



financial reports

23/10/07



Water Authority

2006 - 2007



WYONG SHIRE COUNCIL *building a better tomorrow!*



WYONG SHIRE COUNCIL WATER SUPPLY AUTHORITY

**General Purpose Financial Reports
for the year ended 30 June 2007**

TABLE OF CONTENTS

	Page
Council Certificate	1
Financial Reports	
Income Statement	2
Balance Sheet	3
Statement of Changes in Equity	4
Cash Flow Statement	5
Notes to the Financial Statements	
Note 1 Significant Accounting Policies	6-13
Note 2 Cash and Investments	14-15
Note 3 Receivables	16
Note 4 Other Assets	17
Note 5 Property Plant and Equipment	18
Note 6 Payables, Interest Bearing Liabilities and Provisions	19
Note 7 Reconciliation of Cash and Reconciliation of change in net Assets to Cash inflow/outflow from Operating Activities	20-21
Note 8 Financial Instruments	22-23
Note 9 Joint Venture Operation	24
Note 10 Contingencies	25
Note 11 Commitments	26

WYONG SHIRE COUNCIL

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2007

STATEMENT BY COUNCILLORS AND MANAGEMENT MADE PURSUANT TO SECTION 413 (2)(c) OF THE LOCAL GOVERNMENT ACT 1993 (as amended)

The attached Annual Financial Statements have been drawn up in accordance with

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

To the best of our knowledge and belief, these reports

- Present fairly the Council's financial position and operating result for the year, and
- Accord with Council's accounting and other records

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

Signed in accordance with a resolution of Council made on 10 October 2007

.....
Warren Welham
MAYOR

.....
Ron Stevens
DEPUTY MAYOR

.....
Kerry Yates
GENERAL MANAGER

.....
James Brown
RESPONSIBLE ACCOUNTING OFFICER

WYONG SHIRE COUNCIL WATER SUPPLY AUTHORITY

INCOME STATEMENT
for the year ended 30 June 2007

	Actual 2007 \$'000	Actual 2006 \$'000
REVENUES FROM CONTINUING OPERATIONS		
Service Charges		
Water	6,262	5,424
Sewerage	21,396	20,310
Useage Charges		
Water	11,970	11,432
Sewerage	1,396	1,159
Interest		
Water	1,977	1,734
Sewerage	1,308	902
Government Grants		
Water	3,217	691
Sewerage	659	698
Contributions & Donations		
Water	3,216	3,049
Sewerage	896	1,102
Non Cash Contributions and Dedications	13,921	4,796
Other Revenue		
Water Connection Fees	362	440
Certificate Fees Water	44	51
Sewer Application Fees	523	194
Sewer Clean Outs		
Contribution to Loan Repayment		
Asset Adjustment	1.5.4	
Settlement for Supply of Faulty Materials		
Other Revenue	313	286
Gain on Disposal of Assets		
TOTAL REVENUES FROM CONTINUING OPERATIONS	<u>67,460</u>	<u>52,268</u>
EXPENSES FROM CONTINUING OPERATIONS		
Salaries and Wages	8,542	7,538
Employee Leave Entitlements	1,757	1,535
Superannuation	641	578
Workers' Compensation Insurance	284	261
Payroll Tax	967	817
Training Costs (excluding salaries)	1	
Travelling		1
Interest on Loans	4,499	2,712
Materials & Contracts	14,418	6,731
Depreciation	14,403	14,707
Operating Lease Rentals		
Auditor's Remuneration	65	62
Other Audit Services		
Doubtful Debts		(29)
Legal Expenses	79	
Consultancies	1,271	998
General Insurance	766	567
Administration Support	12,362	4,429
Plant Hire	2,570	2,268
Gas Charges	449	430
Electricity Charges	1,581	1,701
Contributions		
Donations	70	116
Telephone Charges	88	105
Tipping Fees	620	537
Road Opening Fees	159	164
Asset Adjustment	1.5.4	
Revaluation Decrements		
Reimbursement to General Fund (Local Capital Works Program Grant)		
Other Expenses	4,181	2,871
Loss on Disposal of Assets	231	34
TOTAL EXPENSES FROM CONTINUING OPERATIONS	<u>70,004</u>	<u>49,133</u>
SURPLUS/(DEFICIT) FROM CONTINUING OPERATIONS	<u>(2,544)</u>	<u>3,135</u>
DIVIDEND PAYMENT	350	205
SURPLUS/(DEFICIT) AFTER DIVIDEND PAYMENT	<u>(2,894)</u>	<u>2,930</u>

WYONG SHIRE COUNCIL WATER SUPPLY AUTHORITY

BALANCE SHEET
as at 30 June 2007

	Notes	2007 \$'000	2006 \$'000
CURRENT ASSETS			
Cash & Cash Equivalents	2	29	30
Investments	2	36,885	50,029
Receivables	3	14,882	9,735
Inventories	4	374	191
Other	4	22	23
TOTAL CURRENT ASSETS		<u>52,192</u>	<u>60,008</u>
NON - CURRENT ASSETS			
Investments	2		
Receivables	3	767	748
Intangible Assets	4	1,677	1,924
Infrastructure, Property, Plant and Equipment	5	959,829	557,251
TOTAL NON - CURRENT ASSETS		<u>962,273</u>	<u>559,923</u>
TOTAL ASSETS		1,014,465	619,931
CURRENT LIABILITIES			
Payables	6	9,982	8,682
Interest Bearing Liabilities	6	6,742	6,119
Provisions	6	4,661	4,407
TOTAL CURRENT LIABILITIES		<u>21,385</u>	<u>19,208</u>
NON - CURRENT LIABILITIES			
Payables	6		
Interest Bearing Liabilities	6	82,774	57,015
Provisions	6	1,146	1,154
TOTAL NON - CURRENT LIABILITIES		<u>83,920</u>	<u>58,169</u>
TOTAL LIABILITIES		105,305	77,377
NET ASSETS		<u>909,160</u>	<u>542,554</u>
EQUITY			
Retained Earnings		650,930	542,554
Asset Revaluation Reserve		258,230	
TOTAL EQUITY		<u>909,160</u>	<u>542,554</u>

