



KATHERINE TOWN COUNCIL

ANNUAL FINANCIAL STATEMENTS

for the year ending

30th June 2008

KATHERINE TOWN COUNCIL

General Purpose Financial Reports for the year ended 30 June 2008

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**INDEPENDENT AUDIT REPORT TO THE MEMBERS OF
THE KATHERINE TOWN COUNCIL**

Scope

The financial report and committee members' responsibility

The financial report comprises the statement of financial performance, statement of financial position, statement of cash flows, statement of working capital, accompanying notes to the financial statements and the Officer's Statement for the Katherine Town Council ("the Council"), for the year ended 30 June 2008.

The Council's officers are responsible for the preparation and true and fair presentation of the financial report. The Council officers are also responsible for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit in order to express an opinion to the members of the Council. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, a view which is consistent with our understanding of the Council's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the reasonableness of significant accounting estimates made by the Council's officers.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Independence

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

Audit Opinion

In our opinion,

- a) the prescribed accounting records, other records, accounting manual and registers required to be kept by the Council have been properly kept throughout the year;
- b) the receipt, expenditure and investment of monies and the acquisition and disposal of assets by the Council during the year have been in accordance with the prescribed requirements;
- c) the financial statements have been properly drawn up in accordance with the prescribed requirements and are in agreement with the accounts and records;
- d) the financial report presents fairly, in accordance with applicable Accounting Standards, other mandatory professional reporting requirements and the Local Government Act, the financial position of Council at 30 June 2008 and of its results and cash flows for the year then ended;
- e) the Council has complied with the provisions under the Local Government Act and regulations in respect of the conduct of its financial affairs; and
- f) the financial statements have been prepared in accordance with the Act, the regulations, all applicable Australian Accounting Standards and the applicable Local Government Accounting Code.

Perks Audit & Assurance
PERKS AUDIT & ASSURANCE
Chartered Accountants
59 Smith Street
DARWIN NT 0800

P Hill
PETER J HILL
Partner
Registered Company Auditor
Chartered Accountant

Signed this th30 day of September 2008

KATHERINE TOWN COUNCIL

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2008**

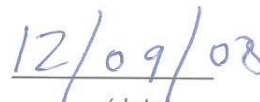
OFFICER'S STATEMENT

I, Geoffrey Peter Brooks, the Chief Executive Officer of the Katherine Town Council, hereby certify that the Annual Financial Statements:

(a) have been drawn up in accordance with the applicable Australian Accounting Standards, the Local Government Act and the Local Government (Accounting) Regulations so as to present fairly the financial position of the Council and the results for the year; and

(b) are in accordance with the accounting and other records of Council.


Geoffrey Peter Brooks
(Chief Executive Officer)


12/09/08
(date)

KATHERINE TOWN COUNCIL

INCOME STATEMENT for the year ended 30 June 2008

	Notes	2008 \$	2007 \$
REVENUES FROM ORDINARY ACTIVITIES			
Rates & Annual Charges	3	3,259,870	3,122,322
User Charges & Fees	3	759,824	640,788
Interest Revenues	3	819,699	650,768
Transfers from other Governments	3	3,236,004	2,935,365
Other Revenues	3	821,444	678,959
Revenues from Ordinary Activities		8,896,841	8,028,202
EXPENSES FROM ORDINARY ACTIVITIES			
Employee Costs	4	2,403,637	2,451,104
Materials & Contracts		1,806,512	1,376,337
Financing Costs	4	18,603	19,553
Depreciation, Amortisation & Impairment	4	3,546,972	3,635,693
Other Expenses	4	821,256	709,433
Expenses from Ordinary Activities		8,596,980	8,192,120
SURPLUS(DEFICIT) FROM ORDINARY ACTIVITIES		299,861	(163,918)
Gain (Loss) on Disposal of Assets	5	(9,319)	(5,061)
NET SURPLUS(DEFICIT) FOR YEAR		\$ 290,542	\$ (168,979)

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

KATHERINE TOWN COUNCIL

BALANCE SHEET as at 30 June 2008

	Notes	2008 \$	2007 \$
CURRENT ASSETS			
Cash Assets	6	11,220,648	10,225,825
Receivables	6	441,118	251,940
Other Current Assets		34,911	45,463
TOTAL CURRENT ASSETS		<u>11,696,677</u>	<u>10,523,228</u>
NON-CURRENT ASSETS			
Property, Plant & Equipment	7	46,894,714	47,576,047
TOTAL NON-CURRENT ASSETS		<u>46,894,714</u>	<u>47,576,047</u>
TOTAL ASSETS		<u>58,591,391</u>	<u>58,099,275</u>
CURRENT LIABILITIES			
Trade & Other Payables	8	714,769	467,960
Current portion of Long-term Borrowings	8	22,725	22,998
Short-term Provisions	8	238,254	260,176
TOTAL CURRENT LIABILITIES		<u>975,748</u>	<u>751,134</u>
NON-CURRENT LIABILITIES			
Long-term Borrowings	9	310,187	332,912
Long-term Provisions	9	41,046	41,361
TOTAL NON CURRENT LIABILITIES		<u>351,233</u>	<u>374,273</u>
TOTAL LIABILITIES		<u>1,326,981</u>	<u>1,125,407</u>
NET ASSETS		<u>57,264,410</u>	<u>56,973,868</u>
EQUITY			
Accumulated Surplus		1,544,401	1,253,859
Asset Revaluation Reserve	10	55,720,009	55,720,009
TOTAL EQUITY		<u>57,264,410</u>	<u>56,973,868</u>

