REVENUE</u></b>		<b><u>1,353</u></b>	<b><u>1,372</u></b>

## Mid-Western Regional Council

### Notes to the Financial Statements for the financial year ended 30 June 2008

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

\$ '000	2008 Operating	2007 Operating	2008 Capital	2007 Capital
<b>(e). Grants</b>				
<b>General Purpose (Untied)</b>				
Financial Assistance - General Component	2,958	2,828	-	-
Financial Assistance - Local Roads Component	1,729	1,644	-	-
Pensioners' Rates Subsidies - General Component	234	232	-	-
<b>Total General Purpose</b>	<b>4,921</b>	<b>4,704</b>	<b>-</b>	<b>-</b>
<b>Specific Purpose</b>				
Pensioners' Rates Subsidies:				
- Water	66	66	-	-
- Sewerage	62	62	-	-
- Domestic Waste Management	52	53	-	-
Water Supplies	-	-	-	299
Sewerage Services	-	-	-	2
Aged & Disabled Services	694	387	-	60
Bushfire & Emergency Services	433	320	137	58
Childrens Services	905	772	-	13
Employment & Training Programs	31	8	-	-
Environmental Programs	85	100	-	-
Heritage & Cultural Services	10	11	-	-
Library	85	84	-	-
Noxious Weeds	85	-	-	-
Recreation & Culture	-	-	-	55
Strategic Planning	-	102	-	-
Transport (Roads to Recovery)	-	-	857	916
Transport (Other Roads & Bridges Funding)	-	-	1,000	104
Other	5	50	3	92
<b>Total Specific Purpose</b>	<b>2,513</b>	<b>2,015</b>	<b>1,997</b>	<b>1,599</b>
<b>Total Grants</b>	<b>7,434</b>	<b>6,719</b>	<b>1,997</b>	<b>1,599</b>
<b>Grant Revenue is attributable to:</b>				
- Commonwealth Funding	5,705	5,244	1,860	978
- State Funding	1,729	1,475	137	546
- Other Funding	-	-	-	75
	<b>7,434</b>	<b>6,719</b>	<b>1,997</b>	<b>1,599</b>

# Mid-Western Regional Council

## Notes to the Financial Statements

for the financial year ended 30 June 2008

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

\$ '000	2008 Operating	2007 Operating	2008 Capital	2007 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	-	-	90	450
S 94 - Contributions towards amenities/services	-	-	429	738
S 94A - Fixed Development Consent Levies	-	-	87	18
S 64 - Water Supply Contributions	-	-	317	441
S 64 - Sewerage Service Contributions	-	-	211	315
<b>Total Developer Contributions</b>	<b>-</b>	<b>-</b>	<b>1,134</b>	<b>1,962</b>
<b>Other Contributions:</b>				
Other Councils - Joint Works/Services	98	77	-	-
Recreation & Culture	-	-	10	-
Roads & Bridges	-	81	-	-
RTA Contributions (Regional/Local, Block Grant)	2,222	2,148	668	1,655
Occupational Health & Safety	34	-	-	-
Mudgee Recycling & Ironed Out	59	-	152	-
Other	186	169	-	31
<b>Total Other Contributions</b>	<b>2,599</b>	<b>2,475</b>	<b>830</b>	<b>1,686</b>
<b>Total Contributions</b>	<b>2,599</b>	<b>2,475</b>	<b>1,964</b>	<b>3,648</b>
<b>TOTAL GRANTS &amp; CONTRIBUTIONS</b>	<b>10,033</b>	<b>9,194</b>	<b>3,961</b>	<b>5,247</b>

# Mid-Western Regional Council

## Notes to the Financial Statements

for the financial year ended 30 June 2008

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

<b>\$ '000</b>	<b>Actual 2008</b>	<b>Actual 2007</b>
<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	8,005	6,226
<b>add:</b> Grants and contributions recognised in the current period which have not been spent:	1,698	3,870
<b>less:</b> Grants and contributions recognised in a previous reporting period which have been spent in the current reporting period:	(1,499)	(2,091)
<b>Net Increase (Decrease) in Restricted Assets during the Current Reporting Period</b>	<b>199</b>	<b>1,779</b>
<b>Unexpended at the Close of this Reporting Period and held as Restricted Assets</b>	<b>8,204</b>	<b>8,005</b>
<b>Comprising:</b>		
- Specific Purpose Unexpended Grants	371	936
- Developer Contributions	7,833	7,069
- Other Contributions	-	-
	<b>8,204</b>	<b>8,005</b>



## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2008

#### Note 4. Expenses from Continuing Operations

\$ '000	Notes	Actual 2008	Actual 2007
<b>(a) Employee Benefits &amp; On-Costs</b>			
Salaries and Wages		12,871	11,200
Travelling		47	43
Employee Leave Entitlements (ELE)		2,290	1,817
Superannuation - Defined Contribution Plans		1,001	838
Superannuation - Defined Benefit Plans		241	197
Workers' Compensation Insurance		671	815
Fringe Benefit Tax (FBT)		111	54
Payroll Tax		60	61
Training Costs (other than Salaries & Wages)		228	204
Protective Clothing		59	66
Recruitment Costs		20	19
Other		10	44
<b>Total Employee Costs</b>		<b>17,609</b>	<b>15,358</b>
less: Capitalised Costs		(1,940)	(1,767)
<b>TOTAL EMPLOYEE COSTS EXPENSED</b>		<b>15,669</b>	<b>13,591</b>
Number of "Equivalent Full Time" Employees at year end		257	237
Number of "Equivalent Full Time" Employees at year end (incl. vacancies)		268	267
<b>(b) Borrowing Costs</b>			
<b>(i) Interest Bearing Liability Costs</b>			
Interest on Loans		494	518
Interest on Advances		3	-
Charges relating to Finance Leases		33	66
<b>Total Interest Bearing Liability Costs</b>		<b>530</b>	<b>584</b>
less: Capitalised Costs		-	-
<b>Total Interest Bearing Liability Costs Expensed</b>		<b>530</b>	<b>584</b>
<b>(ii) Other Borrowing Costs</b>			
Discount adjustments relating to movements in Provisions (other than ELE)			
- Remediation Liabilities	21	54	47
<b>Total Other Borrowing Costs</b>		<b>54</b>	<b>47</b>
<b>TOTAL BORROWING COSTS EXPENSED</b>		<b>584</b>	<b>631</b>

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2008

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

\$ '000	Notes	Actual 2008	Actual 2007
<b>(c) Materials &amp; Contracts</b>			
Raw Materials & Consumables		6,484	6,096
Contractor & Consultancy Costs		-	-
- Spray Seal Contract		1,473	1,205
- Other Contract & Consultancy		5,146	3,780
Auditors Remuneration			
i. Audit Services - Council's Auditor:		35	34
ii. Other Services		11	-
- Auditors of other Consolidated Entities (if different to Council's Auditor):			
i. Audit Services		12	-
Legal Expenses - Planning & Development		172	61
Legal Expenses - Other		23	38
Legal Expenses - Debt Recovery		131	123
Operating Lease Rentals - Minimum Lease Payments <sup>1</sup>		502	419
<b>Total Materials &amp; Contracts</b>		<b>13,989</b>	<b>11,756</b>
less: Capitalised Costs		-	-
<b><u>TOTAL MATERIALS &amp; CONTRACTS</u></b>		<b><u>13,989</u></b>	<b><u>11,756</u></b>
<b>1. Operating Leases are attributable to:</b>			
- Computers		241	209
- Motor Vehicles		261	205
- Other		-	5
		<b>502</b>	<b>419</b>

## Mid-Western Regional Council

### Notes to the Financial Statements for the financial year ended 30 June 2008

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

\$ '000	Depreciation/Amortisation		Impairment Costs	
	Actual 2008	Actual 2007	Actual 2008	Actual 2007
<b>(d) Depreciation, Amortisation &amp; Impairment</b>				
Plant and Equipment	1,076	1,178	-	-
Office Equipment	83	200	-	-
Furniture & Fittings	39	6	-	-
Property, Plant & Equipment - Leased	303	117	-	-
Land Improvements (depreciable)	1	6	-	-
Buildings - Non Specialised	230	295	-	-
Buildings - Specialised	259	332	-	-
Other Structures	257	230	-	-
Infrastructure:				
- Roads, Bridges & Footpaths	3,672	3,480	-	-
- Stormwater Drainage	142	137	-	-
- Water Supply Network	1,183	1,239	-	-
- Sewerage Network	1,141	735	-	-
Other Assets				
- Library Books	80	65	-	-
Asset Reinstatement Costs <span>9 &amp; 22</span>	79	142	-	-
<b>Total Depreciation &amp; Impairment Costs</b>	<b>8,545</b>	<b>8,162</b>	<b>-</b>	<b>-</b>
less: Capitalised Costs	-	-	-	-
<b><u>TOTAL DEPRECIATION &amp; IMPAIRMENT COSTS EXPENSED</u></b>	<b><u>8,545</u></b>	<b><u>8,162</u></b>	<b><u>-</u></b>	<b><u>-</u></b>