WYONG SHIRE COUNCIL WATER SUPPLY AUTHORITY

STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2007

	2007				2006					
	Retained Earnings \$'000s	Asset Revaluation Reserve \$'000s	Authority Equity Interests \$'000s	Outside Equity Interests \$'000s	Total Equity \$'000s	Retained Earnings \$'000s	Asset Revaluation Reserve \$'000s	Authority Equity Interests \$'000s	Outside Equity Interests \$'000s	Total Equity \$'000s
Balance at beginning of the reporting period	542,554		542,554	0	542,554	539,624	0	539,624	0	539,624
Adjustment on adoption of AASB 132 and AASB 139										
Transfers to/from Asset revaluation reserve		258,230	258,230		258,230					
Adjust Accumulated Depreciation to reflect revised estimates of useful lives and consumption rates	113,383		113,383		113,383					
Adjustment to restate Joint Water Assets	(2,113)		(2,113)		(2,113)					
Net movements recognised directly in equity										
Surplus/(Deficit) from Continuing operations	(2,544)		(2,544)	0	(2,544)	3,135		3,135	0	3,135
* Dividend Payment	(350)		(350)		(350)	(205)		(205)		(205)
Balance at end of the reporting period	650,930	258,230	909,160	0	909,160	542,554	0	542,554	0	542,554

* In accordance with National Competition Policy, equal to Taxation Equivalents.

WYONG SHIRE COUNCIL WATER SUPPLY AUTHORITY

CASH FLOW STATEMENT
for the year ended 30 June 2007

	Notes	2007		2006	
		\$'000	\$'000	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		40,238		38,221	
Interest		3,294		2,637	
Grants provided by Government		3,196		1,391	
Contributions and donations		4,112		4,151	
Other		6,952		2,891	
<u>Payments :</u>					
Employee Benefits & On-costs		(11,866)		(11,203)	
Materials & contracts		(14,721)		(2,864)	
Interest		(3,893)		(2,602)	
Other		<u>(32,698)</u>		<u>(18,220)</u>	
Net cash provided by (or used in) operating activities	7(b)		(5,386)		14,402
CASH FLOWS FROM INVESTING ACTIVITIES					
<u>Receipts:</u>					
Sale of Investments					
Sale of real estate assets					
Sale of infrastructure, property, plant & equipment					
Deferred debtors					
<u>Payments :</u>					
Purchase of investments					
Purchase of infrastructure, property, plant and equipment		(33,791)		(25,793)	
Purchase of real estate					
Loans to deferred debtors					
Net cash provided by (or used in) investing activities			(33,791)		(25,793)
CASH FLOWS FROM FINANCING ACTIVITIES					
<u>Receipts:</u>					
Borrowings		32,500		28,390	
Advances					
<u>Payments :</u>					
Borrowings		(6,118)		(6,073)	
Advances					
Finance leases					
Dividend Payment		<u>(350)</u>		<u>(373)</u>	
Net cash provided by (or used in) financing activities			26,032		21,944
Net increase / (decrease) in cash held			(13,145)		10,553
Cash at beginning of reporting period			<u>50,059</u>		<u>39,506</u>
Cash at end of reporting period	7		<u>36,914</u>		<u>50,059</u>

WYONG SHIRE COUNCIL WATER SUPPLY AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2007

Note 1 - SIGNIFICANT ACCOUNTING POLICIES

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) The Water Supply Authority Reporting Entity

The consolidated water & sewerage funds and other entities through which the Water Authority controls resources to carry on its functions have been included in the financial statements forming part of this financial report.

The following funds and entities have been consolidated in this financial report, Wyong Shire Council Water Supply Authority in respect of:

- Water Supplies
- Sewerage Services
- Drainage

In the process of reporting on the Authority as a single unit, all transactions and balances between those funds and entities (for example, loans and transfers between funds) have been eliminated.

(b) Basis of Preparation

This Water Supply Authority (WSA) financial report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations, the Local Government Act (1993) and Regulations.

Compliance with International Financial Reporting Standards

AIFRS include certain specific provisions relating to not-for profit entities that are not included in the International Financial Reporting Standards. In addition, Australian Accounting Standard AAS 27 Financial Reporting by Local Governments also applies. Where AAS 27 conflicts with AIFRS, the requirements of AAS 27 have been applied. Where AAS 27 makes reference to another accounting standard, the new Australia IFRS equivalent standard will apply. Except to the extent that these special provisions require, these financial statements and notes comply with International Financial Reporting Standards.

Historical Cost Convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

Critical Accounting Estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates, and requires management to exercise its judgement in applying WSA accounting policies.

(c) 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 WSA obtains control over the assets comprising these receipts.

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

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

Note 1 - Significant Accounting Policies (cont)

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

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

Income is recognised when the WSA obtains control of the contribution or the right to receive the contribution, it is probable that the economic benefits comprising the contribution will flow to the WSA and the amount of the contribution can be measured reliably.

