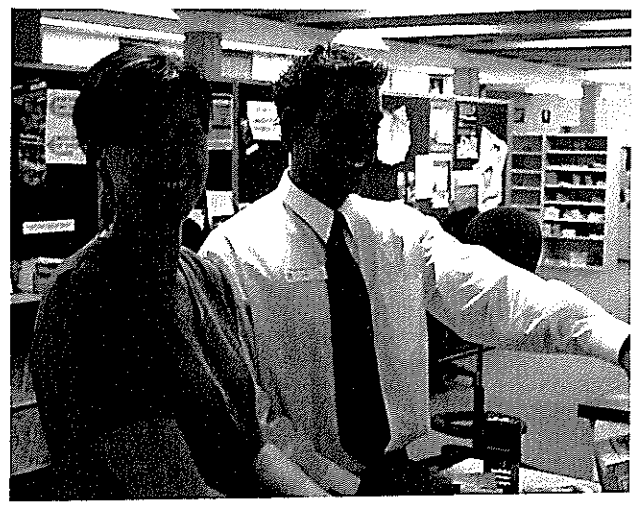


23/10/07

financial reports

2006 - 2007



2006 - 2007



WYONG SHIRE COUNCIL *building a better tomorrow!*



WYONG SHIRE COUNCIL

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

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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

INCOME STATEMENT for the year ended 30th June 2007

Budget 2007 \$'000		Notes	Actual 2007 \$'000	Actual 2006 \$'000
	INCOME			
	<i>Revenue:</i>			
93,736	Rates & Annual Charges	3a	92,988	85,811
40,368	User Charges & Fees	3b	41,826	37,992
6,892	Investment Revenues	3c	7,852	7,191
	Other Revenues	3d	3,829	3,176
24,666	Grants & Contributions - Operating	3e,f	19,713	17,076
18,291	Grants & Contributions - Capital	3e,f	40,963	21,177
	<i>Other Income:</i>			
-	Profit from Disposal of Assets	5	-	202
<u>183,953</u>	Revenues from Ordinary Activities before Capital Amounts		<u>207,171</u>	<u>172,625</u>
	EXPENSES			
60,614	Employee Costs	4a	62,101	57,211
44,792	Materials & Contracts	4c	57,232	38,951
6,164	Borrowing Costs	4b	6,054	4,593
33,304	Depreciation & Amortisation	4d	34,075	35,333
19,538	Other Expenses	4e	20,557	18,969
	Loss from Disposal of Assets	5	14	
<u>164,412</u>	Total Expenses from Ordinary Activities		<u>180,033</u>	<u>155,057</u>
19,541	OPERATING RESULT FROM CONTINUING OPERATIONS		27,138	17,568
-	Operating result from discontinued operations		-	-
-	Gain (loss) on restructure		-	-
<u>19,541</u>	NET OPERATING RESULT FOR YEAR		<u>27,138</u>	<u>17,568</u>
	Attributable to:			
<u>19,541</u>	WYONG SHIRE COUNCIL		<u>27,138</u>	<u>\$ 17,568</u>
<u>19,541</u>			<u>\$ 27,138</u>	<u>\$ 17,568</u>
<u>1,250</u>	Net operating result before capital grants and contributions		<u>\$ (13,825)</u>	<u>\$ (3,609)</u>

This Statement is to be read in conjunction with the attached Notes.

WYONG SHIRE COUNCIL

BALANCE SHEET as at 30th June 2007

	Notes	Actual 2007 \$'000	Actual 2006 \$'000
CURRENT ASSETS			
Cash & cash equivalents	6	1,028	1,633
Investments	6	108,878	116,562
Receivables	7	28,504	18,880
Inventories - realisable < 12 months	8	2,260	2,018
Inventories - realisable > 12 months	8	-	-
Other	8	1,021	349
Non-current assets held for sale	23	-	-
TOTAL CURRENT ASSETS		<u>141,691</u>	<u>139,442</u>
NON-CURRENT ASSETS			
Investments	6	-	-
Receivables	7	1,126	1,114
Inventories	8	-	-
Infrastructure, Property, Plant & Equipment	9	1,497,329	1,071,598
Investments accounted for using the equity method	19	-	-
Investment Property	14	-	-
Intangible Assets	23	6,120	7,021
Other	8	-	-
TOTAL NON-CURRENT ASSETS		<u>1,504,575</u>	<u>1,079,733</u>
TOTAL ASSETS		<u>1,646,266</u>	<u>1,219,175</u>
CURRENT LIABILITIES			
Payables	10	26,025	19,399
Borrowings	10	8,713	11,023
Provisions - payable < 12 months	10	14,288	16,314
Provisions - payable > 12 months	10	15,748	15,259
TOTAL CURRENT LIABILITIES		<u>64,774</u>	<u>61,995</u>
NON-CURRENT LIABILITIES			
Payables	10	42	-
Borrowings	10	85,728	61,366
Provisions	10	16,303	13,033
TOTAL NON CURRENT LIABILITIES		<u>102,073</u>	<u>74,399</u>
TOTAL LIABILITIES		<u>166,847</u>	<u>136,394</u>
NET ASSETS		<u>\$ 1,479,419</u>	<u>1,082,781</u>
EQUITY			
Accumulated Surplus	20	1,221,189	1,082,781
Asset Revaluation Reserve	20	258,230	-
Other Reserves	20	-	-
Council Equity Interest		<u>1,479,419</u>	<u>1,082,781</u>
Minority Equity Interest	19	-	-
TOTAL EQUITY		<u>\$ 1,479,419</u>	<u>1,082,781</u>

This Statement is to be read in conjunction with the attached Notes

WYONG SHIRE COUNCIL

CASH FLOW STATEMENT for the year ended 30th June 2007

Budget 2007 \$'000		Actual 2007 \$'000	Actual 2006 \$'000
	CASH FLOWS FROM OPERATING ACTIVITIES	<u>Notes</u>	
	<u>Receipts</u>		
93,536	Rates & Annual Charges	92,647	85,238
40,268	User Charges & Fees	36,156	36,688
6,892	Investments Income	7,875	7,092
48,049	Grants & Contributions	33,321	33,114
9,892	Other operating receipts	20,964	9,249
	<u>Payments</u>		
(59,614)	Employee Costs	(59,967)	(56,557)
(44,592)	Materials & Contracts	(54,544)	(44,630)
(6,373)	Borrowing Costs	(4,452)	(2,508)
(26,438)	Other operating payments	(34,066)	(21,755)
61,620	Net Cash provided by (or used in) Operating Activities	11 37,934	45,931
	CASH FLOWS FROM INVESTING ACTIVITIES		
	<u>Receipts</u>		
2,379	Proceeds from sale of Infrastructure, Property, Plant & Equipment	2,735	1,968
4,300	Proceeds from sale of Investment Property	-	1,500
	Proceeds from sale of Investment Securities	279,056	197,199
	Repayments from Deferred Debtors	-	-
	Contributions to joint ventures by minority interests	19 -	-
	Distribution received from associated entities	19 -	-
	<u>Payments</u>		
(112,710)	Purchase of Infrastructure, Property, Plant & Equipment	(71,010)	(59,294)
	Purchase of Investment Property	-	-
	Purchase of Real Estate	-	-
	Purchase of Investment Securities	(271,372)	(202,898)
	Loans to Deferred Debtors	-	-
	Distributions from joint ventures to minority interests	19 -	-
	Capital contributed to associated entities	19 -	-
(106,031)	Net Cash provided by (or used in) Investing Activities	(60,591)	(61,525)
	CASH FLOWS FROM FINANCING ACTIVITIES		
	<u>Receipts</u>		
33,100	Proceeds from Borrowings & Advances	33,075	28,390
	Proceeds from Retirement Home Contributions	-	-
	<u>Payments</u>		
(11,023)	Repayments of Borrowings & Advances	(11,023)	(12,203)
	Repayment of Finance Lease Liabilities	-	-
	Repayment of Retirement Home Contributions	-	-
22,077	Net Cash provided by (or used in) Financing Activities	22,052	16,187
(22,334)	Net Increase (Decrease) in cash held	(605)	593
1,633	Cash Assets at beginning of reporting period	11 1,633	1,040
	Adjustment to opening Cash Assets on adoption of AASB 132 & AASB 139	-	-
	Adjustment to opening Cash due to adoption of revised Accounting Standards	1 -	-
	Adjustment to Cash arising from Council restructure	27 -	-
(20,701)	Cash Assets at end of reporting period	11 1,028	1,633

This Statement is to be read in conjunction with the attached Notes

WYONG SHIRE COUNCIL

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

Note 1 - SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Preparation

1.1 Compliance with Australian equivalents to International Financial Reporting Standards

This general purpose financial report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS) as they apply to not-for-profit entities, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations, the NSW Local Government Act 1993 and regulations thereunder and the Local Government Code of Accounting Practice and Financial Reporting.

1.2 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. Except to the extent that these special provisions require, these financial statements comply with International Financial Reporting Standards.

1.3 Historical Cost Convention

The financial report has been prepared on the accrual basis of accounting and, except where specifically indicated in these Notes, in accordance with the historical cost convention.

1.4 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 Council's accounting policies. The areas involving a higher degree of judgement or complexity, or cases where assumptions and estimates are significant to the financial statements are specifically referred to in the relevant sections of this Note. Nothing contained within this report may be taken to be an admission of any liability to any person under any circumstance.

2. The Local Government Reporting Entity

Wyong Shire Council is incorporated under the NSW Local Government Act 1993 (as amended) and has its principal place of business at 16 Hely Street, Wyong. These financial statements include the consolidated fund and other entities through which the Council controls resources to carry on its functions. In the process of reporting on the Council as a single unit, all transactions and balances between activity areas and controlled entities have been eliminated.

The following entities are included as part of the Consolidated Fund:

- General Purpose Operations
- Wyong Shire Council Water Supply Authority (Water, Sewerage and Drainage)
- Committees established under section 355 of the Local Government Act

Other joint ventures and associated entities (in which Council is involved) are included to the extent set out in paragraph 11 below.

Council continues to account for Rural Fire Service assets in its books, under section 119 of the Rural Fire Services Act 1997.

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

Note 1 - Significant Accounting Policies (cont)

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

Trust monies and property held by Council but subject to the control of other persons have been excluded from these reports. A separate statement of moneys held in the Trust Fund is available for inspection at the Council Office by any person free of charge.

3. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised when the Council obtains control over the assets comprising the revenue, or when the amount becomes an enforceable debt, whichever first occurs.

Where grants, contributions and donations 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 amounts subject to those undischarged conditions are disclosed in these notes as restricted assets. Also disclosed is the amount of grants, contributions and receivables recognised as revenues in a previous reporting period which were obtained in respect of the Council's operations for the current reporting period.

4. Cash Assets and other Financial Instruments

Cash Assets include all amounts readily convertible to cash on hand at Council's option with an insignificant risk of changes in value with a maturity of three months or less from the date of acquisition.

Receivables for rates and annual charges are secured over the subject land, and bear interest at rates determined in accordance with the Local Government Act 1993 (as amended) and the Regulations and Determinations made thereunder. Other receivables are generally unsecured and do not bear interest. Loans made to sporting and community groups at concessional interest rates are recognised at their nominal amounts; interest revenues foregone by the Council effectively being a reduction of interest revenue in the period to which it relates.

All receivables are reviewed as at the reporting date and adequate provision made for amounts the receipt of which is considered doubtful.

All financial instruments are recognised at fair value at the date of recognition. Financial instruments classified as *loans and receivables* and *held-to-maturity* are subsequently measured at amortised cost using the effective interest method. Other financial instruments classified as *fair value through profit and loss* and *available-for-sale*, are subsequently measured at fair value where an active market exists, or at cost. Details of classifications of financial instruments are given in Note 15.

5. Inventories

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.

5.1 Real Estate Assets Developments

Real Estate Assets developments have been classified as Inventory in accordance with AASB 102 and are valued at the lower of cost or net realisable value. Cost includes the costs of acquisition, development, borrowing and other costs incurred on financing of that acquisition and up to the time of sale. Any amount by which cost exceeds the net realisable value has been recognised as an expense.

Revenues arising from the sale of property are recognised in the operating statement when settlement is completed.