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2008

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

\$ '000	Notes	Actual 2008	Actual 2007
<b>(e) Other Expenses</b>			
Other Expenses for the year include the following:			
Bad & Doubtful Debts		16	30
Contributions to Other Levels of Government			
- NSW Fire Brigade Levy		43	42
- NSW Rural Fire Service Levy		453	379
- Department of Planning Levy		27	55
- Other Contributions		219	171
Contributions to Tourism Centre		345	260
Councillor Expenses - Mayoral Fee		19	18
Councillor Expenses - Councillors Fees		94	87
Councillors Expenses (incl. Mayor) - Other (excluding fees above)		34	33
Donations, Contributions & Assistance to other organisations (Section 356)		290	165
Electricity & Heating		523	601
Family Day Care Benefit		494	510
Insurance		713	647
Property Rental		34	8
Street Lighting		227	197
Telephone & Communications		270	233
Other		8	56
<b>Total Other Expenses</b>		<b>3,809</b>	<b>3,492</b>
less: Capitalised Costs		-	-
<b>TOTAL OTHER EXPENSES</b>		<b>3,809</b>	<b>3,492</b>

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

##### Property (excl. Investment Property)

Proceeds from Disposal	210	1,830
less: Carrying Amount of Property Assets Sold	(14)	(402)
<b>Net Gain/(Loss) on Disposal</b>	<b>196</b>	<b>1,428</b>

##### Plant & Equipment

Proceeds from Disposal	927	1,118
less: Carrying Amount of P&E Assets Sold	(737)	(675)
<b>Net Gain/(Loss) on Disposal</b>	<b>190</b>	<b>443</b>

##### Infrastructure

Proceeds from Disposal	-	-
less: Carrying Amount of Infrastructure Assets Sold	(628)	-
<b>Net Gain/(Loss) on Disposal</b>	<b>(628)</b>	<b>-</b>

#### **NET GAIN/(LOSS) ON DISPOSAL OF ASSETS**

<b>(242)</b>	<b>1,871</b>
--------------	--------------

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2008

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

	2008 Actual Current	2008 Actual Non Current	2007 Actual Current	2007 Actual Non Current
<b>\$ '000</b>				
<b>Cash &amp; Cash Equivalents (Note 6a)</b>				
Cash on Hand and at Bank	244	-	965	-
Cash-Equivalent Assets <sup>1</sup>				
- Deposits at Call	3,036	-	-	-
- Managed Funds	13,154	-	28,311	-
- Short Term Deposits	10,500	-	4,150	-
<b>Total Cash &amp; Cash Equivalents</b>	<b>26,934</b>	<b>-</b>	<b>33,426</b>	<b>-</b>
<b>Investment Securities (Note 6b)</b>				
- Term Deposits	7,250	-	1,500	-
- Equity Linked Notes	-	1,133	-	946
- NCD's, FRN's (with Maturities > 3 months)	-	1,000	-	-
<b>Total Investment Securities</b>	<b>7,250</b>	<b>2,133</b>	<b>1,500</b>	<b>946</b>
<b>TOTAL CASH ASSETS, CASH EQUIVALENTS &amp; INVESTMENTS</b>	<b>34,184</b>	<b>2,133</b>	<b>34,926</b>	<b>946</b>

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

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

#### Cash & Cash Equivalents

a. "At Fair Value through the Profit & Loss"	<b>26,934</b>	<b>-</b>	<b>33,426</b>	<b>-</b>
--	---------------	----------	---------------	----------

#### Investments

a. "At Fair Value through the Profit & Loss"				
- "Held for Trading" 6(b-i)	-	-	-	-
- "Designated At Fair Value on Initial Recognition" 6(b-i)	-	-	-	-
b. "Held to Maturity" 6(b-ii)	7,250	1,000	1,500	-
c. "Loans & Receivables" 6(b-iii)	-	-	-	-
d. "Available for Sale" 6(b-iv)	-	1,133	-	946
<b>Investments</b>	<b>7,250</b>	<b>2,133</b>	<b>1,500</b>	<b>946</b>



# Mid-Western Regional Council

## Notes to the Financial Statements

for the financial year ended 30 June 2008

### Note 6b. Investments (continued)

	2008	2008	2007	2007
\$ '000	Actual Current	Actual Non Current	Actual Current	Actual Non Current

#### Note 6(b-i)

#### Reconciliation of Investments classified as "At Fair Value through the Profit & Loss"

Nil

#### Note 6(b-ii)

#### Reconciliation of Investments classified as "Held to Maturity"

Balance at the Beginning of the Year	1,500	-	-	-
Additions	5,750	1,000	1,500	-
<b>Balance at End of Year</b>	<b>7,250</b>	<b>1,000</b>	<b>1,500</b>	<b>-</b>

#### Comprising:

- Term Deposits	7,250	-	1,500	-
- NCD's, FRN's (with Maturities > 3 months)	-	1,000	-	-
<b>Total</b>	<b>7,250</b>	<b>1,000</b>	<b>1,500</b>	<b>-</b>

#### Note 6(b-iii)

#### Reconciliation of Investments classified as "Loans & Receivables"

Nil

#### Note 6(b-iv)

#### Reconciliation of Investments classified as "Available for Sale"

Balance at the Beginning of the Year	-	946	-	-
Revaluation (transferred to equity)	-	(313)	-	(54)
Additions	-	500	-	1,000
<b>Balance at End of Year</b>	<b>-</b>	<b>1,133</b>	<b>-</b>	<b>946</b>

#### Comprising:

- Equity Linked Notes	-	1,133	-	946
<b>Total</b>	<b>-</b>	<b>1,133</b>	<b>-</b>	<b>946</b>

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2008

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

	2008 Actual Current	2008 Actual Non Current	2007 Actual Current	2007 Actual Non Current
<b>\$ '000</b>				
<b>Total Cash, Cash Equivalents and Investment Securities</b>	<b>34,184</b>	<b>2,133</b>	<b>34,926</b>	<b>946</b>
<b>attributable to:</b>				
External Restrictions (refer below)	17,078	2,133	17,589	946
Internal Restrictions (refer below)	13,682	-	13,514	-
Unrestricted	3,424	-	3,823	-
	<b>34,184</b>	<b>2,133</b>	<b>34,926</b>	<b>946</b>

2008 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
-----------------	--------------------	------------------------------	--------------------------------	--------------------

#### Details of Restrictions

##### External Restrictions - Included in Liabilities

Specific Purpose Unexpended Loans-General (A)	65	-	-	65
Trust Deposits	529	20	-	549
<b>External Restrictions - Included in Liabilities</b>	<b>594</b>	<b>20</b>	<b>-</b>	<b>614</b>

##### External Restrictions - Other

Developer Contributions - General (D)	3,994	927	(697)	4,224
Developer Contributions - Water Fund (D)	813	365	-	1,178
Developer Contributions - Sewer Fund (D)	2,262	169	-	2,431
Specific Purpose Unexpended Grants (F)	929	-	(560)	369
Specific Purpose Unexpended Grants (F) - Water Fund	7	-	(5)	2
Water Supplies (G)	4,163	-	(532)	3,631
Sewerage Services (G)	4,330	744	-	5,074
Domestic Waste Management (G)	784	399	-	1,183
Child Care Centres	39	-	(63)	(24)
Community Services	223	-	(29)	194
Community Tenancy Scheme	207	20	-	227
Family Day Care	77	-	(57)	20
Section 355 Committees	113	-	(25)	88
<b>External Restrictions - Other</b>	<b>17,941</b>	<b>2,624</b>	<b>(1,968)</b>	<b>18,597</b>
<b>Total External Restrictions</b>	<b>18,535</b>	<b>2,644</b>	<b>(1,968)</b>	<b>19,211</b>

## Mid-Western Regional Council

### Notes to the Financial Statements for the financial year ended 30 June 2008

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

2008 \$ '000	Opening Balance	Transfers to Restrictions	Transfers from Restrictions	Closing Balance
<b>Internal Restrictions</b>				
Plant & Vehicle Replacement	2,559	1,244	(1,770)	2,033
Employees Leave Entitlement	2,787	-	-	2,787
Asset Replacement	4,694	1,584	(1,428)	4,850
Capital Program	2,245	1,368	(814)	2,799
Community Services (Rylstone)	19	-	-	19
Council Elections	116	40	-	156
Emergency Disaster	100	-	-	100
Land Development	464	210	(279)	395
Saleyards	30	30	(17)	43
State Roads Warranty	500	-	-	500
<b>Total Internal Restrictions</b>	<b>13,514</b>	<b>4,476</b>	<b>(4,308)</b>	<b>13,682</b>
<b>TOTAL RESTRICTIONS</b>	<b>32,049</b>	<b>7,120</b>	<b>(6,276)</b>	<b>32,893</b>