Where grants or contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the unused grant or contribution is disclosed in these Notes.

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

Contributions under Section 306 of the Water Management Act 2000 are levied in accordance with the various developer service plans. These service plans have been prepared in accordance with the methodology determined by the Independent Pricing and Regulatory Pricing Tribunal (IPART).

The following developer service plans have been adopted by the WSA and are available for public inspection free of charge:

Section 306 Developer Service Plans:

- 1) Wyong
- 2) South Lakes
- 3) The Entrance
- 4) Rural West
- 5) Ourimbah/Rural South
- 6) Toukley
- 7) Gorokan
- 8) San Remo
- 9) Budgewoi
- 10) Lake Munmorah
- 11) Mannering Park
- 12) Gwandalan

The WSA also holds contributions obtained prior to the requirement to have developer service plans in place.

User charges and fees

The charging period and reporting period for the Water Authority coincide and, accordingly, all charges levied for the year are recognised as revenues.

A provision for doubtful debt is recognised when collection in full is no longer probable.

Sale of plant, property, infrastructure 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

Interest and 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.

(d) Leases

Lease arrangements have been accounted for in accordance with AASB 117.

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 are charged to the income statement on a straight-line basis over the lease term.

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

Note 1 - Significant Accounting Policies (cont)

(e) Acquisition of assets

The purchase method of accounting is used to account for all acquisitions of assets. Cost is measured as the fair value of the assets given, plus costs directly attributable to the acquisition.

Assets with an economic life which is determined to be longer than one year are only capitalised where the cost of acquisition/construction exceeds materiality thresholds established by WSA for each type of asset. In determining such thresholds, regard is given to the nature of the asset and its estimated service life.

Examples of capitalisation thresholds applied during the year are provided below:

Plant and equipment, furniture and fittings	Capitalise if value > \$1,000
Land	Capitalise
Stormwater Drainage	
- Drains and culverts	Capitalise if value > \$10,000
- Other	Capitalise if value > \$3,000
Water and Sewer Infrastructure Assets	
- renewal, upgrade or replacement	Capitalise

(f) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the 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 the WSA value in use is represented by the deprival value of the asset approximated by its written down replacement cost.

(g) 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.

(h) Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. A provision is made for doubtful debts and reviewed at year end. Receivables are monitored during the year and bad debts are written off against the provision when they are determined to be irrecoverable.

(i) Inventories

Raw materials and stores, work in progress and finished goods

Inventories held in respect of stores have been valued by using the weighted average cost on a continual basis, after adjustment for loss of service potential. Inventories held in respect of business undertakings have been valued at the lower of cost and net realisable value

(j) Investments and other financial assets

From 1 July 2004 to 30 June 2005

WSA has taken the exemption available under AASB 1 to apply AASB 132 and AASB 139 only from 1 July 2005. WSA has applied previous AGAAP to the comparative information on financial instruments within the scope of AASB 132 and AASB 139.

Adjustments on transition date: 1 July 2005

The nature of the main adjustments to make this information comply with AASB 132 and AASB 139 are that, with the exception of held-to-maturity investments and loans and receivables which are measured at amortised cost (refer below), fair value is the measurement basis. Fair value is inclusive of transaction costs. Changes in fair value are either taken to the income statement or an equity reserve (refer below). At the date of transition (1 July 2005) changes to carrying amounts are taken to retained earnings or reserves.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

Note 1 - Significant Accounting Policies (cont)

From 1 July 2005

WSA classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

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

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss on initial recognition. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. The policy of management is to designate a financial asset if there exists the possibility it will be sold in the short term and the asset is subject to frequent changes in fair value. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

(ii) Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the WSA provides money, goods or services directly to a debtor with no intention of selling the 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. Loans and receivables are included in receivables in the balance sheet.

(iii) Held-to-maturity investments

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

Purchases and sales of investments are recognised on trade-date - the date on which the WSA commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the WSA has transferred substantially all the risks and rewards of ownership.

The fair values of quoted investments are based on current bid prices.

WSA assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

(k) 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 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 WSA for similar financial instruments.

(l) Infrastructure, property, plant and equipment

At 30 June 2007 Water and Sewerage Infrastructure assets were revalued to fair value. Fair value is based on market value where an established market for the asset exists, or otherwise, the cost to construct a replacement, using latest available technology. The value of the asset as new is reduced by an amount to represent the accumulated depreciation of the existing asset.

Prior to revaluation date, all infrastructure, property, plant and equipment was stated at cost (or deemed cost) less depreciation. Adjustments were made to retained earnings to account for a re-estimate of accumulated depreciation and to correct the carrying values of some assets deemed to be held in the Joint Water scheme with Gosford.

Cost includes expenditure that is directly attributable to the acquisition of the items. 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 WSA 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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

Note 1 - Significant Accounting Policies (cont)

they are incurred.

Land is not depreciated. From 1 July 2007 Infrastructure assets will be depreciated based on:

- Estimated rates of depreciation given the life cycle stage of the asset, except where,
- A condition based assessment of the asset indicates that an accelerated rate of depreciation is justified.