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

Note 1 - Significant Accounting Policies (cont)

5.2 Other Real Estate held for resale

Properties not acquired for development, but which Council has decided to sell as surplus to requirements, are carried at the carrying value at the time of that decision.

Certain properties, auctioned for non-payment of rates in accordance with Chapter 17 of the Local Government Act but which failed to meet the reserve set by Council and are available for sale by private treaty, are recorded at the lower of the unpaid rates and charges at the time of auction or the reserve set by Council. Holding costs in relation to these properties are recognised as an expense when incurred.

6. Infrastructure, Property, Plant & Equipment

6.1 Transitional Provisions

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

6.2 Recognition

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".

Crown reserves, and improvements thereon, 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.

Council has title to, and is the registered owner of, (number) rural fire appliances and associated rural fire fighting equipment. These assets are under the control of the Rural Fire Services to enable that Department to provide the bushfire protection defences set out in their Service Level Agreement with Council, and accordingly have not been recognised in these reports. In accordance with normal Rural Fire Service funding arrangements, Council continues to contribute to the costs of maintenance of this equipment.

6.3 Materiality

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds materiality thresholds established by Council for each type of asset. In determining (and in annually reviewing) such thresholds, regard is had to the nature of the asset and its estimated service life.

6.4 Valuation

Detail of the valuation methods adopted for water and sewerage infrastructure assets are provided at 6.5 below.

Other assets are carried at historical cost less accumulated depreciation.

6.5 Depreciation of Non-Current Assets

Other than land, all assets recognised are systematically depreciated over their useful lives in a manner which reflects the consumption of the service potential embodied in those assets.

Depreciation is recognised on a straight-line basis. Depreciation periods for infrastructure assets have been estimated based on the best information available to Council, but appropriate records covering the entire life cycle of these assets are not available, and extreme care should be used in interpreting financial information based on these estimates.

Major depreciation periods were:

Buildings	20 to 100 years
Vehicles	6 to 10 years
Heavy Plant	6 to 10 years
Office Equipment	5 to 10 years
Dams	100 years
Water Mains	50 to 80 years
Water Treatment Plants - Civil	50 - 100 years
Water Treatment Plants - Mechanical , Electrical	20 to 40 years
Sewerage Treatment Plants - Civil	50 - 100 years

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

Note 1 - Significant Accounting Policies (cont)

Sewerage Treatment Plants - Mechanical , Electrical	20 to 40 years
Sewerage Pipelines and Mains	50 to 80 years
Drainage assets	100 years
Concrete Bridges	80 years
Road Surface	
* Asphalt surface	25 years
* Spray Seal surface	10 years
* Slurry Seal surface	10 years
* Open Graded AC	15 to 20 years
* Concrete surface	25 years
* Gravel	5 years
* Earth	2 years
* Other	25 years
Road Structure	
* Arterial Road (Regional Road)	20 to 30 years
* Distributor Road	25 years
* Collector Road	25 years
* Local Access Road	25 years
* Minor Road	80 years

Council has revalued its water and sewerage infrastructure assets to fair values as at 30 June 2007.

These assets do not have a market value that can be easily calculated and therefore the revaluation applied the Modern Engineering Equivalent Replacement Asset (MEERA) approach.

The gross increase asset value was added to the carrying value of Infrastructure, Property, Plant and Equipment in the Balance Sheet and an equivalent amount was added to the Asset Revaluation Reserve.

Accumulated depreciation was adjusted in proportion to the increase in gross asset values and this increase was reflected by an offsetting entry in the Asset Revaluation Reserve.

During the revaluation process, council re-examined the estimated useful lives and the estimated rates of asset consumption in line with the MEERA approach and this resulted in a reduction of \$113m in accumulated depreciation. This reduction was reflected in an equivalent adjustment to retained earnings as at 30 June 2007. A correction to the carrying value of Joint Water scheme assets was made prior to the revaluation due to an incorrect categorisation of some assets as wholly council owned and this resulted to an adjustment to retained earnings of \$2.1m

The following asset classes will be revalued in accordance with a time-table mandated by the Department of Local Government: Property, Plant, Equipment, Land, Buildings, Other – 2007/2008; and Roads, Bridges, Footpaths and Drainage – 2008/2009.

6.6 Impairment

Assets that have an indefinite useful life are not subject to depreciation and are reviewed annually for impairment. Assets that are subject to depreciation 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 (which is the higher of the *present value of future cash inflows* or *value in use*).

For assets whose future economic benefits are not dependent on the ability to generate cash flows, and where the future economic benefits would be replaced if Council were deprived thereof, the *value in use* is the depreciated replacement cost. In assessing impairment for these assets, a rebuttable presumption is made that the current replacement cost exceeds the original cost of acquisition.

6.7 Borrowing Costs

Borrowing costs in relation to qualifying assets (net of offsetting investment revenue) have been capitalised in accordance with AASB 1023 *Borrowing Costs*. The amounts of borrowing costs recognised as an expense or as part of the carrying amount of qualifying assets are disclosed in Note 4, and the amount (if any) of interest revenue offset against borrowing costs in Note 3.

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

Note 1 - Significant Accounting Policies (cont)

7. Payables

7.1 Goods & Services

Creditors are amounts due to external parties for the supply of goods and services and are recognised as liabilities when the goods and services are received. Creditors are normally paid 30 days after the month of invoice. No interest is payable on these amounts, unless agreed to by both parties.

7.2 Payments Received in Advance & Deposits

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

8 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".

9. Employee Benefits

9.1 Salaries, Wages & Compensated Absences

Liabilities for employees' entitlements to salaries, wages and compensated absences expected to be paid or settled within 12 months of reporting date are accrued at nominal amounts (including payroll based oncosts) 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 (including payroll based oncosts) to be made in respect of services provided by employees up to the reporting date. Present values are calculated using yields on Commonwealth government bonds with similar maturity terms.

9.2 Superannuation

The Council 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 2006/07; 9% in 2005/06). 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 rate is currently 0.95 times members' contributions (0.95 times members' contributions in 2005/2006). Employees also make member contributions to the Fund. As such, assets accumulate in the Fund to meet the member's benefits, as defined in the Trust Deed, as they accrue.

The Fund's Defined Benefit Plan is a multi-employer sponsored plan. As the Fund's assets and liabilities are pooled and are not allocated by employer, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided by AASB 119.32(b), Council does not use defined benefit accounting for these contributions.

10. Construction Contracts

Construction works undertaken by Council for third parties (principally the Roads & Traffic Authority for works on national and state highways) are generally on an agency basis where the third party reimburses Council for actual costs incurred, and usually do not extend beyond the reporting period. As there is no profit component, such works are treated as 100% completed. Reimbursements not received are recognised as receivables and reimbursements received in advance are recognised as "payments received in advance".

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

Note 1 - Significant Accounting Policies (cont)

11. Joint Ventures and Associated Entities

The Council of Wyong Water Supply Authority is a joint venturer in the provision of water supply headworks servicing both Gosford and Wyong council areas. Details of Council's share in the joint venture are set out in note 24.

12. Provision for Tip Remediation

Tip remediation includes costs of closing down waste disposal sites, restoring the land, and completion of environmental clean up tasks. Council has an eight year forward plan for restoring waste disposal sites and the tip remediation provision disclosed in Note 22 represents the net present value of the planned expenditure.

The difference between the full cost of the planned projects and the net present value is called the "discount" and a proportion of this discount is written out of the books – as a notional expense - each year. This is disclosed in note 4 under the heading "Unwinding Present Value Discounts and Premiums."

13. Leases

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

In respect of finance leases, where Council substantially carries all of the risks incident to ownership, the leased items are initially recognised as assets and liabilities equal in amount to the present value of the minimum lease payments. The assets are disclosed as assets under lease, and are amortised to expense over the period during which the Council is expected to benefit from the use of the leased assets. Lease payments are allocated between interest expense and reduction of the lease liability, according to the interest rate implicit in the lease.

In respect of operating leases, where the lessor substantially retains all of the risks and benefits incident to ownership of the leased items, lease payments are charged to expense over the lease term.

14. 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.

15. Budget Information

The Statement of Financial Performance, Statement of Cash Flows and Note 2 provide budget information of revenues and expenditures by type and for each of the major activities of the Council. Budget figures presented are those approved by Council at the beginning of the financial year and do not include Council approved variations throughout the year. Short explanations of the most significant variations are given in Note 16, and further information of the nature and amount of all variations is available from the Council office upon request.

16. Rounding

In accordance with the Code of Accounting Practice all amounts shown in the Financial Statements are in Australian currency and have been rounded to the nearest thousand dollars.

17. 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.

WYONG SHIRE COUNCIL

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

Note 2 - FUNCTIONS

	REVENUES, EXPENSES AND ASSETS HAVE BEEN DIRECTLY ATTRIBUTED TO THE FOLLOWING FUNCTIONS & ACTIVITIES												
	Income from continuing operations			Expenses from continuing operations			Operating result from continuing operations			GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)	
	ORIGINAL BUDGET	ACTUAL	ACTUAL	ORIGINAL BUDGET	ACTUAL	ACTUAL	ORIGINAL BUDGET	ACTUAL	ACTUAL	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
GOVERNANCE													
SOCIETY	17,558	17,697	15,428	35,461	34,261	6,419	(17,903)	(7,260)	(6,419)		2,070	194,280	169,400
ECONOMIC	837	1,330	852	3,405	3,530	3,530	(2,568)	(2,533)	(18,833)		1,945	1,975	2,020
COMMUNITY SERVICES & ENVIRONMENT	4,547	3,043	590	10,138	3,892	3,368	(5,591)	(849)	(2,773)		1,186	18	11
HOUSING & COMMUNITY													
INFRASTRUCTURE	95,580	113,154	86,167	102,893	119,127	93,409	(7,313)	(5,973)	(7,242)		11,959	1,353,896	968,713
ORGANISATION	4,392	9,443	7,868	12,515	11,025	14,075	(8,123)	(1,582)	(6,207)		1,956	96,097	79,031
TOTALS - FUNCTIONS	122,914	144,667	110,905	164,412	180,034	155,057	(41,498)	(35,367)	(44,152)		17,171	1,646,266	1,219,175
GENERAL PURPOSE	61,039	62,504	61,720	61,039	62,504	61,720	61,039	62,504	61,720		8,613	8,523	
TOTALS	183,953	207,171	172,625	164,412	180,034	155,057	19,541	27,137	17,568		25,784	1,646,266	1,219,175

WYONG SHIRE COUNCIL

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

Note 2(b) - COMPONENTS OF FUNCTIONS

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

Governance

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

Society

Costs relating to Community Support, Community Development, Education, Health, Housing, Community Safety, Public Transport, Leisure, Recreation, Open Space, Urban Quality, Noise and Heritage aimed at enhancing the quality of life of the Shire's residents.

Economy

Costs relating to Employment, Labour Force and Wage Structure, an economy offering residents employment opportunities and career paths, as well as the marketing and promotion of Council's Town Centres.

Environment

Costs relating to Land, Water, Biodiversity, Air and Climate to protect and enhance the Shire's natural qualities and move towards true ecological sustainability.

Infrastructure

Costs relating to Roads, Drainage, Water Supply, Sewerage and Waste Management, to support the Shire's social, economic and environmental objectives.

Organisation

Costs relating to Workforce, Finance, Internal Audit, Equipment and Support Systems and Tourist Parks, working to improve the efficiency and effectiveness of the Council organisation.