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

# Mid-Western Regional Council

## Notes to the Financial Statements

for the financial year ended 30 June 2008

### Note 7. Receivables

\$ '000	2008		2007	
	Current	Non Current	Current	Non Current
<b>Purpose</b>				
Rates & Annual Charges	724	-	713	-
Interest & Extra Charges	206	-	188	-
User Charges & Fees	1,168	-	1,014	-
Accrued Revenues				
- Interest on Investments	203	-	398	-
Government Grants & Subsidies	193	124	880	-
Net GST Receivable	468	-	200	-
Other Debtors	8	-	41	-
<b>Total</b>	<b>2,970</b>	<b>124</b>	<b>3,434</b>	<b>-</b>
<b>less: Provision for Impairment</b>				
Rates & Annual Charges	(99)	-	(94)	-
Interest & Extra Charges	(26)	-	(20)	-
User Charges & Fees	(22)	-	(23)	-
Other Debtors	-	-	-	-
<b>Total Provision for Impairment - Receivables</b>	<b>(147)</b>	<b>-</b>	<b>(137)</b>	<b>-</b>
<b><u>TOTAL NET RECEIVABLES</u></b>	<b><u>2,823</u></b>	<b><u>124</u></b>	<b><u>3,297</u></b>	<b><u>-</u></b>
<b>Externally Restricted Receivables</b>				
<b>Water Supply</b>				
- Specific Purpose Grants	45	-	-	-
- Rates & Availability Charges	849	-	763	-
<b>Sewerage Services</b>				
- Rates & Availability Charges	84	-	86	-
<b>Domestic Waste Management</b>	<b>102</b>	<b>-</b>	<b>97</b>	<b>-</b>
<b>Total External Restrictions</b>	<b>1,080</b>	<b>-</b>	<b>946</b>	<b>-</b>
<b>Internally Restricted Receivables</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Unrestricted Receivables</b>	<b>1,743</b>	<b>124</b>	<b>2,351</b>	<b>-</b>
<b><u>TOTAL NET RECEIVABLES</u></b>	<b><u>2,823</u></b>	<b><u>124</u></b>	<b><u>3,297</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 & charges at 10.00% (2007 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 2008

### Note 8. Inventories & Other Assets

\$ '000	2008		2007	
	Current	Non Current	Current	Non Current
<b>Inventories</b>				
Stores & Materials	499	-	605	-
Other	26	-	102	-
<b>Total Inventories</b>	<b>525</b>	<b>-</b>	<b>707</b>	<b>-</b>
<b>Other Assets</b>				
Prepayments	-	-	4	-
<b>Total Other Assets</b>	<b>-</b>	<b>-</b>	<b>4</b>	<b>-</b>
<b><u>TOTAL INVENTORIES &amp; OTHER ASSETS</u></b>	<b><u>525</u></b>	<b><u>-</u></b>	<b><u>711</u></b>	<b><u>-</u></b>
 (i) Externally Restricted Assets				
<b>Water</b>				
Stores & Materials	138	-	184	-
<b>Total Water</b>	<b>138</b>	<b>-</b>	<b>184</b>	<b>-</b>
<b>Sewerage</b>				
Stores & Materials	26	-	27	-
<b>Total Sewerage</b>	<b>26</b>	<b>-</b>	<b>27</b>	<b>-</b>
<b>Total Externally Restricted Assets</b>	<b>164</b>	<b>-</b>	<b>211</b>	<b>-</b>
<b>Total Internally Restricted Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Unrestricted Assets</b>	<b>361</b>	<b>-</b>	<b>500</b>	<b>-</b>
<b>TOTAL INVENTORIES &amp; OTHER ASSETS</b>	<b><u>525</u></b>	<b><u>-</u></b>	<b><u>711</u></b>	<b><u>-</u></b>

### (ii) Other Disclosures

#### (a) Inventories recognised as an expense for the year included:

- Stores & Materials	2,327	2,068
----------------------	-------	-------

#### (b) Inventory Write Downs

\$76,292 was recognised as an expense relating to the write down of gravel pit inventory balances held during the year.

Mid-Western Regional Council

Notes to the Financial Statements  
for the financial year ended 30 June 2008

Note 9a. Infrastructure, Property, Plant & Equipment

\$ '000	as at 30/6/2007					Asset Movements during the Reporting Period						as at 30/6/2008				
	At Cost	At Fair Value	Accumulated		Carrying Value	Asset Additions	WDV Asset Disposals	Depreciation Expense	Adjustments & Transfers	Tfrs from/(to) "Held for Sale" category	Revaluation Increments to Equity (ARR)	At Cost	At Fair Value	Accumulated		Carrying Value
			Deprec.	Impairment										Dep'n	Impairment	
Capital Work in Progress	-	-	-	-	-	2,110	-	-	-	-	-	2,110	-	-	-	2,110
Plant & Equipment	18,518	-	11,259	-	7,259	2,979	(737)	(1,076)	60	-	-	-	18,572	10,087	-	8,485
Office Equipment	2,742	-	2,469	-	273	40	-	(83)	-	-	-	-	2,782	2,552	-	230
Furniture & Fittings	375	-	75	-	300	132	-	(39)	-	-	-	-	507	114	-	393
Plant & Equipment (under Finance Lease)	1,563	-	586	-	977	-	-	(303)	-	-	-	-	1,563	889	-	674
<b>Land:</b>																
- Operational	5,587	-	-	-	5,587	427	(14)	-	13	(65)	24,347	-	30,295	-	-	30,295
- Community	15,067	-	-	-	15,067	-	-	-	(13)	-	-	15,054	-	-	-	15,054
- Land under Roads	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Land Improvements - non depreciable	-	-	-	-	-	17	-	-	-	-	-	17	-	-	-	17
Land Improvements - depreciable	123	-	81	-	42	-	-	(1)	(1)	-	-	123	-	83	-	40
Buildings - Non Specialised	12,581	-	6,523	-	6,058	491	-	(230)	-	-	16,290	-	24,769	2,160	-	22,609
Buildings - Specialised	13,908	-	6,950	-	6,958	287	-	(259)	4	-	22,639	-	34,355	4,726	-	29,629
Other Structures	9,160	-	4,058	-	5,102	1,261	-	(257)	-	-	-	10,421	-	4,315	-	6,106
<b>Infrastructure:</b>																
- Roads, Bridges, Footpaths	208,458	-	113,863	-	94,595	5,977	-	(3,672)	-	-	-	214,434	-	117,534	-	96,900
- Bulk Earthworks (non-depreciable)	24,075	-	-	-	24,075	-	-	-	-	-	-	24,075	-	-	-	24,075
- Stormwater Drainage	10,670	-	5,162	-	5,508	200	-	(142)	(63)	-	-	10,869	-	5,366	-	5,503
- Water Supply Network	-	87,813	32,442	-	55,371	1,066	(360)	(1,183)	-	-	2,693	-	92,551	34,964	-	57,587
- Sewerage Network	-	63,943	35,607	-	28,336	325	(268)	(1,141)	-	-	1,351	-	66,686	38,083	-	28,603
<b>Other Assets:</b>																
- Heritage Collections	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Library Books	1,094	-	822	-	272	80	-	(80)	-	-	-	1,174	-	902	-	272
- Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Reinstatement, Rehabilitation &amp; Restoration Assets</b> (refer Note 21):																
- Tip Asset	654	-	141	-	513	-	-	(67)	(27)	-	-	628	-	209	-	419
- Quarry Asset	13	-	1	-	12	-	-	(12)	127	-	-	140	-	13	-	127
- Other Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL INFRASTRUCTURE, PROPERTY, PLANT &amp; EQUIP.</b>	<b>324,588</b>	<b>151,756</b>	<b>220,039</b>	<b>-</b>	<b>256,305</b>	<b>15,392</b>	<b>(1,379)</b>	<b>(8,545)</b>	<b>100</b>	<b>(65)</b>	<b>67,320</b>	<b>279,045</b>	<b>272,080</b>	<b>221,997</b>	<b>-</b>	<b>329,128</b>



## Mid-Western Regional Council

Notes to the Financial Statements  
for the financial year ended 30 June 2008Note 9b. Infrastructure, Property, Plant & Equipment  
that is Externally Restricted