Depreciation on other assets is calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

Office equipment	5 – 10	years	Pumps and telemetry	20 – 40	years
Office furniture	10 – 20	years	Drainage assets	100	years
Vehicles and road making equipment	5 – 10	years	Sewerage pipelines	50	years
Other plant and equipment	5 – 25	years	Sewerage treatment plants – Civil	100	years
Buildings – Masonry	50 – 100	years	Sealed roads – Surface	10 – 25	years
– Other	20 – 40	years	– Structure	20 – 80	years
Playground equipment	5 – 15	years	Unsealed roads	5	years
Benches, seats etc	10 – 20	years	Bridge – Concrete	80	years
Dams and reservoirs	80 – 100	years			
Bores	40 – 80	years			
Water Mains	50	years			
Water Treatment Plants – Civil	100	years			

The assets' 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.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

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

All non-current assets purchased or constructed are capitalised as the expenditure is incurred and depreciated as soon as the asset is held "ready for use".

(m) Payables

These amounts represent liabilities for goods and services provided to WSA prior to the end of the financial year which are unpaid. Creditors are normally paid 30 days after the month of invoice. No interest is payable on these amounts.

Amounts received from external parties in advance of service delivery, and security deposits held against possible damage to WSA assets, are recognised as liabilities until the service is delivered or damage reinstated, or the amount is refunded as the case may be.

(n) Borrowings

Loans are carried at their principal amounts which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period to which it relates, and is recorded as part of "Payables".

Principal amounts falling due within 12 months after the end of the year are recognised as current liabilities.

(o) Provisions

Provisions for legal claims are recognised when WSA 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

Note 1 - Significant Accounting Policies (cont)

(p) Employee Benefits

(i) Salaries, Wages & Compensated Absences

Liabilities for employees' entitlements to salaries and wages, annual leave, sick leave and long service leave expected to be paid or settled within 12 months of reporting date are accrued at nominal amounts measured in accordance with AASB 119 *Employee Benefits*.

Liabilities for employee benefits not expected to be paid or settled within 12 months are measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. Present values are calculated using government guaranteed securities rates with similar maturity terms.

(ii) Superannuation

The WSA makes employer superannuation contributions in respect of its employees to the Local Government Superannuation Scheme. The Scheme has two types of membership, each of which is funded differently.

Accumulation Fund Members

The accumulation fund receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings in accordance with Superannuation Guarantee Legislation (9% in 2005/06; 9% in 2004/05). No further liability accrues to the employer as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Defined Benefit Members

Council makes employer contributions to the defined benefits categories of the Scheme at rates determined by the Scheme's Trustee. The Fund's Defined Benefit Plan is a multi-employer sponsored plan for purposes of AASB 119. Sufficient information is not available to account for the Scheme as a defined benefit plan because the assets to the Scheme are pooled together for all Council's. As provided by AASB 119.32(b), Council does not use defined benefit accounting for these contributions.

The last valuation of the Scheme was performed in March 2004 and covers the period ended 30 June 2003. This valuation found that the Scheme's assets were \$2,453.7 million and its past service liabilities \$2,251.7 million, giving it a surplus of \$202.0 million. The existence of this surplus has resulted in Council's contributing at half the normal level of contributions (0.95 times members' contributions in 2005/2006 and 2006/2007).

(q) Self Insurance

WSA has determined to self-insure for various risks including public liability and professional indemnity. A provision for self-insurance has been made to recognise outstanding claims. WSA also maintains cash and investments to meet expected future claims.

(r) GST Implications

In accordance with UIG Abstract 1031 "Accounting for the Goods & Services Tax"

- Receivables and Creditors include GST receivable and payable.
- Except in relation to input taxed activities, revenues and operating expenditures exclude GST receivable and payable.
- Non-current assets and capital expenditures include GST net of any recoupment.
- Amounts included in the Statement of Cash Flows are disclosed on a gross basis.

(s) Rounding

All amounts shown in the Financial Statements are in Australian currency and have been rounded to the nearest thousand dollars unless otherwise indicated.

(t) Allocation between current and non-current

In the determination of whether an asset or liability is 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 WSA's operational cycle. 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

Note 1 - Significant Accounting Policies (cont)

(u) New Accounting Standards & UIG Interpretations

Certain new accounting standards and UIG interpretations have been published that are not mandatory for the 30 June 2007 reporting period.

- AASB 7 *Financial Instruments: Disclosures*
- AASB 2005-10 *Amendments to AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038*

Council is of the view that none of the above new standards or interpretations will affect any of the amounts recognised in the financial statements, but that they may impact certain information otherwise disclosed.

(v) Internal Control

Adequate systems of internal control exist to ensure that:

- a) all material transactions are recorded in the accounting records underlying the financial report.
- b) no irregularities (fraud or misappropriation) have occurred, involving management employees who have significant roles in the system of internal control.
- c) no irregularities (fraud or misappropriation) have occurred, involving management, employees or external parties, which could have a material effect on the financial report.

(w) Impact of Native Title Claims

The WSA is not aware of any actual or potential native title claims that may have a material impact on the Authority's financial reports.

(x) Joint Venture - Gosford/Wyong Joint Water Supply Scheme

The Authority's interest in joint ventures has been recognised in the financial statements by including its share of any assets, liabilities, revenues and expenses of the joint ventures within the relevant items reported in the statement of financial position and statement of financial performance. Information about the joint ventures is set out in the following notes.

(y) Supply of Water to General Operations

The Authority supplies water to the Wyong Shire Council General Fund for use on parks, gardens and reserves.

The Authority takes the view that supply of water in those circumstances is a community service obligation. Accordingly the appropriate revenue and donation expense is recognised in the accounts.

(z) Maintenance of Drainage Infrastructure

Drainage construction is funded by, and recorded as an asset of the Authority. The cost of maintaining these assets prior to 30 June 2002 was previously funded by Wyong Shire Council's General Fund. A review of the appropriateness of this arrangement was undertaken during 2002/2003 and as a result operating costs associated with these assets are now recognised as an expense of the Authority.