WYONG SHIRE COUNCIL

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

Note 3 - REVENUES

(a) RATES & ANNUAL CHARGES	2007 \$'000	2006 \$'000
<u>Ordinary Rates</u>		
Residential	40,556	38,744
Farmland	278	317
Mining	191	184
Business	6,752	6,394
	<u>47,777</u>	<u>45,639</u>
<u>Special Rates</u>		
Town Improvement	869	815
Stormwater levy	1,694	-
Parking		
Mainstreet		
Tourism		
Other		
	<u>2,563</u>	<u>815</u>
<u>Annual Charges</u>		
Domestic Waste Management	14,243	13,112
Water Supply	6,162	5,326
Sewerage Services	21,472	20,190
Drainage		
Other Waste Management	771	729
Other		
	<u>42,648</u>	<u>39,357</u>
Total Rates & Annual Charges	<u>92,988</u>	<u>85,811</u>
(b) USER CHARGES & FEES		
<u>User Charges</u>		
Domestic Waste Management		
Water Supply	11,970	11,432
Sewerage Services	1,033	961
Drainage Services		
Other Waste Management		
Other		
	<u>13,003</u>	<u>12,393</u>
<u>Fees</u>		
RTA Claims - State Roads	5,524	3,072
Rent & Hire of Non-Investment Property	779	650
Sec 611 Charges	31	30
Building Inspections	358	405
Child Care*	2,993	3,020
Development Applicatons	1,226	1,610
Engineering Design	908	491
Regulatory/Statutory Certificates	1,053	1,026
Regulatory/Statutory Other	76	113
Section 355 Committees	493	490
Sullage and Septic Tank	70	77
Tipping Fees	7,101	6,843
Holiday Parks	6,324	5,918
Other	1,887	1,854
	<u>28,823</u>	<u>25,599</u>
Total User Charges & Fees	<u>41,826</u>	<u>37,992</u>

*2006/07 includes Child Care Benefits per Tax Office ruling

WYONG SHIRE COUNCIL

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

Note 3 - REVENUES (cont)

	2007 \$'000	2006 \$'000
(c) INVESTMENT REVENUES		
Interest on overdue rates & charges	568	550
Interest on cash assets & investments		
externally restricted	5,574	4,774
internally restricted	1,647	1,809
unrestricted	56	50
Premiums recognised on financial instruments		
Amortisation of discounts and premiums	7	8
Gross Investment Revenues	7,852	7,191
Less: Interest deducted from		
capitalised borrowing costs		
Total Investment Revenues	7,852	7,191
(d) OTHER REVENUES		
Fines	595	543
Insurance Claims	281	309
Legal Fees Recovery (Rates)	441	321
Legal Fees Recovery (Other)	51	52
Sales - General	13	120
Sales - Scrap Metal	448	597
Building Long Service Levy Commission	17	19
Diesel Fuel Rebate	119	115
Rangers - Security Patrols	165	159
Sewerage Connections	523	194
Water Connectons	362	440
Ex gratia payments in lieu of Rates		
Reversal of Revaluation Decrements	-	-
Adjust interest in associated entities	-	-
Other	814	307
Total Other Revenues	3,829	3,176

Note 19

WYONG SHIRE COUNCIL

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

Note 3 - REVENUES (cont)

	Notes	OPERATING		CAPITAL	
		2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
(e) GRANTS					
General Purpose (Untied)					
Financial Assistance		7,283	7,167		
Pensioner Rates Subsidies (General)		1,330	1,355		
Specific Purpose					
Pensioner Rates Subsidies					
Water Supplies		595	614		
Sewerage Services		699	658		
Domestic Waste Management		573	569		
Water Supplies *				2,517	55
Sewerage Services				(40)	41
Community Centres		41	88		
Roads & Bridges		1,602	1,545	5,666	2,467
Fire Protection		452	345		34
Health Services		25	26		
Child Care		325	308		3
Youth Services		243	170		
Ages & Disabled		29	27		
Environmental Protection		28	51		
Storm Damage		1,808			
Libraries		356	353		27
Transport		203	198		
Other		1,755	730	294	64
Total Grants & Subsidies		17,347	14,204	8,437	2,691
<i>Comprising:</i>					
- Commonwealth funding		7,349	8,824	7,872	1,807
- State funding		9,997	6,939	565	884
- Other funding		1	10		
		17,347	14,204	8,437	2,691
* 2006 -2007 includes \$2.5m federal contribution to Hunter Connection project					
(f) CONTRIBUTIONS & DONATIONS					
Developer Contributions					
Section 94	17			13,567	6,675
Section 94A levies	17				
Planning agreements	17				
RTA Contributions					
Section 64					
Water	17	14	95	1,714	1,483
Sewer	17			1,422	1,102
Stormwater	17				
Subdivider dedications	11				
RTA Contributions		715	804		
Paving				26	51
Kerb & Gutter				119	142
Contributed Assets				13,545	8,084
Vehicle Contributions By Employees		810	1,005		
Other Authorities Joint Works*				1,535	
Other		827	968	598	949
Total Contributions & Donations		2,366	2,872	32,526	18,486
TOTAL GRANTS & CONTRIBUTIONS		19,713	17,076	40,963	21,177
* 2006 -2007 includes \$1.5m Hunter Water contribution to Hunter Connection project					

WYONG SHIRE COUNCIL

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

Note 3 - REVENUES (cont)

(g) CONDITIONS OVER GRANTS & CONTRIBUTIONS

Grants and contributions which were obtained on the condition that they be expended for specified purposes or in a future period, but which are not yet expended in accordance with those conditions, are as follows:

	2007 \$'000		2006 \$'000	
	<u>Grants</u>	<u>Contrib</u>	<u>Grants</u>	<u>Contrib</u>
Unexpended at the close of the previous reporting period	2,184	53,962	1,307	68,244
Less: expended during the current period from revenues recognised in previous reporting periods				
Section 94/64 Developer Contributions		9,144		27,327
Roads Infrastructure			166	
Heritage & Cultural Services				
Community Care Services				
Other	1,442		650	
Subtotal	<u>1,442</u>	<u>9,144</u>	<u>816</u>	<u>27,327</u>
Plus: amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions				
Section 94/64 Developer Contributions		6,971		13,045
Roads Infrastructure	342		13	
Heritage & Cultural Services				
Community Care Services				
Other	5,061		1,680	
Subtotal	<u>5,403</u>	<u>6,971</u>	<u>1,693</u>	<u>13,045</u>
Unexpended at the close of this reporting period and held as restricted assets	<u>6,145</u>	<u>51,789</u>	<u>2,184</u>	<u>53,962</u>
Net increase (decrease) in restricted assets in the current reporting period	<u>3,961</u>	<u>-2,173</u>	<u>877</u>	<u>-14,282</u>

OPERATING LEASES providing revenue to the Council

Council owns various buildings, plant and other facilities that are available for hire or lease (on a non-cancellable basis wherever practicable) in accordance with the published revenue policy. Rentals received from such leases are disclosed as rent and hire of non-investment property above.

Investment Property

Rentals received, and outgoings reimbursed, in relation to Investment Property are also included above. These lease agreements, all of which are classified as operating leases, are made on a non-cancellable basis wherever practicable.

Lessees commitments under all non-cancellable lease agreements, including those relating to Investment property, are as follows:

	2007 \$'000	2006 \$'000
Not later than one year	-	-
Later than one year and not later than 5 years	-	-
Later than 5 years	-	-

WYONG SHIRE COUNCIL

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

Note 4 - EXPENSES

	2007 \$'000	2006 \$'000
(a) EMPLOYEE COSTS		
Salaries and Wages	48,471	44,462
Travelling	5	5
Employee Leave Entitlements	10,420	9,558
Superannuation	3,902	3,661
Superannuation - defined benefit plan contributions		
Workers' Compensation Insurance	1,538	1,488
Fringe Benefits Tax	187	520
Payroll Tax	1,095	973
Training Costs (excluding Salaries)	549	498
Other	647	618
Less: Capitalised and distributed costs	<u>(4,713)</u>	<u>(4,572)</u>
Total Operating Employee Costs	<u>62,101</u>	<u>57,211</u>
Total Number of Employees	865	933
(Full time equivalent at end of reporting period)		
(b) BORROWING COSTS		
Interest on Overdraft	2	2
Interest on Loans	4,951	3,558
Interest on Advances	-	-
Charges on Finance Leases	-	-
Interest on other debts	6	-
Discounts on financial instruments transactions		
Unwinding of present value discounts & premiums	<u>1,095</u>	<u>1,033</u>
Gross Interest Charges	<u>6,054</u>	<u>4,593</u>
Less: Borrowing Costs capitalised		
Total Interest Charges	<u>6,054</u>	<u>4,593</u>
(c) MATERIALS & CONTRACTS		
Raw materials & consumables *	18,577	13,231
Contractor and consultancy costs**	36,210	23,094
Auditor's Remuneration		
- Audit Services	158	154
- Other Services	4	4
- Other Auditors		
Legal Expenses		
- Planning & Development	945	1,022
- Other Legal Expenses	408	564
Operating Leases		
- Rentals	930	882
- Computers		
- Motor vehicles		
- Other		
Other - Corporate Overheads Reallocated To Capital		
Total Materials & Contracts	<u>57,232</u>	<u>38,951</u>

* 2006 -2007 includes \$3.1 m contribution to Hunter Water for pipeline and pump station upgrades

** 2006 -2007 includes \$2.8 m contribution to Hunter Water for pump station works on Hunter Connection project

WYONG SHIRE COUNCIL

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

Note 4 - EXPENSES

	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
(d) DEPRECIATION, AMORTISATION & IMPAIRMENT				
Plant and Equipment	-		3,183	4,417
Office Equipment	-		381	327
Furniture & Fittings	-		211	228
Leased Property, Plant & Equipment	-		-	
Land	-		-	
Land Improvements	-		1,039	650
Buildings	-		2,648	2,890
Other Structures	-		608	578
Infrastructure				
- roads, bridges & footpaths	-		8,638	8,645
- stormwater drainage	-		1,659	1,559
- water supply network not elsewhere included	-		5,469	5,443
- sewerage network not elsewhere included	-		6,828	7,264
Other assets				
- heritage collections	-		-	
- library books	-		374	383
- other	-		936	919
Future Reinstatement Costs				
- Tips	-		2,101	2,030
- Quarries	-		-	
- Other remediation assets	-		-	
Less: Capitalised and distributed costs	-	-	-	-
Total Depreciation, Amortisation & Impairment	-	-	34,075	35,333
		2007 \$'000		2006 \$'000
(e) OTHER EXPENSES				
Revaluation Decrements expensed		-		-
Bad and Doubtful Debts		17		115
Bank Charges & Fees		592		590
Commissions		1,341		840
Mayoral fee		47		45
Members' Expenses		31		26
Councillors' Fees & Allowances		178		172
Donations & Contributions to Local & Regional Bodies				
- Waste Minimisation Levy		3,127		2,556
- Dept Of Infrastructure, Planning & Natural Resources		143		128
- NSW Fire Brigade		722		693
- NSW Rural Fire Service		265		275
- The Entrance Town Centre		1,315		1,284
- Toukley Town Centre		129		128
- Wyong Town Centre		47		50
- Regional Development Corp.		490		408
- Contributions & Donations Other		1,522		626
Gas Charges		527		502
Insurances		1,711		1,696
Joint Water Supply Equalisation Payments		209		1,808
Licences		337		293
Light, Power & Heating		2,420		2,434
Planning NSW DA Fees		152		252
Postage				
Street Lighting		1,514		1,489
Subscriptions & Publications		94		116
Telephone & Communications		1,091		1,223
Valuer General Fees		225		204
Vehicle Registrations		216		198
Water Tank Rebate Scheme		1,451		177
Payments to other levels of Government				
Provision for Insurance Losses (Note 18)		-		-
Subscriptions & Publications				
Adjust interest in associated entities (Note 19)		-		-
Other		644		641
Total Other Expenses		20,557		18,969

INDIVIDUALLY SIGNIFICANT ITEM

Provide an explanation of the nature of any item disclosed as significant in either year.