\$ '000 Class of Asset	Actual 2008				Actual 2007			
	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value	At Cost	At Fair Value	A/Dep & Impairm't	Carrying Value
<b>Water Supply</b>								
Land								
- Operational Land	-	2,336	-	<b>2,336</b>	526	-	-	<b>526</b>
- Community Land	3	-	-	<b>3</b>	3	-	-	<b>3</b>
- Improvements non-depreciab	-	-	-	<b>-</b>	26	-	17	<b>9</b>
- Improvements - depreciable	26	-	17	<b>9</b>	-	-	-	<b>-</b>
Buildings	-	655	3	<b>652</b>	2,353	-	1,341	<b>1,012</b>
Other Structures	42	-	1	<b>41</b>	41	-	-	<b>41</b>
Infrastructure	-	92,979	34,961	<b>58,018</b>	-	87,813	32,442	<b>55,371</b>
<b>Total Water Supply</b>	<b>71</b>	<b>95,970</b>	<b>34,982</b>	<b>61,059</b>	<b>2,949</b>	<b>87,813</b>	<b>33,800</b>	<b>56,962</b>
<b>Sewerage Services</b>								
Land								
- Operational Land	-	969	-	<b>969</b>	476	-	-	<b>476</b>
- Improvements - depreciable	58	-	31	<b>27</b>	58	-	30	<b>28</b>
Buildings	-	150	21	<b>129</b>	134	-	17	<b>117</b>
Infrastructure	-	67,147	38,083	<b>29,064</b>	-	63,943	35,607	<b>28,336</b>
<b>Total Sewerage Services</b>	<b>58</b>	<b>68,266</b>	<b>38,135</b>	<b>30,189</b>	<b>668</b>	<b>63,943</b>	<b>35,654</b>	<b>28,957</b>
<b>Domestic Waste Management</b>								
Plant & Equipment	-	1,278	330	<b>948</b>	1,529	-	313	<b>1,216</b>
Land								
- Operational Land	-	2,481	-	<b>2,481</b>	33	-	-	<b>33</b>
- Community Land	299	-	-	<b>299</b>	299	-	-	<b>299</b>
Buildings	-	44	4	<b>40</b>	305	-	73	<b>232</b>
Other Assets	2,799	-	393	<b>2,406</b>	2,227	-	299	<b>1,928</b>
<b>Total DWM</b>	<b>3,098</b>	<b>3,803</b>	<b>727</b>	<b>6,174</b>	<b>4,393</b>	<b>-</b>	<b>685</b>	<b>3,708</b>
<b>TOTAL RESTRICTED I,PP&amp;E</b>	<b>3,227</b>	<b>168,039</b>	<b>73,844</b>	<b>97,422</b>	<b>8,010</b>	<b>151,756</b>	<b>70,139</b>	<b>89,627</b>

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

Council did not determine any of it's I,PP&E as impaired.

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2008

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

\$ '000	Notes	2008		2007	
		Current	Non Current	Current	Non Current
<b>Payables</b>					
Goods & Services - Operating		1,243	-	1,095	-
Goods & Services - Capital Expenditure		1,278	-	452	-
Payments Received In Advance		284	-	610	-
Accrued Expenses;					
- Borrowings		83	-	87	-
- Other Expenditure Accruals		4	-	-	-
Security Bonds, Deposits & Retentions		549	-	529	-
Other		32	-	35	-
<b>Total Payables</b>		<b>3,473</b>	<b>-</b>	<b>2,808</b>	<b>-</b>
<b>Borrowings</b>					
Loans - Secured <sup>1</sup>		368	7,068	345	7,436
Government Advances		-	-	2	18
Finance Lease Liabilities		313	75	129	290
<b>Total Borrowings</b>		<b>681</b>	<b>7,143</b>	<b>476</b>	<b>7,744</b>
<b>Provisions</b>					
Employee Benefits;					
Annual Leave		974	-	946	-
Sick Leave		992	72	1,056	63
Long Service Leave		2,067	107	2,211	85
<b>Sub Total - Aggregate Employee Benefits</b>		<b>4,033</b>	<b>179</b>	<b>4,213</b>	<b>148</b>
Asset Remediation/Restoration (Future Works)	21	-	870	-	715
<b>Total Provisions</b>		<b>4,033</b>	<b>1,049</b>	<b>4,213</b>	<b>863</b>
<b>Total Payables, Borrowings &amp; Provisions</b>					
		<b>8,187</b>	<b>8,192</b>	<b>7,497</b>	<b>8,607</b>

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

	2008		2007	
	Current	Non Current	Current	Non Current
<b>Externally Restricted Assets</b>				
Domestic Waste Management	475	1,534	-	-
Water	483	5,388	419	5,640
Sewer	225	786	147	841
Trust Deposits	549	-	529	-
<b>Liabilities relating to externally restricted assets</b>	<b>1,732</b>	<b>7,708</b>	<b>1,095</b>	<b>6,481</b>
<b>Internally Restricted Assets</b>				
Nil				
<b>Total Liabilities relating to restricted assets</b>	<b>1,732</b>	<b>7,708</b>	<b>1,095</b>	<b>6,481</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 2008

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

	2008	2007
Provisions - Employees Benefits	2,276	2,622
	<b>2,276</b>	<b>2,622</b>

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

Class of Provision	2007			2008	Unused amounts reversed	Closing Balance as at 30/6/08
	Opening Balance as at 1/7/07	Additional Provisions	Decrease due to Payments	Remeasurement effects due to Discounting		
Annual Leave	946	999	(970)	(1)	-	974
Sick Leave	1,119	129	(170)	(14)	-	1,064
Long Service Leave	2,296	306	(400)	(28)	-	2,174
Asset Remediation	715	155	-	-	-	870
<b>TOTAL</b>	<b>5,076</b>	<b>1,589</b>	<b>(1,540)</b>	<b>(43)</b>	<b>-</b>	<b>5,082</b>

- Employees Leave Entitlements & On-Costs represents those benefits accrued and payable and an estimate of those that will become payable in the future as a result of past service.
- Self Insurance Provisions represent both (i) Claims Incurred but Not reported and (ii) Claims Reported & Estimated as a result of Council's being a self insurer up to certain levels of Excess.
- 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 2008

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

\$ '000	Notes	Actual 2008	Actual 2007
<b>(a) Reconciliation of Cash Assets</b>			
Total Cash & Cash Equivalent Assets	6a	26,934	33,426
Less Bank Overdraft	10	-	-
<b>BALANCES as per CASH FLOW STATEMENT</b>		<b>26,934</b>	<b>33,426</b>
<b>(b) Reconciliation of Net Operating Result to Cash provided from Operating Activities</b>			
<b>Net Operating Result from Income Statement</b>		<b>5,650</b>	<b>9,966</b>
<b>Adjust for non cash items:</b>			
Depreciation & Amortisation		8,545	8,162
Losses/(Gains) recognised on Fair Value Re-measurements through the P&L			
- Investments classified as "@ Fair Value" or "Held for Trading"		551	(108)
- Write Offs relating to the Fair Valuation of I,PP&E		551	-
Unwinding of Discount Rates on Reinstatement Provisions		76	47
Net Losses/(Gains) on Disposal of Assets		242	(1,871)
Non Cash Capital Grants and Contributions		-	(7)
Net Loss/(Gain) on Council Restructure/Amalgamations (excl. Cash)		(153)	-
<b>+/- Movement in Operating Assets and Liabilities &amp; Other Cash Items:</b>			
Decrease/(Increase) in Receivables		358	(774)
Increase/(Decrease) in Provision for Doubtful Debts		10	(13)
Decrease/(Increase) in Inventories		182	(49)
Decrease/(Increase) in Other Current Assets		4	122
Increase/(Decrease) in Payables		105	(483)
Increase/(Decrease) in accrued Interest Payable		(4)	18
Increase/(Decrease) in other accrued Expenses Payable		4	(16)
Increase/(Decrease) in Other Current Liabilities		(309)	507
Increase/(Decrease) in Employee Leave Entitlements		(175)	(341)
Increase/(Decrease) in Other Provisions		79	(682)
<b>NET CASH PROVIDED FROM/(USED IN) OPERATING ACTIVITIES from CASH FLOW STATEMENT</b>		<b>15,716</b>	<b>14,478</b>

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2008

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

\$ '000	Notes	Actual 2008	Actual 2007
<b>(c) Non-Cash Investing &amp; Financing Activities</b>			
NSW Dept. of Utilities, Energy & Sustainability Projects		-	7
<b>Total Non-Cash Investing &amp; Financing Activities</b>		<b>-</b>	<b>7</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	600
Credit Cards / Purchase Cards	50	30
<b>Total Financing Arrangements</b>	<b>1,660</b>	<b>1,640</b>

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

- Bank Overdraft Facilities	-	-
- Standby Credit Facilities	-	-
- Operating Lease Facility	493	170
- Credit Cards / Purchase Cards	6	-
<b>Total Financing Arrangements Utilised</b>	<b>499</b>	<b>170</b>

1. The Bank overdraft facility may be drawn at any time and may be terminated by the bank without notice.  
Interest rates on overdrafts are Interest Rates on Loans & Other Payables are disclosed in Note 15.