Part of this infrastructure services the road network throughout the Shire and an assessed contribution of \$120,000 was received from the General Fund towards this expenditure.

In 2006-2007 an amount of \$4.7 million is included in the Water Authority expenses for Drainage (employees \$0.4 million, depreciation \$1.0 million, materials \$0.4 million, other \$3.0m). Ordinary revenue is \$0.1 million. The carrying value of Drainage Infrastructure, Property, Plant and Equipment included in the Balance Sheet is \$130 million.

(aa) Authority Charges

The Authority has been notified that a legal challenge may be mounted against certain sewer usage charges invoiced since 1996. The Authority's solicitors and Senior Counsel have confirmed that a challenge may succeed because of the Authority's apparent failure to comply with the relevant statutes when determining those and other charges.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

Note 1 - Significant Accounting Policies (cont)

The Statutes make provision for the defect in determination of charges to be rectified by the Governor and the Authority has made formal application therefore. The Authority is unable to foreshadow the outcome of its application. However, the matter remains undetermined despite representation to the relevant Ministers.

(bb) Other Assets

Wyong Shire Council has contracted to acquire, under a managed service arrangement, a licence to access information technology services. The system solution is being designed, developed and built by the contractor with assistance and input of Council employees. The Water Supply Authority contributes to the system design, development and build costs of the project based on its assessed utilisation of the system as calculated by Wyong Shire Council's activity based costing system. A number of costs contributed to by the Authority, including system build cost and software and hardware licenses, incurred under the contract as well as Council's own costs will give rise to future economic benefits. These costs have been capitalised as an intangible asset to be amortised over the period of the contract.

(cc) Dividend for Tax Equivalents

In accordance with the guidelines for Best Practice Management of Water Supply and Sewerage, issued by the Department of Energy Utilities and Sustainability in May 2004, a payment for the amount calculated as the annual tax equivalent charges (excluding income tax) must be paid from Water Supply and Sewerage Business Activities. The payment of taxation equivalent charges is referred to in the Local Government Act 1993.

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

A dividend payment of \$380K for the year ended June 30 2007 has been paid during the current financial year.

(dd) Dividend from Surplus

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

Local Government Water Supply and Sewerage Businesses are permitted to pay an annual dividend from its water supply and sewerage business surplus. The dividend, calculated in accordance with the Best Practice Management Guidelines, must not exceed 50% of the surplus in any one year, or the number of water supply or sewerage assessments as at 30 June of the reporting year multiplied by \$30 (less the payment for tax equivalent charges, not exceeding \$3 per assessment).

In accordance with the guidelines for Best Practice Management of Water Supply and Sewerage, a dividend payment form, statement of compliance, unqualified independent financial audit report and a compliance audit report are submitted to the NSW Department of Energy, Utilities and Sustainability. No dividend from surpluses has been paid or provided during the year.

(ee) Expense items in 2006/2007

Water expenses for 2006/2007 included contributions to Hunter Water, \$2.8 million in relation to an expanded agreement for the Hunter Connection and \$3.1 m for pipeline agreements. The total of \$5.9 m was the main factor in the overall increase of \$6.7m in Materials and Contracts expense compared to the previous year. Administration expenses increased by \$7.9 million (from \$4.4m) and significant factors were an accounting change of policy not to charge general overheads to capital \$4m, \$1.2 m in water tank rebates and \$1 m in a water saving scheme.

(ff) Income items in 2006/2007

Included in grants and contributions is an amount of \$2.5m which was a Federal Grant for Hunter Connection and a contribution from Hunter Water of \$1.5m also for this project. Another significant revenue increase over the previous year is an extra \$9.2 million in developer non cash contributions and dedications from developers. The total increase in income from operations compared to the previous year was \$15.2 million.

WYONG SHIRE COUNCIL WATER SUPPLY AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2007

Note 2

CASH ASSETS AND INVESTMENTS

	Actual 2007		Actual 2006	
	Current \$'000	Non-current \$'000	Current \$'000	Non-current \$'000
CASH				
Cash on Hand and at Bank	29		30	
TOTAL CASH ASSETS	29		30	
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS				
Managed Funds				
At beginning of year	48,051		39,495	
Additions	60,142		76,277	
Disposals	73,426		67,721	
At end of year	34,767		48,051	
HELD TO MATURITY INVESTMENTS				
At beginning of year	1,978			
Additions	140		1,978	
Disposals				
At end of year	2,118		1,978	
	36,885		50,029	
TOTAL CASH ASSETS & INVESTMENT SECURITIES	36,914		50,059	
RESTRICTED CASH ASSETS AND INVESTMENTS				
SUMMARY				
PURPOSE	2007		2006	
	Current \$'000	Non-current \$'000	Current \$'000	Non-current \$'000
EXTERNAL RESTRICTIONS				
- Included in liabilities	6,851		17,773	
- Included in revenue	27,275		22,631	
TOTAL EXTERNAL RESTRICTIONS	34,126		40,404	
INTERNAL RESTRICTIONS				
- Included in liabilities	765		797	
- Other	2,023		7,850	
TOTAL INTERNAL RESTRICTIONS	2,788		8,647	
TOTAL UNRESTRICTED			1,008	
TOTAL CASH ASSETS & INVESTMENT SECURITIES	36,914		50,059	

Note 2 (Cont'd)