WYONG SHIRE COUNCIL

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

Note 5 - GAIN OR LOSS ON DISPOSAL OF ASSETS

	2007 \$'000	2006 \$'000
DISPOSAL OF PROPERTY		
Proceeds from disposal	410	
Less: Carrying amount of assets sold	<u>120</u>	<u>821</u>
Gain (Loss) on disposal	<u>290</u>	<u>(821)</u>
DISPOSAL OF INFRASTRUCTURE, PLANT & EQUIPMENT		
Proceeds from disposal	2,325	2,013
Less: Carrying amount of assets sold	<u>2,629</u>	<u>2,490</u>
Gain (Loss) on disposal	<u>(304)</u>	<u>(477)</u>
DISPOSAL OF REAL ESTATE DEVELOPMENT ASSETS		
Proceeds from disposal		1,500
Less: Carrying amount of assets sold	<u>-</u>	<u>1,500</u>
Gain (Loss) on disposal	<u>-</u>	<u>1,500</u>
DISPOSAL OF INVESTMENT PROPERTY		
Proceeds from disposal		
Less: Carrying amount of assets sold	<u>-</u>	<u>-</u>
Gain (Loss) on disposal	<u>-</u>	<u>-</u>
DISPOSAL OF FINANCIAL INSTRUMENTS		
Proceeds from disposal	279,056	197,199
Less: Carrying amount of assets sold	<u>279,056</u>	<u>197,199</u>
Less: Revaluation increments previously transferred to Asset Revaluation Reserve	<u>-</u>	<u>-</u>
Gain (Loss) on disposal	<u>-</u>	<u>-</u>
TOTAL GAIN (LOSS) ON DISPOSAL OF ASSETS	<u>(14)</u>	<u>202</u>

WYONG SHIRE COUNCIL

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

Note 6 - CASH ASSETS & INVESTMENT SECURITIES

	2007		2006	
	Current	Non-Current	Current	Non-Current
CASH ASSETS				
Cash on Hand and at Bank	1,028		1,633	
Deposits at Call				
Short Term Deposits & Bills, etc				
Other				
Total Cash Assets	1,028		1,633	

Cash Assets comprise highly liquid investments with short periods to maturity subject to insignificant risk of changes of value. Cash Assets subject to external restrictions that are not expected to be discharged during the next reporting period are classified as Non-Current.

INVESTMENT SECURITIES

Summary

Financial assets at fair value through profit and loss	101,475	-	109,451	
Held to maturity investments	7,403		7,111	
Available for sale financial assets	-			
Total	108,878	-	116,562	-

Financial assets at fair value through profit and loss

At beginning of year	109,451	-	110,863	
Adjustment on adoption of AASB 132 & AASB 139				
Revaluation to Income Statement	6,112		5,875	
Additions	264,968		189,912	
Disposals	(279,056)		(197,199)	
Transfers Current/Non-current		-		
At end of year	101,475	-	109,451	-

Held for trading:

- Managed Funds	101,475		109,451	
- CDOs				
- FRNs				
- Equity linked notes				
	101,475	-	109,451	-

Held to Maturity Investments

At beginning of year	7,111	-		
Adjustment on adoption of AASB 132 & AASB 139				
Amortisation of discounts and premiums				
Additions	292		7,111	
Disposals				
Transfers Current/Non-current		-		
At end of year	7,403	-	7,111	-

Comprising:

- Government Bonds				
- Term Deposits	7,403		7,111	
- Bank Bills				
- Other				
	7,403	-	7,111	-

Available for sale financial assets

Comprising:

- NCDs				
- Term Deposits				
- Bank Bills				
- Other				
	-	-	-	-

The permitted forms of investment in financial instruments of the Council are defined in an order made by the Minister of Local Government on 15 July 2005. Government Bonds and Managed Funds are all with organisations with credit rating that comply with the Minister's Order. Council does not hold any direct investments in Collateralised Debt Obligations or Floating Rate Notes.

WYONG SHIRE COUNCIL

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

Note 6 - CASH ASSETS & INVESTMENT SECURITIES (cont)

RESTRICTED CASH ASSETS & INVESTMENT SECURITIES

	2007		2006	
	Current	Non-Current	Current	Non-Current
Cash Assets	1,028		1,633	
Investment Securities	108,878	-	116,562	-
TOTAL CASH ASSETS & INVESTMENT SECURITIES	109,906	-	118,195	-
External Restrictions	76,836		84,204	
Internal Restrictions	27,511		33,031	
Unrestricted	5,559	-	960	-
	109,906	-	118,195	-

DETAILS OF MOVEMENTS OF RESTRICTED CASH ASSETS & INVESTMENT SECURITIES

Notes	Opening Balance 30 June 2006	Movements		Closing Balance 30 June 2007
		Transfers To Restriction	Transfers From Restriction	
	\$'000	\$'000	\$'000	\$'000
External Restrictions				
Included in liabilities				
Unexpended Loans	16,414		10,424	5,990
RTA Advances			-	
Self Insurance Claims	7,403		-	7,403
Other				
	23,817	-	10,424	13,393
Other				
Developer Contributions - general	31,409		6,742	24,667
Developer Contributions - water	12,499	3,310		15,809
Developer Contributions - sewerage	10,054	1,259		11,313
RTA Contributions			-	
Unexpended Grants	2,184	3,960	-	6,144
Domestic Waste Management	3,039		911	2,128
Special Levy		1,694	-	1,694
Other - Holiday Park Surplus	1,202	486	-	1,688
	60,387	8,529	7,653	63,443
Total External Restrictions	84,204	8,529	18,077	76,836

External Restrictions arise pursuant to section 409(3) of the Local Government Act, the Local Government (Financial Management) Regulation 1999 and other applicable legislation. Further information relating to Developer Contributions is provided in Note 17 and Unexpended Grants in Note 3. Amounts raised by special rates (eg. Water & Sewer) or for Domestic Waste Management may only be used for those purposes.

Internal Restrictions

Employee Leave Entitlements	5,750		1,601	4,149
Replacement - Plant & Vehicles	-		-	
Contribution to Works	224		66	158
EPA Rebates	876		-	876
Expenditure Carry Forward	1,254	2,649	-	3,903
Other			-	
Information Systems	959		469	490
Land Development	409		304	105
Plant Pool Capital		506	-	506
Public Liability Insurance	225	15	-	240
Sec 355/Advances/Deposits	725	85	-	810
Sewer Refurbishment	2,500		600	1,900
Special Rates	7		7	-
Tip Replacement/Rehabilitation	12,090		303	11,787
Town Centre Refurbishment	621		157	464
Unspent Insurance Recoveries	41		41	
Water Equalisation	3,350		3,350	-
Working Capital	4,000		1,877	2,123
Total Internal Restrictions	33,031	3,255	8,775	27,511

Internal Restrictions arise pursuant to resolutions of Council to set aside reserves of cash resources either relating to liabilities recognised in these reports or to fund future expenditure for the stated purpose. Such reserves are not permitted to exceed the amounts of cash assets and cash investments not otherwise restricted.

WYONG SHIRE COUNCIL

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

Note 7 - RECEIVABLES

	2007 \$'000		2006 \$'000	
	Current	Non-Current	Current	Non-Current
Rates & Annual Charges	2,576	69	2,424	66
Interest & Extra Charges	902		874	
Waste Management Annual Charges	932	19	871	18
Water Annual Charges	341	20	343	20
Sewerage Annual Charges	1,425	68	1,298	69
User Charges & Fees	8,279		2,731	
Accrued Revenues	5,081		6,042	
Accrued Interest	155		134	
Government Grants & Subsidies	5,635		1,420	
Goods & Services Tax	1,468		1,353	
Other	2,083	950	1,752	941
Total	28,877	1,126	19,242	1,114
Less: Allowance for Doubtful Debts				
Rates & Annual Charges				
Interest & Extra Charges				
User Charges & Fees	373		362	
Other				
	28,504	1,126	18,880	1,114

Rates, Annual Charges, Interest & Extra Charges

Overdue rates and annual charges (being amounts not paid on or before the due date determined in accordance with the Local Government Act) are secured over the relevant land and are subject to simple interest at a rate of 9.00% (2006: 9.00%). Although Council is not materially exposed to any individual ratepayer, credit risk exposure is concentrated within the Council boundaries in the State of New South Wales.

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.

RESTRICTED RECEIVABLES

Water Supply	12,394	696	7,565	676
Sewerage Services	2,488	70	2,170	72
Domestic Waste Management	932	19	871	18
Other				
Total Restrictions	15,814	785	10,606	766
Unrestricted Receivables	12,690	341	8,274	348
Total Receivables	28,504	1,126	18,880	1,114

WYONG SHIRE COUNCIL

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

Note 8 - INVENTORIES & OTHER ASSETS

	2007		2006	
	\$'000		\$'000	
	<u>Current</u>	<u>Non-Current</u>	<u>Current</u>	<u>Non-Current</u>
INVENTORIES				
Stores & Materials	1,252		1,193	
Trading Stock	374		191	
Real Estate Developments	634	-	634	
Other				
Total Inventories	<u>2,260</u>	<u>-</u>	<u>2,018</u>	<u>-</u>

Aggregate write-downs and other losses recognised as an expense, and reversals of these, were not material in amount in either year. All such reversals occurred principally as a result of clerical inaccuracies during stores operations.

OTHER ASSETS

Prepayments	1,021		349	
Other				
Total Other Assets	<u>1,021</u>	<u>-</u>	<u>349</u>	<u>-</u>

Real Estate Developments

(Valued at the lower of cost and net realisable value)

<i>Residential</i>	50		50	
<i>Industrial & Commercial</i>	584		584	
<i>Other Properties surplus to requirements</i>				
Total Real Estate for Resale	<u>634</u>	<u>-</u>	<u>634</u>	<u>-</u>

Represented by:

<i>Acquisition Costs</i>	634		634	
<i>Development Costs</i>				
<i>Borrowing Costs</i>				
<i>Other Holding Costs</i>				
<i>Other Properties - Book Value</i>				
	<u>634</u>	<u>-</u>	<u>634</u>	<u>-</u>
<i>Less: Allowance for Under-Recovery</i>				
Total Real Estate for Resale	<u>634</u>	<u>-</u>	<u>634</u>	<u>-</u>

RESTRICTIONS EXIST IN RESPECT OF THE FOLLOWING:

Inventories

Water Supplies	374	-	191	
Sewerage Services	-	-		
Domestic Waste Management				
Other				

Other Assets

Water Supplies	-	-		
Sewerage Services	22	-	23	
Domestic Waste Management				
Other				
	<u>396</u>	<u>-</u>	<u>214</u>	<u>-</u>

WYONG SHIRE COUNCIL

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

Note 9 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	CARRYING AMOUNT MOVEMENTS DURING YEAR												
	2006 \$'000					2007 \$'000							
	AT COST	AT FAIR VALUE	ACCUM DEPN	CARRYING AMOUNT	Asset Purchases	Asset Disposals	Depreciation	Transfers Adjustments	Net Revaluation	AT COST	AT FAIR VALUE	ACCUM DEPN	CARRYING AMOUNT
Capital Work-in-progress	36,630	-	-	36,630	73,438	-	-	(84,002)	-	26,066	-	-	26,066
Plant & Equipment	33,024	-	(19,240)	13,784	548	(2,385)	(3,183)	6,079	-	34,817	(19,974)	14,843	
Office Equipment	6,723	-	(4,799)	1,924	(3)	(3)	(381)	287	-	7,001	(5,174)	1,827	
Furniture & Fittings	2,953	-	(2,214)	739	-	-	(211)	310	-	3,263	(2,425)	838	
Leased Plant & Equipment	-	-	-	-	-	-	-	-	-	-	-	-	
Land	-	-	-	-	-	-	-	-	-	-	-	-	
- Operational Land	134,324	-	-	134,324	1,329	-	-	3,136	-	136,889	-	136,889	
- Community Land	17,372	-	-	17,372	-	(120)	-	200	-	19,352	-	19,352	
- non deprec land improv'ts	-	-	-	-	-	-	-	-	-	-	-	-	
- land under roads	-	-	-	-	-	-	-	-	-	-	-	-	
Land Improvements - depreciable	21,304	-	(9,255)	12,049	185	-	(1,073)	12,859	-	34,348	(10,329)	24,019	
Buildings	96,062	-	(46,937)	49,125	-	(11)	(2,648)	6,667	-	102,718	(49,585)	53,133	
Other Structures	22,679	-	(10,725)	11,954	-	-	(608)	2,682	-	25,362	(11,333)	14,029	
Infrastructure	-	-	-	-	-	-	-	-	-	-	-	-	
- Roads, bridges, footpaths	477,885	-	(226,772)	251,113	10,466	-	(8,638)	9,407	-	497,759	(235,410)	262,349	
- Bulk earthworks (non-deprec.)	-	-	-	-	-	-	-	-	-	-	-	-	
- Stormwater drainage	158,965	-	(38,052)	120,913	5,446	-	(1,659)	5,376	-	169,787	(39,711)	130,076	
- Water Supply Network	330,048	-	(142,026)	188,022	4,245	-	(5,469)	26,775	212,547	576,210	(150,089)	426,121	
- Sewerage Network	366,333	-	(146,727)	219,606	3,513	(231)	(6,828)	2,208	159,066	493,579	(116,246)	377,333	
Other Assets	-	-	-	-	-	-	-	-	-	-	-	-	
- Heritage Collections	-	-	-	-	-	-	-	-	-	-	-	-	
- Library Books	6,054	-	(4,199)	1,855	-	-	(374)	415	-	6,469	(4,573)	1,896	
- Other	106	-	(94)	12	-	-	(1)	-	-	106	(95)	11	
Future Reinstatement Costs	-	-	-	-	-	-	-	-	-	-	-	-	
- Tips	16,236	-	(4,060)	12,176	-	-	(2,101)	(1,528)	-	14,708	(6,161)	8,547	
- Quarries	-	-	-	-	-	-	-	-	-	-	-	-	
- Other remediation assets	-	-	-	-	-	-	-	-	-	-	-	-	
Totals	1,725,698	-	(655,100)	1,071,598	99,170	(2,750)	(33,174)	(9,129)	371,613	1,078,645	(651,105)	1,497,329	
				Renewals	47,542								
				New Assets	51,628								