##### (ii) Secured Loan Liabilities

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

#### (e) Net Cash Flows Attributable to Discontinued Operations

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

# Mid-Western Regional Council

## Notes to the Financial Statements

for the financial year ended 30 June 2008

### Note 12. Commitments for Expenditure

\$ '000	Notes	Actual 2008	Actual 2007
<b>(a) Capital Commitments (exclusive of GST)</b>			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
<b>Property, Plant &amp; Equipment</b>			
Buildings		11	223
Other Structures		26	207
Roads		172	258
Water Supply Network		161	-
Drainage		74	-
Other Assets		74	14
<b>Total Commitments</b>		<b>518</b>	<b>702</b>
<b>These expenditures are payable as follows:</b>			
Within the next year		518	702
Later than one year and not later than 5 years		-	-
Later than 5 years		-	-
<b>Total Payable</b>		<b>518</b>	<b>702</b>
<b>Sources for Funding of Capital Commitments:</b>			
Unrestricted General Funds		62	115
Sect 64 & 94 Funds/Reserves		21	187
Unexpended Grants		151	239
Externally Restricted Reserves		161	-
Internally Restricted Reserves		123	161
<b>Total Sources of Funding</b>		<b>518</b>	<b>702</b>
<b>(b) Other Expenditure Commitments (exclusive of GST)</b>			
Other Non Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
Cleaning Services		-	100
Audit Services		71	103
Courier Services		152	-
Software		133	166
Tourism Support Contract		620	960
Other		36	-
<b>Total Commitments</b>		<b>1,012</b>	<b>1,329</b>
<b>These expenditures are payable as follows:</b>			
Within the next year		487	506
Later than one year and not later than 5 years		525	523
Later than 5 years		-	300
<b>Total Payable</b>		<b>1,012</b>	<b>1,329</b>



# Mid-Western Regional Council

## Notes to the Financial Statements

for the financial year ended 30 June 2008

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

\$ '000	Notes	Actual 2008	Actual 2007
---------	-------	----------------	----------------

#### (c) Finance Lease Commitments

##### (i) Commitments under Finance Leases at the Reporting Date are payable as follows:

Within the next year	331	156
Later than one year and not later than 5 years	84	299
Later than 5 years	-	-
<b>Total Minimum Lease Payments</b>	<b>415</b>	<b>455</b>
less: Future Finance Charges	(27)	(36)
<b>Amount Recognised as a Liability</b>	<b>388</b>	<b>419</b>

##### (ii) Finance Lease Liability Recognised represent;

Current Liabilities	313	129
Non-Current Liabilities	75	290
<b>Total Finance Lease Liabilities Disclosed</b>	<b>388</b>	<b>419</b>

##### (iii) General Details

Council Leases the following Property, Plant & Equipment under Finance Leases:

	Term (Years)	Option to Purchase	Contingent Rent Clauses		
Heavy Plant - Carrying Value	3-8	Y	Y	353	419
Other Equipment/Assets	5	Y	Y	35	-
<b>Total Carrying Value at Year End</b>				<b>388</b>	<b>419</b>

#### (d) Operating Lease Commitments (Non Cancellable)

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

Within the next year	376	369
Later than one year and not later than 5 years	275	302
Later than 5 years	-	-
<b>Total Non Cancellable Operating Lease Commitments</b>	<b>651</b>	<b>671</b>

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

Motor Vehicles, Computers & Other Office Equipment

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

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2008

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

		Actual	Actual
\$ '000	Notes	2008	2007

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

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

##### (e) Investment Property Commitments

Nil

##### (f) Remuneration Commitments

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

Within the next year	1,796	1,115
Later than one year and not later than 5 years	4,221	4,706
Later than 5 years	-	383
<b>Total Payable</b>	<b>6,017</b>	<b>6,204</b>

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

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

# Mid-Western Regional Council

## Notes to the Financial Statements

for the financial year ended 30 June 2008

### Note 13. Statement of Performance Measurement

\$ '000	Amounts 2008	Indicator 2008	Prior Periods 20072006	
1. Unrestricted Current Ratio				
Current Assets less all External Restrictions <sup>(1)</sup>	19,275	4.61 : 1	5.34	4.05
Current Liabilities less Specific Purpose Liabilities <sup>(2,3)</sup>	4,179			
2. Debt Service Ratio				
Debt Service Cost	999	2.53%	3.16%	14.96%
Revenue from Continuing Operations excluding Capital Items & Specific Purpose Grants/Contributions	39,415			
3. Rates & Annual Charges Coverage Ratio				
Rates & Annual Charges	19,018	39.22%	37.79%	40.13%
Revenue from Continuing Operations	48,488			
4. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage				
Rates, Annual & Extra Charges Outstanding	805	4.02%	4.16%	4.23%
Rates, Annual & Extra Charges Collectible	20,016			
5. Building & Infrastructure Renewals Ratio				
Asset Renewals <sup>(4)</sup>	7,852	118.48%	n/a	n/a
Depreciation, Amortisation & Impairment (Building & Infrastructure Assets)	6,627			

#### 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.

<sup>(4)</sup> Asset Renewals represents Capital Expenditure on the replacement, refurbishment or upgrade to an existing Asset/s.

## Mid-Western Regional Council

### Notes to the Financial Statements for the financial year ended 30 June 2008

#### Note 14. Investment Properties

	Actual	Actual
\$ '000	2008	2007

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 2008

### Note 15. Financial Risk Management

\$ '000

#### Risk Management

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

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

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

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

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

	Carrying Value		Fair Value	
	2008	2007	2008	2007
<b>Financial Assets</b>				
Cash and Cash Equivalents	26,934	33,426	26,934	33,426
Investments				
- "Held to Maturity"	8,250	1,500	8,213	1,500
- "Available for Sale"	1,133	946	1,133	946
Receivables	2,947	3,297	2,943	3,297
<b>Total Financial Assets</b>	<b>39,264</b>	<b>39,169</b>	<b>39,223</b>	<b>39,169</b>
<b>Financial Liabilities</b>				
Payables	3,189	2,198	3,140	2,198
Loans / Advances	7,436	7,801	6,499	7,425
Lease Liabilities	388	419	385	420
<b>Total Financial Liabilities</b>	<b>11,013</b>	<b>10,418</b>	<b>10,024</b>	<b>10,043</b>

Fair Value is determined as follows:

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

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2008

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

\$ '000

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

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

Council's Financial Section manages its Cash & Investments portfolio with the assistance of independent advisors.

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

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

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

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

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

Council also seeks advice from its independent advisers before placing any funds in Cash Equivalents & Investments.

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

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

	Increase of Values/Rates		Decrease of Values/Rates	
	Profit	Equity	Profit	Equity
<b>2008</b>				
Impact of a 10% movement in Market Values	353	466	(353)	(466)
Impact of a 1% movement in Interest Rates	363	363	(363)	(363)
<b>2007</b>				
Impact of a 10% movement in Market Values	2,232	2,327	(2,232)	(2,327)
Impact of a 1% movement in Interest Rates	359	359	(359)	(359)

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2008

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

\$ '000

##### (b) Receivables

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

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

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

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

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

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

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

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

	2008 Rates & Annual Charges	2008 Other Receivables	2007 Rates & Annual Charges	2007 Other Receivables
<b>(i) Aging of Receivables</b>				
Current (not yet overdue)	182	2,089	162	2,259
Past due by up to 30 days	-	7	-	57
Past due between 31 and 180 days	318	46	332	214
Past due between 181 and 365 days	-	83	-	67
Past due by more than 1 year	224	145	219	124
	<b>724</b>	<b>2,370</b>	<b>713</b>	<b>2,721</b>

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

	2008	2007
Balance at the beginning of the year	137	150
+ new provisions recognised during the year	33	31
- amounts already provided for & written off this year	(18)	(44)
- amounts provided for but recovered during the year	(5)	-
<b>Balance at the end of the year</b>	<b>147</b>	<b>137</b>



## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2008

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

\$ '000

##### (c) Payables & Borrowings

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

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

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

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

\$ '000	Subject to no maturity	payable in:						Total Cash Outflows	Actual Carrying Values
		≤ 1 Year	1-2 Yrs	2-3 Yrs	3-4 Yrs	4-5 Yrs	> 5 Yrs		
2008									
Trade/Other Payables	549	2,640	-	-	-	-	-	3,189	3,189
Loans & Advances	-	844	844	844	844	844	7,151	11,371	7,436
Lease Liabilities	-	330	31	36	18	-	-	415	388
Total Financial Liabilities	549	3,814	875	880	862	844	7,151	14,975	11,013
2007									
Trade/Other Payables	529	1,669	-	-	-	-	-	2,198	2,198
Loans & Advances	-	844	844	844	844	844	7,995	12,215	7,801
Lease Liabilities	-	115	313	13	14	-	-	455	419
Total Financial Liabilities	529	2,628	1,157	857	858	844	7,995	14,868	10,418

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

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

	2008		2007	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Trade/Other Payables	3,189	0.0%	2,198	0.0%
Loans & Advances - Fixed Interest Rate	7,436	6.5%	7,801	6.5%
Lease Liabilities	388	6.5%	419	6.2%
	<u>11,013</u>		<u>10,418</u>	

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2008

#### Note 16. Material Budget Variations

\$ '000

Council's Original Financial Budget for 07/08 was incorporated as part of its Management Plan and was adopted by the Council on 20th June 2007.