RESTRICTED CASH ASSETS AND INVESTMENTS

DETAIL

PURPOSE	2007		2006	
	Current \$'000	Non-Current \$'000	Current \$'000	Non-Current \$'000
EXTERNAL RESTRICTIONS				
- Included in liabilities				
Specific Purpose Unexpended Loans	5,129		16,051	
Self Insurance Claims	1,722		1,722	
Other				
	6,851		17,773	
- Included in revenue				
Specific Purpose Unexpended Grants	153		78	
Water Contributions	15,809		12,499	
Sewerage Contributions	11,313		10,054	
Other				
TOTAL EXTERNAL RESTRICTIONS	34,126		40,404	
INTERNAL RESTRICTIONS				
-Included in liabilities				
Self Insurance Claims				
Employee Leave Entitlements	765		797	
-Other				
Refurbishment Water				
Water Equalisation			3,350	
Sewer Refurbishment	1,900		2,500	
Working Capital	123		2,000	
TOTAL INTERNAL RESTRICTIONS	2,788		8,647	

WYONG SHIRE COUNCIL WATER SUPPLY AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2007

Note 3
RECEIVABLES

Purpose	Actual 2007		Actual 2006	
	Current	Non-current	Current	Non-current
	\$'000	\$'000	\$'000	\$'000
Annual Charges	1,765	89	1,641	90
Interest & Extra Charges	338		347	
Government Grants & Subsidies	680			
Accrued Revenues	4,001		5,227	
User Charges & Fees	2,205		1,542	
Other	5,897	678	982	658
Total	14,886	767	9,739	748
Less: Provision for Doubtful Debts	4		4	
TOTAL	14,882	767	9,735	748

Water & Sewer Charges & Interest & Extra Charges

Overdue water and sewer charges are secured over the relevant land and are subject to simple interest at a rate of 9.00% (2006: 9.00%).

Other levels of Government

Amounts due have been calculated in accordance with the terms and conditions of the respective programs following advice of approvals, and do not bear interest. All amounts are due by Departments and Agencies of the Government of New South Wales and the Government of Australia.

WYONG SHIRE COUNCIL WATER SUPPLY AUTHORITY

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2007**

**Note 4
OTHER ASSETS**

	Actual 2007		Actual 2006	
	Current \$'000	Non-current \$'000	Current \$'000	Non-current \$'000
Inventories				
- Trading Stock	374		191	
	<u>374</u>		<u>191</u>	
Other				
Prepayments	22		23	
Information Systems Development Costs		1,677		1,924
	<u>22</u>	<u>1,677</u>	<u>23</u>	<u>1,924</u>

WYONG SHIRE COUNCIL WATER SUPPLY AUTHORITY

Note 5
INFRASTRUCTURE, PROPERTY, PLANT
AND EQUIPMENT

CLASS OF ASSET	2006 \$'000				2007 \$'000								
	AT COST	Fair Value	A/C DEP	WDV	Asset Purchases	Asset Disposals	Depn. Movements	Transfers/ Adjustments	Revaluation increments/ decrements	AT COST	Fair Value	A/C DEP	WDV
Water Supply													
Capital WIP					37,077			(39,829)		11,635			11,635
Plant - Equipment	547	345		202			63	37		583		408	175
Office Equipment	282	181		101			26	33		315		207	108
Furniture and Fittings	135	52		83			13	8		143		65	78
Land													
-council owned	5,777			5,777				10		5,777			5,777
Land Improvements - depreciable													
Buildings	1,039	244		795						1,039		254	785
Other structures	11			11						11			11
Infrastructure													
-water supply	341,980	142,026		199,954	4,245		5,469	5,376	212,547	169,787		150,089	426,121
-stormwater drainage	161,419	38,052		123,367	5,446		1,659	26,775		189,787		39,711	130,076
Total Water Supply	511,190	180,900		330,290	46,768		7,240	(7,600)	212,547	189,290		190,734	574,766
Sewerage Services													
Capital WIP					2,672			(2,222)		1,667			1,667
Plant - Equipment	741	458		283			35	5		577		493	84
Office Equipment	431	349		82			23	3		433		373	60
Furniture and Fittings	55	33		22			6			55		39	16
Land													
-council owned	4,069			4,069						4,069			4,069
Land Improvements - depreciable													
Buildings	2,256	406		1,850				7		2,262		428	1,834
Other structures													
Infrastructure													
-sewerage assets	367,382	146,727		220,655	3,512	231	6,828	2,207	159,066	493,579		116,246	377,333
Total Sewerage Services	374,934	147,973		226,961	6,184	231	6,915	2,207	159,066	9,063		117,579	385,063
TOTAL	886,124	328,873		557,251	52,952	231	14,155	-7,600	371,613	198,353		308,313	959,829

WYONG SHIRE COUNCIL WATER SUPPLY AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

Note 6
PAYABLES, INTEREST BEARING LIABILITIES
AND PROVISIONS

Item	Actual 2007		Actual 2006	
	Current \$'000	Non-current \$'000	Current \$'000	Non-current \$'000
Payables				
Goods and Services	3,731		2,011	
Payments Received in Advance	750			
Accrued Expenses	3,746		5,586	
Accrued Interest	1,282		676	
Accrued Salaries and Wages	268		183	
Bonds	205		226	
TOTAL PAYABLES	9,982		8,682	
Interest Bearing Liabilities				
Bank Overdraft				
Loans	6,742	82,774	6,119	57,015
Government Advances				
Ratepayers' Advances				
Finance Lease Liability				
Deferred Payment Liabilities				
Other				
TOTAL INTEREST BEARING LIABILITIES	6,742	82,774	6,119	57,015
Provisions				
Employee Leave Entitlements payable < 12 months	1,064	38	3,914	44
Employee Leave Entitlements payable > 12 months	2,994			
Self Insurance Claims	339	1,105	234	1,107
Payroll Tax	252	3	252	3
Dividend Insurance	12		7	
TOTAL PROVISIONS	4,661	1,146	4,407	1,154
Movements in Provisions - Non ELE Provisions				
	2007 \$'000		2,006 \$'000	
	Self Insurance Claims	Other	Self Insurance Claims	Other
Opening Balance	1,341	262	1,537	450
Self Insurance Payments	(319)		(348)	
Increase in Provision	422	5	152	
Increase/decrease in Payroll Tax Liability on Employee Leave Entitlements				(20)
Dividend Paid				(168)
Closing Balance	1,444	267	1,341	262