Asset acquisitions were apportioned between:

Note: 2006 Cost's reapportioned to segregate Work in Progress

WYONG SHIRE COUNCIL

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

Note 9 (cont) - RESTRICTED PROPERTY, PLANT & EQUIPMENT

	2007 \$'000			2006 \$'000				
	AT COST	AT VALUATION	ACCUM DEPN	CARRYING AMOUNT	AT COST	AT VALUATION	ACCUM DEPN	CARRYING AMOUNT
Water Supply								
Plant & Equipment	583		408	175	547	(345)	202	
Office Equipment	315		207	108	282	(181)	101	
Furniture & Fittings	143		65	78	135	(52)	83	
Leased Plant & Equipment								
Land								
- Council owned (freehold)	5,777			5,777	5,777	-	5,777	
- Council controlled								
- non depreciable land improv'ts								
Land Improvements - depreciable								
Buildings	1,039		254	785	1,039	(244)	795	
Other Structures	11			11	11		11	
Water Supply Infrastructure		587,597	150,089	437,508	341,980	(142,026)	199,954	
Stormwater Drainage Infrastructure	170,036		39,711	130,325	161,419	(38,052)	123,367	
Total Water Supply	177,904	587,597	190,734	574,767	511,190	(180,900)	330,290	
Sewerage Services								
Plant & Equipment	757		493	264	741	(458)	283	
Office Equipment	433		373	60	431	(349)	82	
Furniture & Fittings	55		39	16	55	(33)	22	
Leased Plant & Equipment								
Land								
- Council owned (freehold)	4,069			4,069	4,069		4,069	
- Council controlled								
- non depreciable land improv'ts								
Land Improvements - depreciable								
Buildings	2,262		428	1,834	2,256	(406)	1,850	
Other Structures								
Sewerage Infrastructure		495,066	116,246	378,820	367,382	(146,727)	220,655	
Total Sewerage Services	7,576	495,066	117,579	385,053	374,934	(147,973)	226,961	
Domestic Waste Management								
Plant & Equipment	23		7	16	13	(5)	8	
Office Equipment	219		129	90	202	(103)	99	
Furniture & Fittings								
Leased Plant & Equipment								
Land								
- Council owned (freehold)								
- Council controlled								
- non depreciable land improv'ts								
Land Improvements - depreciable								
Buildings	4,446		137	4,309	838	(55)	783	
Other Structures	432		214	218	432	(201)	231	
Total Domestic Waste	5,120	-	487	4,633	1,485	(364)	1,121	
TOTAL RESTRICTIONS	190,600	1,082,663	308,800	964,463	887,609	(329,237)	558,372	

WYONG SHIRE COUNCIL

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

Note 10 - LIABILITIES

	2007 \$'000		2006 \$'000	
	<u>Current</u>	<u>Non-Current</u>	<u>Current</u>	<u>Non-Current</u>
PAYABLES				
Goods & Services	10,191		5,718	
Payments received in advance	2,972		465	
Accrued Expenses	7,625		8,735	
Accrued Interest	1,348		841	
Accrued Salaries and Wages	1,491		1,349	
Advances				
Retirement Home Contributions				
Deposits, Retentions & Bonds	1,477	42	1,542	
Other	921		749	
Total Payables	26,025	42	19,399	-
BORROWINGS				
Bank Overdraft				
Loans				
- Secured	8,713	85,728	11,023	61,366
Unsecured				
Government Advances				
Ratepayer Advances				
Finance Lease Liability				
Deferred Payment Liabilities				
Other				
Total Borrowings	8,713	85,728	11,023	61,366

All interest bearing liabilities are secured over the future revenues of the Council.

PROVISIONS				
Annual Leave	5,308		4,428	
Sick Leave	7,571		7,474	
Long Service Leave	8,505	433	7,785	432
Payroll Tax	252	3	252	3
Self Insurance Claims	1,421	4,637	1,009	4,755
Insurance Losses (see also Note 18)	399		225	
Reinstatement, Remediation, etc.	6,580	11,230	10,400	7,843
Other				
Total Provisions	30,036	16,303	31,573	13,033

Movements in Provisions	Insurance Losses 2007 \$'000	Reinstatement, etc. 2007 \$'000	Other 2007 \$'000
Opening Balance	225	18,243	-
Add Additional amounts recognised			
Unwinding of present value discounts		1,095	-
(Less) Payments			
Add (Less) Remeasurement Adjustments	174	(1,528)	
Add (Less) Transfer on Council restructure			
Closing Balance	<u>399</u>	<u>17,810</u>	<u>-</u>

WYONG SHIRE COUNCIL

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

NOTE 10 - LIABILITIES (cont)

Provision for Insurance Losses

At any time Council may be involved in defending a number of separate actions arising from various causes, further details of which are given in Note 18. Council makes provision for the best estimate of the probable costs it will incur in defending such actions, and records a contingent liability for the balance of potential losses.

Provision for Reinstatement, rehabilitation & restoration liabilities

Council is required by law to reinstate/ rehabilitate the areas of certain tips and quarries for roadmaking materials when it ceases to use each facility. Engineering estimates have been made based on current reinstatement standards and discounted to its present value over the estimated remaining life of each facility at the rates applicable to government securities.

	2007 \$'000		2006 \$'000	
	Current	Non-Current	Current	Non-Current
AGGREGATE LIABILITY ARISING FROM EMPLOYEE BENEFITS				
	<u>21,636</u>	<u>436</u>	<u>19,939</u>	<u>435</u>
LIABILITIES relating to RESTRICTED ASSETS				
<i>Domestic Waste Management</i>				
<i>Payables</i>	860		826	
<i>Interest Bearing Liabilities</i>				
<i>Provisions</i>				
<i>Subtotal</i>	<u>860</u>	<u>-</u>	<u>826</u>	<u>-</u>
<i>Water Supplies</i>				
<i>Payables</i>	8,366		7,771	
<i>Interest Bearing Liabilities</i>	4,408	65,975	3,761	43,503
<i>Provisions</i>	2,134	846	2,011	805
<i>Subtotal</i>	<u>14,908</u>	<u>66,821</u>	<u>13,543</u>	<u>44,308</u>
<i>Sewerage Services</i>				
<i>Payables</i>	1,617	-	907	
<i>Interest Bearing Liabilities</i>	2,334	16,978	2,358	13,512
<i>Provisions</i>	2,527		2,397	350
<i>Subtotal</i>	<u>6,478</u>	<u>16,978</u>	<u>5,662</u>	<u>13,862</u>
<i>Other</i>				
<i>Payables</i>				
<i>Interest Bearing Liabilities</i>				
<i>Provisions</i>				
<i>Subtotal</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL	<u>22,246</u>	<u>83,799</u>	<u>20,031</u>	<u>58,170</u>

WYONG SHIRE COUNCIL

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

Note 11 - RECONCILIATION TO CASH FLOW STATEMENT

(a) Reconciliation of Cash

	2007 \$'000	2006 \$'000
Total Cash Assets (Note 6)	1,028	1,633
Less: Bank Overdraft (Note 10)	-	-
Balances per Statement of Cash Flows	1,028	1,633

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

Net Operating Result from Income Statement	27,138	17,568
Add: Depreciation, Amortisation & Impairment	34,075	35,333
Unwinding of present value discounts & premiums	1,095	1,033
Increase in provision for doubtful debts	11	7
Increase in employee benefits provisions	1,698	339
Increase in other provisions	35	842
Decrease in receivables		
Decrease in inventories		10
Decrease in other assets	229	1,421
Increase in trade creditors	4,473	
Increase in accrued expenses payable	649	4,659
Increase in other payables	1,546	
Loss on Sale of Assets	14	
Equity share of loss in Associates	-	
Equity adjustment in Associates (decrease)	-	
Decrements from Revaluations	-	
Loss on Council restructure	-	
	70,963	61,212
Less: Decrease in provision for doubtful debts		
Present value discounts & premiums recognised	-	
Decrease in employee benefits provisions		
Decrease in other provisions		
Increase in receivables	9,647	3,424
Increase in inventories	242	
Increase in other assets	-	
Decrease in trade creditors		
Decrease in accrued expenses payable		
Decrease in other payables		2,538
Gain on Sale of Assets	-	202
Equity share of profit in Associates	-	
Equity adjustment in Associates (increase)	-	
Fair value adjustments as revenue items	-	
Reversal of previous Revaluation Decrements	-	
Non-cash Capital Grants and Contributions	23,140	9,117
Gain on Council restructure	-	
Net Cash provided by (or used in) operations	37,934	45,931

WYONG SHIRE COUNCIL

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

Note 12 - COMMITMENTS FOR EXPENDITURE

	2007 \$'000	2006 \$'000
(a) Capital Commitments		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Infrastructure	5,140	23,661
Buildings	214	3,047
Land Improvements	10,782	
Plant & Equipment	497	1,180
	16,633	27,888
These expenditures are payable:		
Not later than one year	16,633	27,888
Later than one year and not later than 5 years		
Later than 5 years		
	16,633	27,888

(b) Service Commitments

Other non-capital expenditure committed for at the reporting date but not recognised in the financial statements as liability include:

Audit Services	360	450
Waste Management Services	5,333	18,929
Computer Hardware/Software	9,700	10,611
Town Planning	464	592
Swimming Pool Management	19	79
Security Services	-	150
Recycling	2,473	3,728
Project Management	345	
Creek Dredging	1,013	
Tourist Parks	614	
Infrastructure Maintenance	502	
Other	574	403
	21,397	34,942
These expenditures are payable:		
Not later than one year	12,786	16,512
Later than one year and not later than 5 years	8,000	16,819
Later than 5 years	611	1,611
	21,397	34,942

Commitments for other Expenditures relating to Joint Ventures and Partnerships are set out in Note 19.

(c) Finance Lease Commitments

Commitments under finance leases at the reporting date are as follows:

Not later than one year		
Later than one year and not later than 5 years		
Later than 5 years		
Minimum lease payments	-	-
Less: future finance charges		
Net Lease Liability	-	-
Representing lease liabilities:		
Current	-	-
Non-Current	-	-
	-	-

No Joint Ventures or Partnerships have any finance lease arrangements.

WYONG SHIRE COUNCIL

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

Note 12 (CONT) - COMMITMENTS FOR EXPENDITURE

	2007 \$'000	2006 \$'000
(d) Operating Lease Commitments (Non-Cancellable)		

Commitments under non-cancellable operating leases at the reporting date but not recognised in the financial statements are payable as follows:

Total Future Minimum Lease Payments

Not later than one year	469	513
Later than one year and not later than 5 years	586	375
Later than 5 years	1,055	888

Council has entered into non-cancellable operating leases for various items of computer and other plant and equipment.

Contingent rental payments exist in relation to the lease of one grader if utilisation exceeds 250 hours during any month. No contingent rentals were paid during the current or previous reporting periods.

No lease imposes any additional restrictions on Council in relation to additional debt or further leasing.

Leases in relation to computer and office equipment permit Council, at expiry of the lease, to elect to re-lease, return or acquire the equipment leased.

No lease contains any escalation clause.

Commitments for Operating Lease Expenditures relating to Joint Ventures and Partnerships are set out in Note 19.