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

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

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

\$ '000	2008 Budget	2008 Actual	2008 Variance*		
<b>REVENUES</b>					
<b>Rates &amp; Annual Charges</b>	<b>19,116</b>	<b>19,018</b>	<b>(98)</b>	<b>(0.5%)</b>	<b>U</b>
<b>User Charges &amp; Fees</b>	<b>8,662</b>	<b>12,138</b>	<b>3,476</b>	<b>40%</b>	<b>F</b>
Throughout the year Council takes on and performs works directly on behalf of others for which a fee is received. These work are often requested as required or as money becomes available. The majority of such funds relates to single invitation contract works performed for the RTA on State Roads.					
<b>Interest &amp; Investment Revenue</b>	<b>1,016</b>	<b>1,985</b>	<b>969</b>	<b>95%</b>	<b>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 these funds. During the year Council had an increased balance of funds invested while interest rates were higher than anticipated resulting in increased interest income. Offsetting this, the market value of Council's managed funds holdings declined, resulting in a revaluation decrements of \$551k.					
<b>Other Revenues</b>	<b>1,187</b>	<b>1,353</b>	<b>166</b>	<b>14%</b>	<b>F</b>
The major variation is attributable to the incorporation of Mudgee Foundation Inc into Council's operations during 2007/08. Recycling income of \$320,000 was received during the year that was not included in the original budget					
<b>Operating Grants &amp; Contributions</b>	<b>9,871</b>	<b>10,033</b>	<b>162</b>	<b>2%</b>	<b>F</b>

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2008

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

\$ '000	2008 Budget	2008 Actual	2008 Variance*	
<b>REVENUES</b> (continued)				
<b>Capital Grants &amp; Contributions</b>	<b>5,975</b>	<b>3,961</b>	<b>(2,014)</b>	<b>(34%) U</b>
<ul style="list-style-type: none"> <li>- Lower than anticipated developer contributions for Water - \$193,000 (U) and Sewer - \$139,000 (U)</li> <li>- Delays in the commencement of the Redbank Dam capital upgrade project for which the Original Budget contained an estimate for grant funding - \$803,000 (U)</li> <li>- Delays to commencement of Sewer Augmentation for Rylstone, Kandos, Clandulla and Charbon - \$750,000 (U)</li> <li>- An unsuccessful grant application for the purchase of kerbside recycling bins - \$100,000 (U)</li> </ul>				
<b>Net Gains from Disposal of Assets</b>	<b>1,220</b>	<b>-</b>	<b>(1,220)</b>	<b>(100%) U</b>
The major variations in this area are attributable to : <ul style="list-style-type: none"> <li>- Settlement delays on a number of Council properties originally budgeted for sale in 2007/08 - \$260,000 (U)</li> <li>- A shift in policy on the frequency of replacement of Council's light vehicles has caused actual income from plant sales to be lower than originally budgeted - \$148,000 (U)</li> <li>- Sale of major plant delayed due to replacement machinery not being available for delivery until 2008/09 - \$191,000 (U)</li> <li>- The scrapping of decommissioned assets as part of Council's fair value revaluation process - \$894,000 (U)</li> </ul>				
<b>EXPENSES</b>				
<b>Employee Benefits &amp; On-Costs</b>	<b>15,311</b>	<b>15,669</b>	<b>(358)</b>	<b>(2%) U</b>
<b>Borrowing Costs</b>	<b>538</b>	<b>584</b>	<b>(46)</b>	<b>(9%) U</b>
<b>Materials &amp; Contracts</b>	<b>10,407</b>	<b>13,989</b>	<b>(3,582)</b>	<b>(34%) U</b>
The major variations in this area are attributable to: additional works performed on State Roads under the single invitation <ul style="list-style-type: none"> <li>- Additional works performed on State Roads for the RTA under the single invitation maintenance contract - \$2,158,000 (U)</li> <li>- Additional local roads maintenance performed during 2007/08 in accordance with a Council resolution \$697,000 (U)</li> <li>- Higher than anticipated use of contractors at Council's waste facilities \$188,000 (U)</li> <li>- Increased fuel costs which have substantially impacted the expense of Council's plant operations - \$280,000 (U)</li> </ul>				
<b>Depreciation &amp; Amortisation</b>	<b>8,112</b>	<b>8,545</b>	<b>(433)</b>	<b>(5%) U</b>
<b>Other Expenses</b>	<b>3,689</b>	<b>3,809</b>	<b>(120)</b>	<b>(3%) U</b>
<b>Net Losses from Disposal of Assets</b>	<b>-</b>	<b>242</b>	<b>(242)</b>	<b>0% U</b>

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2008

### Note 17. Statement of Developer Contributions

\$ '000

Under Section 94 & 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.

During 2007/08, a transfer of \$1.5 million dollars between S94 Civic Improvements and S94 Carparking was performed. This amount represents the proceeds, excluding GST, from the sale of the Mortimer Street Carpark land, and its transfer to S94 carparking reflects the Council resolution of April 2002 pertaining to this matter.

#### 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 Management	574	21	-	26	(71)	-	550	286	(2,132)	(1,296)
Open Space	460	96	-	20	(182)	-	394	1,664	(1,969)	89
Community Facilities	1,172	73	-	47	(117)	-	1,175	1,378	(2,739)	(186)
Civic Improvements	1,311	120	-	-	-	1,500	(69)	-	(4,100)	(4,169)
Car Parking	22	101	-	73	(6)	(1,500)	1,690	-	(1,444)	246
Administration	18	19	-	1	-	-	38	33	(512)	(442)
Other	-	-	-	-	-	-	-	-	-	-
<b>S94 Contributions - under a Plan</b>	<b>3,557</b>	<b>430</b>	<b>-</b>	<b>167</b>	<b>(376)</b>	<b>-</b>	<b>3,778</b>	<b>3,361</b>	<b>(12,896)</b>	<b>(5,758)</b>
<b>S94A Levies - under a Plan</b>	<b>18</b>	<b>87</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>107</b>	<b>650</b>	<b>-</b>	<b>757</b>
<b>Total S94 Revenue Under Plans</b>	<b>3,575</b>	<b>517</b>	<b>-</b>	<b>169</b>	<b>(376)</b>	<b>-</b>	<b>3,885</b>	<b>4,011</b>	<b>(12,896)</b>	<b>(5,001)</b>
S94 not under Plans	-	-	-	-	-	-	-	-	-	-
S93F Planning Agreements	420	90	-	-	(171)	-	339	6,510	3,000	9,849
S64 Contributions	3,074	527	-	158	(150)	-	3,609	17,600	23,062	44,271
<b>Total Contributions</b>	<b>7,069</b>	<b>1,134</b>	<b>-</b>	<b>327</b>	<b>(697)</b>	<b>-</b>	<b>7,833</b>	<b>28,121</b>	<b>13,166</b>	<b>49,120</b>

# Mid-Western Regional Council

## Notes to the Financial Statements

for the financial year ended 30 June 2008

### 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	574	21		26	(71)		550	286	(2,132)	(1,296)
Open Space	460	96		20	(182)		394	1,664	(1,969)	89
Community Facilities	1,172	73		47	(117)		1,175	1,378	(2,739)	(186)
Civic Improvements	1,311	120		-	-	1,500	(69)	-	(4,100)	(4,169)
Car Parking	22	101		73	(6)	(1,500)	1,690	-	(1,444)	246
Administration	18	19		1	-		38	33	(512)	(442)
Other	-						-			-
<b>Total</b>	<b>3,557</b>	<b>430</b>	<b>-</b>	<b>167</b>	<b>(376)</b>	<b>-</b>	<b>3,778</b>	<b>3,361</b>	<b>(12,896)</b>	<b>(5,758)</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
Transport Management	18	87		2			107	650		757
Open Space	-						-			-
Community Facilities	-						-			-
Civic Improvements	-						-			-
Car Parking	-						-			-
Administration	-						-			-
Other	-						-			-
<b>Total</b>	<b>18</b>	<b>87</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>107</b>	<b>650</b>	<b>-</b>	<b>757</b>

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2008

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

\$ '000

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

### LIABILITIES NOT RECOGNISED:

#### 1. Guarantees

##### (i) StateCover Limited

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

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

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

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

##### (iii) Other Guarantees

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

#### 2. Other Liabilities

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

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

##### Third Party Claims (Continued)

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.

### ASSETS NOT RECOGNISED:

##### (i) Infringement Notices/Fines

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

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

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

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

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2008

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

\$ '000

##### **ASSETS NOT RECOGNISED (continued) :**

##### **(ii) 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.

##### **(iii) 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 1 July, 2008.

##### **(iv) Deed of Option**

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

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

The Option lapses once the purchaser constructs more than 25% of the gross lettable area of the approved Development. It is not expected that the developer will fail to complete the required works thus providing Council with the opportunity to exercise the Option.