WYONG SHIRE COUNCIL WATER SUPPLY AUTHORITY

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2007**

**Note 7
STATEMENT OF CASH FLOWS**

(a) Reconciliation of Cash

For the purposes of the statement of cash flows, cash includes cash on hand and "at call" deposits with other financial institutions. Term deposits of 90 days or less are also included. Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:

	Actual 2007 \$'000	Actual 2006 \$'000
Cash on Hand and at Bank Government and Semi-Government - Treasury Corporation Managed Funds	29	30
	36,885	50,029
Sub Total	36,914	50,059
Less Bank Overdraft	<hr/>	<hr/>
Balances as per cash flow statement	<u>36,914</u>	<u>50,059</u>

**(b) Reconciliation of Change in Net Assets to Cash Inflow/Outflow
from Operating Activities**

Change in Net Assets from operations	(2,544)	3,135
Add: Depreciation and Amortisation	14,403	14,707
Non Cash Asset Adjustment Expense		
Increase in Provision for Doubtful Debts		
Increase in Employees' Leave Entitlements	138	
Increase in Other Provisions	108	
Decrease in Receivables		
Decrease in Inventories		
Decrease in Other Current Assets	248	261
Increase in Payables	1,720	
Increase in Accrued Interest Payable	606	110
Increase in Accrued Salaries & Wages	85	54
Increase in Other Current Liabilities		4,020
Loss on Sale of Assets	231	34
	<hr/> 14,995 <hr/>	<hr/> 22,321 <hr/>

Note 7 (Cont'd)	Actual 2007 \$'000	Actual 2006 \$'000
Less: Decrease in Provision for Doubtful Debts		29
Decrease in Employee Leave Entitlements		311
Decrease in Other Provisions		216
Non-Cash Donations	13,921	4,796
Non-Cash Asset Adjustment Revenue		
Increase in Receivables	5,166	2,416
Increase in Inventories	183	3
Increase in Other Current Assets		
Decrease in Payables		148
Decrease in Accrued Interest Payable		
Decrease in Accrued Salaries & Wages		
Decrease in Other Current Liabilities		
Gain on Sale of Assets	1,111	
Net Cash Provided by (used in) Operating Activities	<u>(5,386)</u>	<u>14,402</u>
 (c) Non-Cash Financing and Investing Activities		
 -Acquisition of Assets by Means of:		
- Finance Leases		
-PWD Construction		
-Developer Contributions Received In Kind	13,921	4,796
-Other		
	<u>13,921</u>	<u>4,796</u>

WYONG SHIRE COUNCIL WATER SUPPLY AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2007

Note 8
FINANCIAL INSTRUMENTS

Interest Rate Risk Exposures

The Council's exposure to interest rate risk, and the effective weighted average interest rate for each class of financial asset and financial liabilities is set out below. Exposures arise predominantly from assets and liabilities bearing variable interest rates, which the Council intends to hold as fixed rate assets and liabilities to maturity.

2007	Notes	Floating interest rate \$'000	Fixed interest maturing in :			Non-interest bearing \$'000	Total \$'000
			< 1 year \$'000	> 1 year < 5 years \$'000	> 5 years \$'000		
Financial Assets							
Cash and Deposits	2					29	29
Receivables	3		4,304		89	7,255	11,648
Other Financial Assets - Investments	2	36,885					36,885
Total		36,885	4,304		89	7,284	48,562
Weighted Ave. Interest Rate		6.48%	9.01%	0.00%	9.00%	0.00%	5.74%
Financial Liabilities							
Bank Overdraft & Loans	6		6,743	21,245	61,528		89,516
Trade & Other Payables	6					4,686	4,686
Bills Payable							
Lease Liabilities							
Total			6,743	21,245	61,528	4,686	94,202
Weighted Ave. Interest Rate		0.00%	6.54%	6.46%	6.31%	0%	6.05%
Net Financial Assets / (Liabilities)		36,885	(2,439)	(21,245)	(61,439)	2,598	(45,640)
2006							
2006	Notes	Floating interest rate \$'000	Fixed interest maturing in :			Non-interest bearing \$'000	Total \$'000
			< 1 year \$'000	> 1 year < 5 years \$'000	> 5 years \$'000		
Financial Assets							
Cash and Deposits	2					30	30
Receivables	3		3,526		90	1,640	5,256
Other Financial Assets - Investments	2	50,029					50,029
Total		50,029	3,526		90	1,670	55,315
Weighted Ave. Interest Rate		5.74%	9.00%	0.00%	9.00%	0.00%	5.78%
Financial Liabilities							
Bank Overdraft & Loans	6		6,073	20,341	36,720		63,134
Trade & Other Payables	6					2,237	2,237
Bills Payable							
Lease Liabilities							
Total			6,073	20,341	36,720	2,237	65,371
Weighted Ave. Interest Rate		0.00%	7.12%	6.69%	6.36%	0.00%	6.32%
Net Financial Assets / (Liabilities)		50,029	(2,547)	(20,341)	(36,630)	(567)	(10,056)

Note 8 Cont'd.