(e) Remuneration Commitments

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

Not later than one year	4,230	3,892
Later than one year and not later than 5 years	18,445	16,980
Later than 5 years	22,675	20,872

WYONG SHIRE COUNCIL

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

Note 13 - STATEMENT OF PERFORMANCE MEASUREMENT

	<u>Amounts</u> \$000	<u>2007</u> <u>Indicators</u>	2006	2005	2004
Unrestricted Current Ratio					
<u>Unrestricted Current Assets*</u>	48,645	1.82	1.63:1	2.45:1	1.97:1
Current Liabilities not relating to Restricted Assets	26,780				
 Debt Service Ratio					
<u>Net Debt Service Cost</u>	15,976	10.25%	11.15%	16.05%	9.93%
Operating Revenue	155,935				
 Rate & Annual Charges Coverage Ratio					
<u>Rates & Annual Charges Revenues</u>	92,988	44.88%	49.71%	48.78%	44.77%
Total Revenues	207,171				
 Rates & Annual Charges Outstanding Percentage					
<u>Rates & Annual Charges Outstanding</u>	6,352	6.35%	6.49%	6.23%	6.32%
Rates & Annual Charges Collectible	99,980				
 Asset Renewals Ratio					
<u>Asset renewals</u>	47,542	1.4:1	<i>New ratio introduced 2007 - no comparatives available.</i>		
Depreciation, Amortisation, Impairment	34,075				

WYONG SHIRE COUNCIL

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

Note 14 - INVESTMENT PROPERTY

	2007 \$'000	2006 \$'000
At fair value		
Opening balance at 1 July		
Acquisitions		
Capitalised subsequent expenditure		
Classified as held for sale		
Net gain (loss) from fair value adjustment		
Transfer (to) from inventories or infrastructure, property, plant & equipment		
Carrying value of disposals	-	-
Closing balance at 30 June	-	-
 Amounts recognised in profit and loss		
Rental income		
Outgoings recouped		
Net gain (loss) from fair value adjustment	-	-
Repairs, maintenance & other operating expenses		
- <i>property generating rental income</i>		
- <i>property not generating rental income</i>	-	-

WYONG SHIRE COUNCIL

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

Note 15 - FINANCIAL INSTRUMENTS

Interest Rate Risk Exposures

2007	Floating Interest Rate '000	Fixed interest maturing in						Non- interest bearing '000	Total '000
		≤ 1 year '000	1 - 2 years '000	2 - 3 years '000	3-4 years '000	4-5 years '000	> 5 years '000		
Financial Assets									
Cash Assets	987							41	1,028
Investment Securities	108,878							-	108,878
Receivables									
Rates & Annual Charges		3,547							3,547
User Charges & Fees		14,084							14,084
Deferred Debtors		327	82	82	83	42	512	5,635	6,763
Other levels of Govt.									-
Retirement Home Contribs.									-
Other									-
Other Financial Assets									-
Total	109,865	17,958	82	82	83	42	512	5,676	134,300
<i>Weighted Average Interest Rate</i>	<i>6.48</i>	<i>3.24</i>	<i>6.39</i>	<i>6.39</i>	<i>6.39</i>	<i>6.39</i>	<i>6.30</i>		<i>5.73</i>
Financial Liabilities									
Payables									
Goods & Services								10,191	10,191
Payments in advance								2,972	2,972
Advances								-	-
Retirement Home Contribs.								-	-
Deposits, Retentions, Bonds								1,519	1,519
Other								921	921
Interest Bearing Liabilities	-	8,713	7,035	6,799	5,050	4,400	62,443	1	94,441
Finance Lease Liabilities									-
Total	-	8,713	7,035	6,799	5,050	4,400	62,443	15,604	110,044
<i>Weighted Average Interest Rate</i>		<i>6.38</i>	<i>6.39</i>	<i>6.39</i>	<i>6.39</i>	<i>6.39</i>	<i>6.30</i>		<i>5.43</i>
NET FINANCIAL ASSETS (LIABILITIES)	109,865	9,245	(6,953)	(6,717)	(4,967)	(4,358)	(61,931)	(9,928)	24,256
2006									
Financial Assets									
Cash Assets	1,633								1,633
Investment Securities	116,562								116,562
Receivables									
Rates & Annual Charges		5,810	173	-					5,983
User Charges & Fees		2,926	-						2,926
Deferred Debtors									-
Other levels of Govt.								1,420	1,420
Retirement Home Contribs.									-
Other		2,548	941						3,489
Other Assets									-
Total	118,195	11,284	1,114	-	-	-	-	1,420	132,013
<i>Weighted Average Interest Rate</i>	<i>5.69</i>	<i>4.50</i>	<i>9.00</i>						<i>5.80</i>
Financial Liabilities									
Payables									
Goods & Services								5,718	5,718
Payments in advance								465	465
Advances								-	-
Retirement Home Contribs.								-	-
Deposits, Retentions, Bonds								1,542	1,542
Other								749	749
Interest Bearing Liabilities		11,023				23,611	37,755		72,389
Finance Lease Liabilities									-
Total	-	11,023	-	-	-	-	37,755	8,474	80,863
<i>Weighted Average Interest Rate</i>		<i>6.60</i>				<i>6.40</i>			<i>5.70</i>
NET FINANCIAL ASSETS (LIABILITIES)	118,195	261	1,114	-	-	-	(37,755)	(7,054)	51,150

WYONG SHIRE COUNCIL

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

Note 15 (CONT) - FINANCIAL INSTRUMENTS

Credit Risk Exposures

Credit risk represents the loss that would be recognised if counterparties fail to perform as contracted. The maximum credit risk on financial assets of the Council is the carrying amount, net of any provision for doubtful debts. Except as detailed in Note 7 in relation to individual classes of financial assets, exposure is concentrated within the Council's boundaries within the State of New South Wales, and there is no material exposure to any individual debtor.

Reconciliation of Financial Assets & Liabilities

	2007 \$'000	2006 \$'000
Net financial assets from previous page		
Financial Assets	134,300	132,013
Financial Liabilities	<u>110,044</u>	<u>80,863</u>
	24,256	51,150
Non-financial assets and liabilities		
Accrued Revenues	5,236	6,176
Inventories	2,260	2,018
Property, Plant & Equipment	1,497,329	1,071,598
Investment Property	0	0
Interest in Associated Bodies	0	0
Other Assets	7,141	7,370
Accrued Expenses	-10,464	-10,925
Provisions	-46,339	-44,606
Other liabilities		
	<u>1,455,163</u>	<u>1,031,631</u>
Net Assets per Statement of Financial Position	<u>1,479,419</u>	<u>1,082,781</u>

Net Fair Value

All carrying values approximate fair value for all recognised financial instruments. With the exception of investments, there is no recognised market for the financial assets of the Council.

WYONG SHIRE COUNCIL

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

Note 16 - SIGNIFICANT VARIATIONS FROM ORIGINAL BUDGET

Council's original budget comprised part of the Management Plan adopted by Council on 14 June 2006. This Note sets out the significant variations between the original Budget and Actual results for the Income Statement, the Cash Flow Statement and Note 2a - expenditure and income by Functions.

Income Statement (*Operating Income and Expenditure*)

Materials and Contracts expenditure of \$57m is over the original budget of \$45m by \$12m (28%).

The major sources of the variance to budget were

- \$2.5m spent on remedial works needed after the June 2007 flood disaster,
- \$5.2m on a capital contribution to Hunter Water for the Hunter Connection water distribution project (this project was budgeted as a capital item but is required to be treated as an operating expense)
- \$0.7m in legal fees (mainly for debt recovery and planning appeals largely offset by additional revenue),
- \$0.5 in Engineering Operations expenses (due to \$142k for an asbestos register to address an OHS issue, additional plant operating and building maintenance costs)

Other Expenses were \$21m compared to the original budget of 19.5m, an increase of \$1.5m (5%)

Significant factors in the variation against budget were:

- \$1.2m in Water tank rebates
- \$0.6m in strategic planning expense (extra studies commenced funded from reserves)
- \$0.5m in commissions (resulting from performance based facility management contracts at the Holiday Parks offset by additional revenue).

User and Other Revenue of \$45.6m is higher than the original budget of \$40.4m. by \$5.3m (13%)

The significant increases were:

- \$2.5m in extra RTA reimbursements for main road works
- \$0.5m in extra construction fees
- \$0.5m in extra holiday park fees
- \$0.4m in extra sewerage operation fees
- \$0.2m in insurance recoveries

Interest on Investments was \$8m compared to the original budget of \$7m, an increase of \$1m (14%)

This reflects mainly an increase in the amount of funds in hand, especially those relating to unexpended developer contributions in water and sewerage.

Income from capital grants and contributions is \$41m compared to the original budget of \$18m, an increase of \$23m (124%)

This includes:

- \$2.5m in Federal Government funding for the Hunter Connection project
- \$17.5m increase in Water and Sewerage developer contributions
- A \$1.7m reduction in budgeted grants in 06/07 for Estuary Management Plan works (note the timing of the funding announcement has resulted in a greater increase in funding for 07/08 and future years).

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

Note 16 - Significant Variations from Original Budget (cont)

Capital expenditure

Capital expenditure (note 9) was \$97m compared to an original budget of \$114m. The net underspending was \$17m.

Factors behind the drop in capital expenditure include:

- Roads (construction) down from \$9m to \$1m , underspent by \$8m due in part to a deferred start to the Link Road project. Grant funds and reserves are available in 2007/2008 for the project.
- Open Space Improvements down from \$11m to \$6.5m (under \$3.5m), due in part to late starts to projects at Wadalba Fields/Courts and Woongarah Playing Fields. Funds remain in reserve for completion in 2007/2008.
- Estuary Management project deferred \$3.5m, pending funding announcements, to maximise Council's funding. Funds remain in reserve for expenditure maximising grant funds in 2007/2008.
- Community Building construction down from \$7m to \$4m, (a fall of \$3m), due mainly to the delay in commencing the Performing Arts Centre project. Reserves available in 2007/2008 for the project.
- Tip Rehabilitation down \$10m to \$2m. (net \$8m), including a late start to works at Bateau Bay because of weather conditions. Funds remain in reserve to complete in 2007/2008.
- Sewerage Works down 13m to 2.5m (net \$11.5m) , due in part to delays in Treatment Plant augmentation at Charmhaven and Wyong South to address enable environmental investigations to be undertaken and addressed as part of the DA process (as required under Native Vegetation Act). Delays in the WS9 pumping station have also been delayed by the need for a revised concept. Funds remain in reserve to complete the projects in 2007/2008.
- Water project treated as operating expense in the accounts but originally budgeted as capital (11.8m)

Offsetting the falls above is \$22m in assets contributed by developers which are not provided for in budget but which are included as capital acquisitions.

WYONG SHIRE COUNCIL

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

Note 17 - STATEMENT OF DEVELOPER CONTRIBUTIONS

SUMMARY OF DEVELOPER CONTRIBUTIONS

PURPOSE	OPENING BALANCE	CONTRIBUTIONS RECEIVED DURING YEAR		INTEREST EARNED DURING YEAR	EXPENDED DURING YEAR	INTERNAL BORROW- INGS (to)/from	HELD AS RESTR- ICTED ASSET	WORKS PROVIDED TO DATE
		CASH	NON-CASH					
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Drainage	9,730	450	2,214	783	(1,593)		11,584	4,024
Roads	11,209	1,360	2,331	499	(9,310)		6,089	19,132
Traffic Facilities								
Parking	325	401		(22)	4		708	1,042
Open Space	10,206	1,753	1,995	510	(5,191)		9,273	26,776
Community facilities	9,619	1,385	1,545	483	(4,496)		8,536	
Other	51	4	128	2	(124)		61	213
Subtotal S94 under plans	41,140	5,353	8,213	2,255	(20,710)	-	36,251	51,187
Sec 94 not under plans								
Sec 94A levies								
Planning Agreements								
Sec 64 Contributions	12,822	2,055	1,082	1,843	(2,263)		15,539	44,135
Total Contributions	53,962	7,408	9,295	4,098	(22,973)	-	51,790	95,322

Note: The above summary of contribution plans represents the total of Council's individual contribution plans. Individual plan details are shown below.