## Mid-Western Regional Council

### Notes to the Financial Statements for the financial year ended 30 June 2008

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

---

**\$ '000**

---

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

# Mid-Western Regional Council

## Notes to the Financial Statements

for the financial year ended 30 June 2008

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

\$ '000	Notes	Actual 2008	Actual 2007
<b>a. Retained Earnings</b>			
<b>Movements in Retained Earnings were as follows:</b>			
Balance at beginning of Year (from previous years audited accounts)		258,969	249,003
a. Correction of Prior Period Errors		-	-
b. Changes in Accounting Policies (Prior Period Effects)		-	-
c. Current Year Income & Expenses Recognised direct to Equity excluding direct to Reserves transactions		-	-
d. Net Operating Result for the Year		5,650	9,966
e. Distributions to/(Contributions from) Minority Interests		-	-
f. Transfers between Equity		-	-
<b>Balance at End of the Reporting Period</b>		<b>264,619</b>	<b>258,969</b>
<b>b. Reserves</b>			
<b>(i) Reserves are represented by:</b>			
- Infrastructure, Property, Plant & Equipment Reserve		88,487	21,167
- Available for Sale Investments		(367)	(55)
- Other Reserves (Specify)		-	-
<b>Total</b>		<b>88,120</b>	<b>21,112</b>
<b>(ii). Reconciliation of movements in Reserves:</b>			
<b>Infrastructure, Property, Plant &amp; Equipment Reserve</b>			
- Opening Balance		21,167	-
- Revaluations for the year	9(a)	67,320	21,167
<b>- Balance at End of Year</b>		<b>88,487</b>	<b>21,167</b>
<b>"Available for Sale" Financial Investments</b>			
- Opening Balance		(55)	-
- Gains/(Losses) in Value for the year		(312)	(55)
- Transfer of "Available for Sale" to the P&L - Disposals		-	-
<b>- Balance at End of Year</b>		<b>(367)</b>	<b>(55)</b>
<b>TOTAL VALUE OF RESERVES</b>		<b>88,120</b>	<b>21,112</b>

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2008

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

		Actual	Actual
\$ '000	Notes	2008	2007

#### b. Reserves (continued)

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

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

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

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

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

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

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

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

#### d. Voluntary Changes in Accounting Policies

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

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2008

#### 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	
		2008	2007
Waste Transfer Stations & Tips - Region Wide	2009 - 2017	720	699
Quarries & Gravel Pits - Region Wide	2038	150	16
<b>Balance at End of the Reporting Period</b>	<b>10</b>	<b>870</b>	<b>715</b>

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

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

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

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

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

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

Balance at beginning of year	715	1,350
Amounts capitalised to new or existing assets:		
- Waste Transfer Stations & Tips (region wide)	-	(456)
- Quarries & Gravel Pits (region wide)	76	(150)
Effect of a change in discount rates used in PV calculations	38	(76)
Effect of a change in other calculation estimates used	(13)	-
Amortisation of discount (expensed to borrowing costs)	54	47
<b>Total - Reinstatement, rehabilitation and restoration provision</b>	<b>870</b>	<b>715</b>

#### Amount of Expected Reimbursements

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

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2008

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

---

\$ '000

---

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

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

---

Events that occur after the reporting date of 30 June 2008, up to and including the date when the financial report is "authorised for issue" have been taken into account in preparing this financial report.

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

Accordingly, the "authorised for issue" date is 07/10/08.

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 2008.

##### **(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 2008 and which are only indicative of conditions that arose after 30 June 2008.

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

#### Note 24. Discontinued Operations

---

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

## Mid-Western Regional Council

### Notes to the Financial Statements

for the financial year ended 30 June 2008

#### Note 25. Intangible Assets

\$ '000

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

	Actual 2008 Carrying Amount	Actual 2007 Carrying Amount
<b>Intangible Assets are as follows;</b>		
<b>Opening Values:</b>		
Gross Book Value (1/7)	-	-
Accumulated Amortisation & Impairment	-	-
<b>Net Book Value - Opening Balance</b>	<u>-</u>	<u>-</u>
<b>Movements for the year</b>		
- Purchases	136	-
- Amortisation charges	-	-
- Gross Book Value written off	-	-
- Accumulated Amortisation charges written off	-	-
<b>Closing Values:</b>		
Gross Book Value (30/6)	136	-
Accumulated Amortisation & Impairment	-	-
<b><u>TOTAL INTANGIBLE ASSETS - NET BOOK VALUE</u><sup>1</sup></b>	<u><b>136</b></u>	<u><b>-</b></u>

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

- Software	136	-
	<u><b>136</b></u>	<u><b>-</b></u>

# Mid-Western Regional Council

## Notes to the Financial Statements

for the financial year ended 30 June 2008

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

<b>Income Statement by Fund</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>
<b>\$ '000</b>	<b>2008</b>	<b>2008</b>	<b>2008</b>	<b>2008</b>
<b><u>Continuing Operations</u></b>	<b>General</b>	<b>Water</b>	<b>Sewer</b>	<b>Other</b>
<b>Income from Continuing Operations</b>				
Rates & Annual Charges	14,022	2,026	2,970	
User Charges & Fees	9,904	2,140	94	
Interest & Investment Revenue	1,281	310	394	
Other Revenues	1,324	16	13	
Grants & Contributions provided for Operating Purposes	9,905	66	62	
Grants & Contributions provided for Capital Purposes	3,506	257	198	
<b>Other Income</b>				
Net Gains from Disposal of Assets	386	-	-	
<b>Total Income from Continuing Operations</b>	<b>40,328</b>	<b>4,815</b>	<b>3,731</b>	<b>-</b>
<b>Expenses from Continuing Operations</b>				
Employee Benefits & on-costs	13,969	903	797	
Borrowing Costs	153	374	57	
Materials & Contracts	12,499	981	509	
Depreciation & Amortisation	6,194	1,207	1,144	
Impairment	-	-	-	
Other Expenses	2,154	959	696	
Net Losses from the Disposal of Assets	-	360	268	
<b>Total Expenses from Continuing Operations</b>	<b>34,969</b>	<b>4,784</b>	<b>3,471</b>	<b>-</b>
<b>Operating Result from Continuing Operations</b>	<b>5,359</b>	<b>31</b>	<b>260</b>	<b>-</b>
<b><u>Discontinued Operations</u></b>				
Net Profit/(Loss) from Discontinued Operations	-	-	-	
<b>Net Operating Result for the Year</b>	<b>5,359</b>	<b>31</b>	<b>260</b>	<b>-</b>
<b>Net Operating Result attributable to each Council Fund</b>	<b>5,359</b>	<b>31</b>	<b>260</b>	<b>-</b>
<b>Net Operating Result attributable to Minority Interests</b>	<b>-</b>	<b>n/a</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>1,853</b>	<b>(226)</b>	<b>62</b>	<b>-</b>



# Mid-Western Regional Council

## Notes to the Financial Statements

as at 30 June 2008

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

<b>Balance Sheet by Fund</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>
<b>\$ '000</b>	<b>2008</b>	<b>2008</b>	<b>2008</b>	<b>2008</b>
<b>ASSETS</b>	<b>General</b>	<b>Water</b>	<b>Sewer</b>	<b>Other</b>
<b>Current Assets</b>				
Cash & Cash Equivalents	14,618	4,811	7,505	
Investments	7,250	-	-	
Receivables	1,889	850	84	
Inventories	361	138	26	
Other	-	-	-	
Non-current assets classified as "held for sale"	65	-	-	
<b>Total Current Assets</b>	<b>24,183</b>	<b>5,799</b>	<b>7,615</b>	<b>-</b>
<b>Non-Current Assets</b>				
Investments	2,133	-	-	
Receivables	80	44	-	
Inventories	-	-	-	
Infrastructure, Property, Plant & Equipment	237,880	61,059	30,189	
Investments Accounted for using the equity method	-	-	-	
Investment Property	-	-	-	
Intangible Assets	136	-	-	
Other	-	-	-	
<b>Total Non-Current Assets</b>	<b>240,229</b>	<b>61,103</b>	<b>30,189</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>264,412</b>	<b>66,902</b>	<b>37,804</b>	<b>-</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Payables	3,071	231	171	
Borrowings	375	252	54	
Provisions	4,033	-	-	
<b>Total Current Liabilities</b>	<b>7,479</b>	<b>483</b>	<b>225</b>	<b>-</b>
<b>Non-Current Liabilities</b>				
Payables	-	-	-	
Borrowings	969	5,388	786	
Provisions	1,049	-	-	
<b>Total Non-Current Liabilities</b>	<b>2,018</b>	<b>5,388</b>	<b>786</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>9,497</b>	<b>5,871</b>	<b>1,011</b>	<b>-</b>
<b>Net Assets</b>	<b>254,915</b>	<b>61,031</b>	<b>36,793</b>	<b>-</b>
<b>EQUITY</b>				
Retained Earnings	193,986	46,116	24,517	
Revaluation Reserves	60,929	14,915	12,276	
<b>Total Equity</b>	<b>254,915</b>	<b>61,031</b>	<b>36,793</b>	<b>-</b>

## Mid-Western Regional Council

### Notes to the Financial Statements for the financial year ended 30 June 2008

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

---

**Principal Place of Business:**

86 Market Street  
MUDGEE NSW 2850

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

PO Box 156  
MUDGEE NSW 2850

**Telephone:** 02 6378 2850

**Facsimile:** 02 6378 2815

**Opening Hours**

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

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

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

**Officers****GENERAL MANAGER**

Mr Warwick Bennett

**RESPONSIBLE ACCOUNTING OFFICER**

Mrs Clare Phelan

**PUBLIC OFFICER**

Mr Ian Roberts

**AUDITORS**

Morse Group

**Elected Members****MAYOR**

Clr Percy Thompson

**COUNCILLORS**

Clr Max Walker

Clr Esme Martens

Clr Jeff Moore

Clr Sue Pascoe

Clr Peter Shelley

Clr James Loneragan

Clr John 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 2008. 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.