Reconciliation of Net Financial Assets

	Notes	2007 \$'000	2006 \$'000
Net financial assets from previous page			
- Financial Assets	8	48,562	55,315
- Financial Liabilities	8	(94,202)	(65,371)
Net Financial Assets		<u>(45,640)</u>	<u>(10,056)</u>
Non- financial assets and liabilities			
- Accrued Revenues	3	4,001	5,227
- Inventories	4	374	191
- Property, Plant & Equipment	5	959,829	557,251
- Intangibles			
- Other Assets	4	1,699	1,947
- Accrued Expenses	6	(5,296)	(6,445)
- Provisions	6	(5,807)	(5,561)
- Other Liabilities			
Net Assets per Statement of Financial Position		<u>909,160</u>	<u>542,554</u>

Net Fair Value of Financial Assets

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

The net fair value of other monetary assets and liabilities is based upon market prices, where a market exists, or by discounting the expected future cash flows by the current interest rates for assets and liabilities with similar risk profiles.

The carrying amounts of net fair values of financial assets and liabilities at balance date are as follows :

	2007		2006	
	Carrying Amount \$'000	Net Fair Value \$'000	Carrying Amount \$'000	Net Fair Value \$'000
Financial Assets				
Trade Debtors	4,393	4,393	3,616	3,616
Bills of Exchange				
Other Debtors	7,255	7,255	1,640	1,640
Listed Investments	36,885	36,885	50,029	50,029
Unlisted Investments				
Other Assets	29	29	30	30
Total	<u>48,562</u>	<u>48,562</u>	<u>55,315</u>	<u>55,315</u>
Financial Liabilities				
Loans	89,516	89,516	63,134	63,134
Bills Payable				
Lease Liabilities				
Other Liabilities	4,686	4,686	2,237	2,237
Total	<u>94,202</u>	<u>94,202</u>	<u>65,371</u>	<u>65,371</u>

Note : Other than those classes of assets and liabilities denoted as "listed", none of the classes of financial assets and liabilities are readily traded on organised markets in standardised form.

Although certain financial assets are carried at an amount above their net fair value, the Council has not caused those assets to be written down as it is intended to retain those assets, to maturity.

WYONG SHIRE COUNCIL WATER SUPPLY AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2007

Note 9

JOINT VENTURE OPERATION

The Council of Wyong Water Supply Authority is a joint venturer in the provision of water supply headworks servicing both Wyong and Gosford Council areas. The Councils jointly construct, operate and maintain headworks infrastructure which typically includes weirs, dams, treatment plants and bulk water distribution. The Council of Wyong Water Supply Authority had a 49.35% interest in the output of the joint venture for the period ending 30 June, 2007.

The Council's share of assets of the joint venture are included in the Statement of Financial Position under the following classifications:

	Actual 2007 \$'000	Actual 2006 \$'000
CURRENT ASSETS		
Receivables		
Investments		
Inventories		
NON-CURRENT ASSETS		
Receivables		
Investments		
Infrastructure, Property, Plant & Equipment	<u>199,997</u>	<u>-- 99,678</u>
	<u>199,997</u>	<u>99,678</u>
Share of Assets Employed in Joint Venture	<u>199,997</u>	<u>99,678</u>

WYONG SHIRE COUNCIL WATER SUPPLY AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

Note 10
CONTINGENCIES

The following assets and liabilities do not qualify for recognition in the Balance Sheet but knowledge of those items is considered relevant to the users of the financial report in making and evaluating decisions about the allocation of scarce resources :

Contingent Liabilities

Administrative Restructure of Water and Sewerage functions

Council is a statutory authority for water and sewerage functions under the *Water Management Act, 2000*. By the *Central Coast Water Corporation Act, 2006* a new body for water management in the Central Coast may be created with the consent of both Wyong and Gosford councils.

The legislation allows for transfers of water and sewerage personnel, assets, and liabilities from the existing structure to the new, but there exists the possibility that some water and sewerage related financial or legal liabilities may remain on the books of Wyong Council after the transfer of functions. There is no reliable estimate available at time of writing as to the financial impact on Council of this possible restructure.

Contingent Assets

State of Emergency – Flood Damage to Business Activity Assets

About \$100,000 was expended in June 2007 on flood restoration works to Drainage, Water, and Sewerage assets. This amount has not been accrued as income receivable, and may not be claimable under the State of Emergency, because of the argument that these are "business" assets and that therefore the government grants for flood recovery do not apply.

An additional \$500,000 may be spent on remedial works in 2007/2008, and similarly, this amount may not be claimable.

WYONG SHIRE COUNCIL WATER SUPPLY AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

**Note 11
COMMITMENTS**

	Actual 2007 \$'000	Actual 2006 \$'000
CAPITAL EXPENDITURE COMMITMENTS		
Property, Plant and Equipment		
not longer than one year	3,714	20,003
longer than one year but not longer than five year		
longer than five years		
	<u>3,714</u>	<u>20,003</u>
OTHER EXPENDITURE COMMITMENTS		
Maintenance		
not longer than one year	502	253
longer than one year but not longer than five year		
longer than five years		
	<u>502</u>	<u>253</u>
Other Services		
not longer than one year	355	294
longer than one year but not longer than five year		
longer than five years		
	<u>355</u>	<u>294</u>