S 94 CONTRIBUTION PLAN -1 Wyong

PURPOSE	OPENING BALANCE	CONTRIBUTIONS RECEIVED DURING YEAR		INTEREST EARNED DURING YEAR	EXPENDED DURING YEAR	INTERNAL BORROW- INGS (to)/from	HELD AS RESTR- ICTED ASSET	WORKS PROVIDED TO DATE
		CASH	NON-CASH					
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Drainage	1,151	29		91			1,271	725
Roads	1,589	41	859	66	(2,184)		371	3,523
Traffic Facilities								
Parking	271			11			282	
Open Space	1,546	467		77			2,090	2,717
Community facilities	883	50		37	(16)		954	2,524
Other	33			1			34	22
Total	5,473	587	859	283	(2,200)	-	5,002	9,511

S 94 CONTRIBUTION PLAN 2 Southern Lakes

PURPOSE	OPENING BALANCE	CONTRIBUTIONS RECEIVED DURING YEAR		INTEREST EARNED DURING YEAR	EXPENDED DURING YEAR	INTERNAL BORROW- INGS (to)/from	HELD AS RESTR- ICTED ASSET	WORKS PROVIDED TO DATE
		CASH	NON-CASH					
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Drainage	398	183		44			625	1,284
Roads	257	206		6	4		473	254
Traffic Facilities								
Parking								
Open Space	3,344	105		141	(266)		3,324	2,299
Community facilities	398	108		19	(30)		495	1,975
Other								
Total	4,397	602	-	210	(292)	-	4,917	5,812

WYONG SHIRE COUNCIL

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

Note 17 - STATEMENT OF DEVELOPER CONTRIBUTIONS (cont)

S 94 CONTRIBUTION PLAN - 3 The Entrance

PURPOSE	OPENING BALANCE \$'000	CONTRIBUTIONS RECEIVED DURING YEAR		INTEREST EARNED DURING YEAR \$'000	EXPENDED DURING YEAR \$'000	INTERNAL BORROW- INGS (to)/from \$'000	HELD AS RESTR- ICTED ASSET \$'000	WORKS PROVIDED TO DATE \$'000
		CASH \$'000	NON-CASH \$'000					
Drainage	28	1		2			31	2
Roads	2,462	606		125	(894)		2,299	2,720
Traffic Facilities								
Parking	49	401		(33)	4		421	1,009
Open Space	134	287		14	(206)		229	6,300
Community facilities	383	467		30	(193)		687	5,073
Total	3,056	1,762	-	138	(1,289)	-	3,667	15,104

S 94 CONTRIBUTION PLAN - 5 Ourimbah

PURPOSE	OPENING BALANCE \$'000	CONTRIBUTIONS RECEIVED DURING YEAR		INTEREST EARNED DURING YEAR \$'000	EXPENDED DURING YEAR \$'000	INTERNAL BORROW- INGS (to)/from \$'000	HELD AS RESTR- ICTED ASSET \$'000	WORKS PROVIDED TO DATE \$'000
		CASH \$'000	NON-CASH \$'000					
Drainage								2
Roads	140			6			146	201
Traffic Facilities								
Parking								
Open Space	369	11		16			396	1,151
Community facilities	1,313	12		55	(11)		1,369	189
Other								4
Total	1,822	23	-	77	(11)	-	1,911	1,547

S 94 CONTRIBUTION PLAN - 6 Toukley

PURPOSE	OPENING BALANCE \$'000	CONTRIBUTIONS RECEIVED DURING YEAR		INTEREST EARNED DURING YEAR \$'000	EXPENDED DURING YEAR \$'000	INTERNAL BORROW- INGS (to)/from \$'000	HELD AS RESTR- ICTED ASSET \$'000	WORKS PROVIDED TO DATE \$'000
		CASH \$'000	NON-CASH \$'000					
Drainage	3						3	
Roads	11						11	
Traffic Facilities								
Parking	5						5	33
Open Space	277	57		12			346	216
Community facilities	821	62		35	(10)		908	45
Other								
Total	1,117	119	-	47	(10)	-	1,273	294

WYONG SHIRE COUNCIL

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

Note 17 - STATEMENT OF DEVELOPER CONTRIBUTIONS (cont)

S 94 CONTRIBUTION PLAN - 7 Gorokan

PURPOSE	OPENING BALANCE \$'000	CONTRIBUTIONS RECEIVED DURING YEAR		INTEREST EARNED DURING YEAR \$'000	EXPENDED DURING YEAR \$'000	INTERNAL BORROW- INGS (to)/from \$'000	HELD AS RESTR- ICTED ASSET \$'000	WORKS PROVIDED TO DATE \$'000
		CASH	NON-CASH					
		\$'000	\$'000					
Drainage	8,129	237	2,214	644	(1,593)		9,631	2,009
Roads	5,786	471	1,472	255	(6,205)		1,779	9,517
Traffic Facilities								
Parking								
Open Space	2,356	750	1,995	157	(2,835)		2,423	10,258
Community facilities	2,554	606	1,545	169	(3,136)		1,738	13,764
Other	18	4	128	1	(124)		27	155
Total	18,843	2,068	7,354	1,226	(13,893)	-	15,598	35,703

S 94 CONTRIBUTION PLAN - 8 San Remo

PURPOSE	OPENING BALANCE \$'000	CONTRIBUTIONS RECEIVED DURING YEAR		INTEREST EARNED DURING YEAR \$'000	EXPENDED DURING YEAR \$'000	INTERNAL BORROW- INGS (to)/from \$'000	HELD AS RESTR- ICTED ASSET \$'000	WORKS PROVIDED TO DATE \$'000
		CASH	NON-CASH					
		\$'000	\$'000					
Drainage	21			2			23	2
Roads	548	36		24	(31)		577	2,310
Traffic Facilities								
Parking								
Open Space	1,751	61		75	(1,867)		20	3,269
Community facilities	862	66		38	(930)		36	3,892
Other								2
Total	3,182	163	-	139	(2,828)	-	656	9,475

S 94 CONTRIBUTION PLAN - 9 Budgewoi

PURPOSE	OPENING BALANCE \$'000	CONTRIBUTIONS RECEIVED DURING YEAR		INTEREST EARNED DURING YEAR \$'000	EXPENDED DURING YEAR \$'000	INTERNAL BORROW- INGS (to)/from \$'000	HELD AS RESTR- ICTED ASSET \$'000	WORKS PROVIDED TO DATE \$'000
		CASH	NON-CASH					
		\$'000	\$'000					
Drainage								
Roads	32			1			33	19
Traffic Facilities								
Parking								
Open Space	54	8		2			64	180
Community facilities	1,253	8		52	(11)		1,302	51
Other								30
Total	1,339	16	-	55	(11)	-	1,399	280

WYONG SHIRE COUNCIL

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

Note 17 - STATEMENT OF DEVELOPER CONTRIBUTIONS (cont)

S 94 CONTRIBUTION PLAN - 10 Lake Munmorah

PURPOSE	OPENING BALANCE \$'000	CONTRIBUTIONS RECEIVED DURING YEAR		INTEREST EARNED DURING YEAR \$'000	EXPENDED DURING YEAR \$'000	INTERNAL BORROW- INGS (to)/from \$'000	HELD AS RESTR- ICTED ASSET \$'000	WORKS PROVIDED TO DATE \$'000
		CASH \$'000	NON-CASH \$'000					
Drainage								
Roads								
Traffic Facilities								
Parking								
Open Space	343	7		14	(11)		353	320
Community facilities	348	6		15	(149)		220	163
Other								
Total	691	13	-	29	(160)	-	573	483

S 94 CONTRIBUTION PLAN - 11 Mannering Park

PURPOSE	OPENING BALANCE \$'000	CONTRIBUTIONS RECEIVED DURING YEAR		INTEREST EARNED DURING YEAR \$'000	EXPENDED DURING YEAR \$'000	INTERNAL BORROW- INGS (to)/from \$'000	HELD AS RESTR- ICTED ASSET \$'000	WORKS PROVIDED TO DATE \$'000
		CASH \$'000	NON-CASH \$'000					
Drainage								
Roads								
Traffic Facilities								
Parking								
Open Space	17			1			18	9
Community facilities	34			1			35	28
Other								
Total	51	-	-	2	-	-	53	37

S 94 CONTRIBUTION PLAN - 12 Gwandalan

PURPOSE	OPENING BALANCE \$'000	CONTRIBUTIONS RECEIVED DURING YEAR		INTEREST EARNED DURING YEAR \$'000	EXPENDED DURING YEAR \$'000	INTERNAL BORROW- INGS (to)/from \$'000	HELD AS RESTR- ICTED ASSET \$'000	WORKS PROVIDED TO DATE \$'000
		CASH \$'000	NON-CASH \$'000					
Drainage								
Roads	384			16			400	588
Traffic Facilities								
Parking								
Open Space	15			1	(6)		10	57
Community facilities	770			32	(10)		792	20
Other								
Total	1,169	-	-	49	(16)	-	1,202	665

WYONG SHIRE COUNCIL

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

Note 17 - STATEMENT OF DEVELOPER CONTRIBUTIONS (cont)

S 94 CONTRIBUTION NOT UNDER PLANS

PURPOSE	OPENING BALANCE \$'000	CONTRIBUTIONS RECEIVED DURING YEAR		INTEREST EARNED DURING YEAR \$'000	EXPENDED DURING YEAR \$'000	INTERNAL BORROW- INGS (to)/from \$'000	HELD AS RESTR- ICTED ASSET \$'000	WORKS PROVIDED TO DATE \$'000
		CASH \$'000	NON-CASH \$'000					
Drainage							-	
Roads							-	
Traffic Facilities							-	
Parking							-	
Open Space							-	
Community facilities							-	
Other							-	
Total	-	-	-	-	-	-	-	-

S 64 CONTRIBUTION PLAN - 1 Wyong

PURPOSE	OPENING BALANCE \$'000	CONTRIBUTIONS RECEIVED DURING YEAR		INTEREST EARNED DURING YEAR \$'000	EXPENDED DURING YEAR \$'000	INTERNAL BORROW- INGS (to)/from \$'000	HELD AS RESTR- ICTED ASSET \$'000	WORKS PROVIDED TO DATE \$'000
		CASH \$'000	NON-CASH \$'000					
Water	1,113	426		239	(615)		1,163	4,696
Sewerage	1,837	334		124	(49)		2,246	3,326
Total	2,950	760	-	363	(664)	-	3,409	8,022

S 64 CONTRIBUTION PLAN - 2 Southern Lakes

PURPOSE	OPENING BALANCE \$'000	CONTRIBUTIONS RECEIVED DURING YEAR		INTEREST EARNED DURING YEAR \$'000	EXPENDED DURING YEAR \$'000	INTERNAL BORROW- INGS (to)/from \$'000	HELD AS RESTR- ICTED ASSET \$'000	WORKS PROVIDED TO DATE \$'000
		CASH \$'000	NON-CASH \$'000					
Water	1	160		141	(118)		184	4,324
Sewerage	1,537	120		99	(167)		1,589	1,173
Total	1,538	280	-	240	(285)	-	1,773	5,497

WYONG SHIRE COUNCIL

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

Note 17 - STATEMENT OF DEVELOPER CONTRIBUTIONS (cont)

S 64 CONTRIBUTION PLAN - 3 The Entrance

PURPOSE	OPENING BALANCE \$'000	CONTRIBUTIONS RECEIVED DURING YEAR		INTEREST EARNED DURING YEAR \$'000	EXPENDED DURING YEAR \$'000	INTERNAL BORROW- INGS (to)/from \$'000	HELD AS RESTR- ICTED ASSET \$'000	WORKS PROVIDED TO DATE \$'000
		CASH \$'000	NON-CASH \$'000					
Water	1	203		177	(22)		359	4,176
Sewerage	1,506	81		94			1,681	1,149
Total	1,507	284	-	271	(22)	-	2,040	5,325

S 64 CONTRIBUTION PLAN - 5 Ourimbah

PURPOSE	OPENING BALANCE \$'000	CONTRIBUTIONS RECEIVED DURING YEAR		INTEREST EARNED DURING YEAR \$'000	EXPENDED DURING YEAR \$'000	INTERNAL BORROW- INGS (to)/from \$'000	HELD AS RESTR- ICTED ASSET \$'000	WORKS PROVIDED TO DATE \$'000
		CASH \$'000	NON-CASH \$'000					
Water	258	15		43	(67)		249	1,232
Sewerage	369	16		23			408	307
Total	627	31	-	66	(67)	-	657	1,539