Chartered Accountants

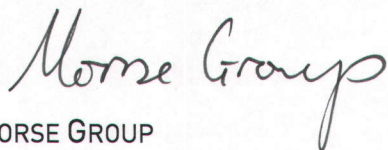




## Audit Opinion

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: 7 October 2008



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 2008. 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 2008. 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 \$5,650,000 (2007 - \$9,966,000). Selected items of note in the operating statement include:

The operating result from ordinary activities *before* capital amounts was \$1,689,000 (2007 - \$4,719,000).

User charges and fees increased \$2,338,000 (23.86%) to \$12,138,000 (2007 - \$9,800,000) primarily due to \$2,850,000 additional RTA works on State Roads. This was offset by minor declines in other user charges and fees categories.

Capital grants and contributions were down \$1,286,000 (24.51%) to \$3,961,000 (2007 - \$5,247,000) this financial year due to:

- o One-off capital funding of \$299,000 received in FY 07' primarily for a water fluoridation project;
- o a \$669,000 decrease in developer contributions due to a S93F lump sum receipt in relation to Wilpinjong received in the 2007 financial year, combined with a decline in the level of development; and
- o a \$228,000 decrease in Section 64 contributions due to a decline in development.

Employee costs grew \$2,078,000 (15.29%) to \$15,669,000 (2007 - \$13,591,000) due to an increase in employee numbers from 237 to 257 and an associated growth in the number of employees accumulating vesting leave entitlements. There was also a marked increase in sick leave payments

Materials and contracts expenditure increased by \$2,233,000 (19%) to \$13,989,000 (2007 - \$11,756,000), primarily due to additional roads maintenance in the 2008 financial year, per Council's resolution in July 2007. Raw materials and consumable costs also increased by \$388,000 and spray seal contract costs increased by \$268,000 compared with the prior period.

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 2008 Council's net assets stood at \$352,739,000 (2007 - \$280,081,000), which represents an increase of \$72,658,000 being the net operating surplus after capital amounts of \$5,650,000 combined with the asset revaluation increment of \$67,320,000 relating to the revaluation of Council's operational land, buildings and water and sewer infrastructure. This was offset by a \$312,000 revaluation decrement relating to Council's "available for sale" financial instruments.

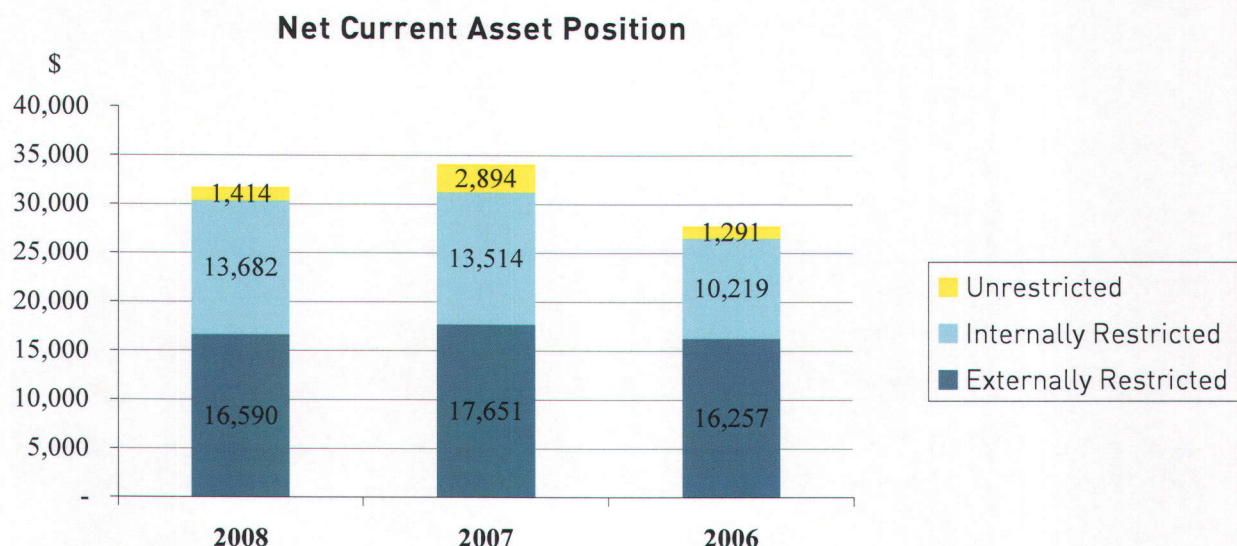
To assess the health of Council's net current asset position (available working capital) it is necessary to review the level of restrictions placed against the use of Council's assets. The notes to the financial statements indicate clearly where restrictions exist, and the effect of the restrictions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

	2008 \$'000	2007 \$'000
Net current assets	29,410	31,437
Less: Amounts externally restricted for special purposes refer Notes 6; 7; & 8 of financial statements	(18,322)	(18,746)
Less: Council internally imposed restrictions (refer Note 6 of financial statements)	(13,682)	(13,514)
Add: Applicable current liabilities refer Note 10		
- Water	483	419
- Sewerage	225	147
- Domestic Waste Management	475	-
- Other	549	529
Add: Employee Leave Entitlements to be paid > 12 months	2,276	2,622
Unrestricted net current asset surplus/(deficit)	1,414	2,894
Unrestricted net current assets comprise: -		
Assets		
Cash	3,424	3,823
Receivables	1,743	2,351
Inventories	361	500
Non current assets held for sale	65	-
	5,593	6,674
Less: General Purpose Liabilities	(6,455)	(6,402)
Plus: Employee Leave Entitlements to be paid > 12 months	2,276	2,622
Unrestricted net current asset surplus/(deficit)	1,414	2,894

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 \$36,317,000 (2007 - \$35,872,000), of this amount \$19,211,000 (2007 - \$18,535,000) is subject to external restrictions requiring Council to commit those funds to the purposes for which they were provided and \$13,682,000 (2007 - \$13,514,000) 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 \$3,424,000 (2007 - \$3,823,000) 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 4.61:1 indicates that it is comfortably able to satisfy its debts as and when they fall due.



## Debt Service Ratio

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

Whilst there is no definitive guide on what constitutes an acceptable ratio it is generally accepted that a ratio of up to 20% depending on the level of long-term development (infrastructure) plans, is considered manageable. At 2.53% (2007 – 3.16%) Mid-Western Regional Council's ratio is well below these industry benchmarks and represents manageable debt.

## Rates & Annual Charges Coverage Ratio

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

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

Mid-Western Regional Council's ratio of 39.22% (2007 – 37.79%) 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 4.02% (2007 – 4.16%) continues the trend of improvement in this area over the past few financial reporting periods and indicates continuing effective debtor management.

## (d) Cash Flow Statement

The Statement of Cash Flows reports a net decrease in cash assets held of \$6,492,000 (2007 – increase of \$4,113,000) as follows:

	2008 \$'000	2007 \$'000	Movement \$'000
<b>Cash flow provided by / (used in)</b>			
Operating activities	15,716	14,478	1,238
Investing activities	(21,239)	(9,774)	(11,465)
Financing activities	(469)	(591)	122
Net increase / (decrease) in cash held	(6,492)	4,113	(10,105)

### 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.

Council also placed a further \$7.8M (net) into short-term investments.



## **Cash flows from financing activities**

The net cash flow used in financing activities was (\$469,000). 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 \$5,650,000 was \$3,340,000 less than Council's original estimates.

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

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

#### **National Competition Policy**

In accordance with the requirements of National Competition Policy guidelines, Mid-Western Regional Council has prepared a special purpose financial report on its business units for the year ended 30 June 2008. Council has determined that it has five business units within its operations: Water Supply, Waste Water Supply, Private Works, Sale Yards and Child Care Centre.

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

An unqualified audit report on the special purpose reports for the year ended 30 June 2008 has been issued.

#### **Management Letters**

Our most recent management letter was issued on 14 May 2008 and a final letter for the 2008 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

237 Lords Place  
Orange  
Dated: 7 October 2008

  
JD O'MALLEY  
PARTNER