S 64 CONTRIBUTION PLAN - 6 Toukley

PURPOSE	OPENING BALANCE \$'000	CONTRIBUTIONS RECEIVED DURING YEAR		INTEREST EARNED DURING YEAR \$'000	EXPENDED DURING YEAR \$'000	INTERNAL BORROW- INGS (to)/from \$'000	HELD AS RESTR- ICTED ASSET \$'000	WORKS PROVIDED TO DATE \$'000
		CASH \$'000	NON-CASH \$'000					
Water	150	37		44	(9)		222	663
Sewerage	323	56		22			401	322
Total	473	93	-	66	(9)	-	623	985

WYONG SHIRE COUNCIL

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

Note 17 - STATEMENT OF DEVELOPER CONTRIBUTIONS (cont)

S 64 CONTRIBUTION PLAN - 7 Gorokan

PURPOSE	OPENING BALANCE \$'000	CONTRIBUTIONS RECEIVED DURING YEAR		INTEREST EARNED DURING YEAR \$'000	EXPENDED DURING YEAR \$'000	INTERNAL BORROW- INGS (to)/from \$'000	HELD AS RESTR- ICTED ASSET \$'000	WORKS PROVIDED TO DATE \$'000
		CASH \$'000	NON-CASH \$'000					
Water	1	196	556	307	(350)		710	8,913
Sewerage	1,918	204	526	126	(596)		2,178	4,145
Total	1,919	400	1,082	433	(946)	-	2,888	13,058

S 64 CONTRIBUTION PLAN - 8 San Remo

PURPOSE	OPENING BALANCE \$'000	CONTRIBUTIONS RECEIVED DURING YEAR		INTEREST EARNED DURING YEAR \$'000	EXPENDED DURING YEAR \$'000	INTERNAL BORROW- INGS (to)/from \$'000	HELD AS RESTR- ICTED ASSET \$'000	WORKS PROVIDED TO DATE \$'000
		CASH \$'000	NON-CASH \$'000					
Water	612	46		135	(208)		585	6,002
Sewerage	1,255	32		78			1,365	1,207
Total	1,867	78	-	213	(208)	-	1,950	7,209

S 64 CONTRIBUTION PLAN - 9 Budgewoi

PURPOSE	OPENING BALANCE \$'000	CONTRIBUTIONS RECEIVED DURING YEAR		INTEREST EARNED DURING YEAR \$'000	EXPENDED DURING YEAR \$'000	INTERNAL BORROW- INGS (to)/from \$'000	HELD AS RESTR- ICTED ASSET \$'000	WORKS PROVIDED TO DATE \$'000
		CASH \$'000	NON-CASH \$'000					
Water	158	10		24			192	534
Sewerage	259	8		16			283	186
Total	417	18	-	40	-	-	475	720

WYONG SHIRE COUNCIL

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

Note 17 - STATEMENT OF DEVELOPER CONTRIBUTIONS (cont)

S 64 CONTRIBUTION PLAN - 10 Lake Munmorah

PURPOSE	OPENING BALANCE \$'000	CONTRIBUTIONS RECEIVED DURING YEAR		INTEREST EARNED DURING YEAR \$'000	EXPENDED DURING YEAR \$'000	INTERNAL BORROW- INGS (to)/from \$'000	HELD AS RESTR- ICTED ASSET \$'000	WORKS PROVIDED TO DATE \$'000
		CASH \$'000	NON-CASH \$'000					
Water	106	66		34			206	686
Sewerage	375	45		25			445	51
Total	481	111	-	59	-	-	651	737

S 64 CONTRIBUTION PLAN - 11 Mannering Park

PURPOSE	OPENING BALANCE \$'000	CONTRIBUTIONS RECEIVED DURING YEAR		INTEREST EARNED DURING YEAR \$'000	EXPENDED DURING YEAR \$'000	INTERNAL BORROW- INGS (to)/from \$'000	HELD AS RESTR- ICTED ASSET \$'000	WORKS PROVIDED TO DATE \$'000
		CASH \$'000	NON-CASH \$'000					
Water	34			4			38	25
Sewerage	34			2			36	
Total	68	-	-	6	-	-	74	25

S 64 CONTRIBUTION PLAN - 12 Gwandalan

PURPOSE	OPENING BALANCE \$'000	CONTRIBUTIONS RECEIVED DURING YEAR		INTEREST EARNED DURING YEAR \$'000	EXPENDED DURING YEAR \$'000	INTERNAL BORROW- INGS (to)/from \$'000	HELD AS RESTR- ICTED ASSET \$'000	WORKS PROVIDED TO DATE \$'000
		CASH \$'000	NON-CASH \$'000					
Water	333			47	(62)		318	923
Sewerage	642			39			681	95
Total	975	-	-	86	(62)	-	999	1,018

WYONG SHIRE COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2006

Note 18 - CONTINGENCIES

The following assets and liabilities do not qualify for recognition in the Balance Sheet but knowledge of these items is considered relevant to readers of this financial report in making and evaluating decisions.

Contingent Liabilities

Waste Levy Compliance at Buttonderry Waste Management Facility

In March 2006 Council received a Draft Audit Report from NSW Department of Environment and Conservation (DEC) on Waste Levy Compliance at Buttonderry Waste Management Facility. The period of audit review was 1 July 1999 to 31 December 2004 and was undertaken under Section 88 of the *Protection of the Environment Operations Act 1997*.

Council was provided the opportunity to comment on the findings of the draft audit report and is in dispute with the findings. Council refutes the findings which relate to the classification and documentation of materials received at Buttonderry Waste Management Facility which would impose levy payments of up to \$4 million. Council responded as such in April 2006 and a meeting was held between Council Officers and DEC representatives in May 2006 to further discuss the issues.

Further correspondence was received from DEC in August 2006 to which Council responded and presented the information requested. A further meeting was held in May 2007 and additional information was submitted.

Council has sought legal advice on this matter and has formed the view that the amount of any fine or costs is not likely to exceed \$50,000.

As at reporting date Council had not received the final audit report from DEC.

Potential Insurance Losses

Council is a multi-purpose organisation providing a large range of building, parks infrastructure, playgrounds and other facilities accessible to the public. At any time, it is likely that claims will have been made against Council that remain unsettled.

Council insures against all known insurable risks using a range of insurance policies, each of which is subject to a deductible "insurance excess", the amount of which varies according to the class of insurance.

Where costs can be reliably estimated, Council has recognised any potential losses arising from outstanding claims in the accounts. The estimate of likely costs is based on average historical net cost (including insurance excess) of similar types of claims.

No provision is made in the accounts either to allow for the potential amount of unknown claims, or to allow for known claims where costs cannot be reliably estimated.

Statewide Mutual Insurance Scheme

Council is a member of Statewide Mutual, an organisation formed for the purpose and management of certain insurances on behalf of its members.

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

Legislative changes appear to be reflecting well through lower claims experience and the scheme has now achieved an overall surplus. However it is impossible for Statewide Mutual to predict long term consequences of proposed amendments to law relating to public liability and professional negligence.

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

Given that there is no reliable measure of the actual asset or liability likely to arise for Council, no asset or liability has been recognised in the accounts.

Cabbage Tree Harbour – Cliff tops

Council has received advice that residents of Cabbage Tree Harbour may initiate a class action against Council in respect to damage to property resulting from serious erosion to the cliff edge. The amount of any potential damages to be claimed may be substantial, but cannot be reliably estimated at time of writing.

Water Supply Authority

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.

Initial estimates of the possible impact of the change indicate that the Council could face a \$5.9m annual shortfall. At the time of preparing the financial statements the likelihood of this impact being realised cannot be determined.

Legal Expenses

Council is the planning consent authority for its areas under the *Environmental Planning & Assessment 1979*. Pursuant to that Act, certain persons aggrieved by a planning decision of Council may appeal to the Land & Environment Court. It is the Court's normal practice that parties bear their own legal costs. The amount of costs cannot be known until the appeals are determined.

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.

Further remedial works, for which the Water and Sewerage Authority is responsible, are due to be carried out in the 2007- 2008 year, and the total costs will be of the order of \$500,000. These amounts may not be recoverable from State Government.

WYONG SHIRE COUNCIL

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

Note 20 - REVALUATION RESERVE AND RETAINED EARNINGS

	2007 \$'000	2006 \$'000
<i>Infrastructure, Property, Plant & Equipment</i>		
Balance at beginning of reporting period	-	-
Add: Revaluation increments transferred to the reserve relating to:		
Water and Sewerage Infrastructure Assets	258,230	
Subtotal	258,230	-
Less: Revaluation decrements transferred from the reserve		
Subtotal	-	-
Balance at end of reporting period	258,230	-
 <i>Available-for Sale Financial Assets</i>		
Balance at beginning of reporting period	-	-
Add: Revaluation increments transferred to the reserve	-	-
Less: Revaluation decrements transferred from the reserve	-	-
Less: Transfer to Accumulated Surplus on disposal	-	-
Balance at end of reporting period	-	-
 (b) Retained Earnings		
Balance at beginning of reporting period	1,082,781	1,065,258
Adjustment on adoption of AASB 132 & AASB 139	-	(45)
Corrections to errors:		
- adjustment to recognise change in accumulated depreciation due to revised estimates of useful life and asset consumption rates	113,383	
- adjustment to restate Joint Water Assets to reflect joint ownership as per agreement with Gosford council	(2,113)	
Net Operating Result for the year	27,138	17,568
Balance at end of reporting period	1,221,189	1,082,781

WYONG SHIRE COUNCIL

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

Note 22 - REINSTATEMENT, REHABILITATION AND RESTORATION LIABILITIES

Council is required by law to restore Council's tip sites at Bateau Bay, Mardi, Gwandalan and Tumbi Umbi at the end of their useful lives. The projected cost of this restoration is \$25.9 million based on engineering estimates and has been discounted to its present value at 6% per annum being the risk free cost of borrowing to Council.

	2007 \$'000	2006 \$'000
At beginning of year	18,243	17,210
Amortisation of discount - expensed to borrowing costs	1,095	1033
Remeasurement adjustment	(1,528)	
At end of year	<u>17,810</u>	<u>18,243</u>

WYONG SHIRE COUNCIL

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

Note 23 - INTANGIBLE ASSETS

	2007 \$'000	2006 \$'000
	<u>Non-Current</u>	<u>Non-Current</u>
'Councils Online' Development	6,120	7,021
	<u>6,120</u>	<u>7,021</u>

Wyong Shire Council is contracted to acquire, under a managed service arrangement, a licence to access information technology services. The system solution was designed, developed and built by the contractor with assistance and input of Council employees. A number of costs including system build cost, 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.

Amortisation	2007 \$'000	2006 \$'000
Opening Balance	1,990	1,089
Current Year	901	901
Closing Balance	<u>2,891</u>	<u>1,990</u>

Externally Restricted Intangible Assets

	2007		2006
	\$'000 <u>Current</u>	\$'000 <u>Non-Current</u>	\$'000 <u>Current</u> <u>on-Current</u>
Intangible Assets			
Water Supplies	-	1,053	1,208
Sewerage Services	-	624	716
Domestic Waste Management			
Other			
	<u>-</u>	<u>1,677</u>	<u>-</u> <u>1,924</u>

WYONG SHIRE COUNCIL

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

Note 24 - JOINT VENTURE OPERATIONS

Joint Water assets

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. Under an agreement between the two water supply authorities, the councils jointly own, maintain, and operate headworks infrastructure which typically includes weirs, dams, treatment plants and bulk water distribution reservoirs.

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 Balance Sheet under the following classifications:

	2007 \$'000	2006 \$'000
Share of partnership's assets and liabilities		
Current assets		-
Non-current assets	199,997	99,678
Total assets	199,997	99,678
Current liabilities	-	-
Non-current liabilities	-	-
Total liabilities	-	-
Net assets	199,997	99,678
 Maintenance and Operations Expenditure		
Incurring by Wyong Shire Council	5,897	4,335
Wyong Shire Council's share of costs under the agreement	5,974	5,030
Equalisation payment to Gosford City Council	78	698
 Interest Expense		
Incurring by Wyong Shire Council	525	5