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

KATHERINE TOWN COUNCIL
STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2008

	2008	2007
	\$	\$
	Note	
	Ref	
ACCUMULATED SURPLUS		
Balance at beginning of the reporting period	1,253,859	1,422,838
Net Result for Year	<u>290,542</u>	<u>(168,979)</u>
Balance at end of the reporting period	<u>1,544,401</u>	<u>1,253,859</u>
ASSET REVALUATION RESERVE	10	
Balance at beginning of the reporting period	<u>55,720,009</u>	<u>55,720,009</u>
Balance at end of the reporting period	<u>55,720,009</u>	<u>55,720,009</u>
TOTAL EQUITY AT END OF REPORTING PERIOD	<u>57,264,410</u>	<u>56,973,868</u>
<i>Total of all transfers to Equity</i>	290,542	-
<i>Total of all transfers from Equity</i>	-	<i>(168,979)</i>
NET CHANGE IN EQUITY	<u>290,542</u>	<u>(168,979)</u>

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

KATHERINE TOWN COUNCIL

STATEMENT OF CASH FLOWS for the year ended 30 June 2008

		2008	2007
	Notes	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
<u>Receipts</u>			
Rates & Annual Charges		3,169,779	3,118,559
Fees & other charges		800,170	491,700
Interest etc Revenues		761,335	607,263
Transfers from other Governments		3,407,421	3,090,494
Other Revenues		1,114,488	1,080,272
<u>Payments</u>			
Employee Costs		(2,425,874)	(2,369,264)
Materials & Contracts		(1,743,181)	(2,177,146)
Financing Costs		(9,879)	(646)
Other Expenses		(1,181,480)	(969,537)
Net Cash provided by (or used in) Operating Activities	12	3,892,779	2,871,695
CASH FLOWS FROM INVESTING ACTIVITIES			
<u>Receipts</u>			
Sale of Property, Plant & Equipment	5	84,723	84,545
Purchase of Property, Plant & Equipment		(2,959,681)	(1,961,082)
Net Cash provided by (or used in) Investing Activities		(2,874,958)	(1,876,537)
CASH FLOWS FROM FINANCING ACTIVITIES			
<u>Receipts</u>			
<u>Payments</u>			
Repayments of Borrowings & Advances		(22,998)	(21,798)
Net Cash provided by (or used in) Financing Activities		(22,998)	(21,798)
Net Increase (Decrease) in cash held		994,823	973,360
Cash at beginning of reporting period	12	10,225,825	9,252,465
Cash at end of reporting period	12	11,220,648	10,225,825

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

KATHERINE TOWN COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

Note 1 - SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

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 (UIGs) and relevant Northern Territory legislation. A separate report has been prepared to comply with the NT Local Government Accounting Code.

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.

The principal areas of non-compliance relate to the recognition of non-reciprocal revenues, the definition of value in use for the purposes of AASB 116 Impairments and the offsetting of revaluation increments and decrements within classes of assets, and are detailed more particularly below.

1.3 Historical Cost Convention

Except where stated below, these financial statements have been prepared 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 areas where assumptions and estimates are significant to the financial statements are specifically referred to in the relevant sections of this Note.

2 The Local Government Reporting Entity

Katherine Town Council is incorporated under the NT Local Government Act 1993 and has its principal place of business at Stuart Highway, Katherine. These financial statements include the consolidated fund and all entities through which 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.

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 due constitutes an enforceable debt, whichever first occurs.

KATHERINE TOWN COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

Note 1 - Significant Accounting Policies (cont)

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. 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.

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

All financial instruments are recognised at fair value at the date of recognition. A detailed statement of the accounting policies applied to financial instruments forms part of Note 13.

5 Inventories

As at 30th June 2008 no items exist in inventory with all purchases being expensed on acquisition.

6 Property, Plant & Equipment

6.1 Transitional Provisions

Council has elected not to recognise land under roads in accordance with the deferral arrangements available under AASB 1045. As at 1 July 2008, Council has elected not to recognise any values for land under roads acquired before the commencement of AASB 1051 *Land Under Roads*.

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".

6.2 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. Examples of capitalisation thresholds applied during the year under review are provided in Note 7 of these accounts.

6.3 Valuation

Further detail of existing valuations, methods and valuers are provided at Note 7. Plant, equipment and similar assets are carried at historical cost less accumulated depreciation.

6.4 Depreciation of Non-Current Assets

Other than land, all property, plant and equipment 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. Major depreciation periods for each class of asset are provided in Note 7 of these accounts. 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.

6.5 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 outflows* 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 assumption is made that the current replacement cost exceeds the original cost of acquisition.

6.6 Borrowing Costs

Borrowing costs in relation to qualifying assets (net of offsetting investment revenue) have been capitalised in accordance with the allowed alternative treatment in 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 3, and the amount (if any) of interest revenue offset against borrowing costs in Note 4.

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.

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 1119.

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 government guaranteed securities rates with similar maturity terms.

Weighted average discount rate

7.25% (2007, 6.25%)

No accrual is made for sick leave as Council experience indicates that, on average, sick leave taken in each reporting period is less than the entitlement accruing in that period, and this experience is expected to recur in future reporting periods. Council does not make payment for untaken sick leave.

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.

KATHERINE TOWN COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

Note 1 - Significant Accounting Policies (cont)

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 2007/08; 9% in 2006/07). 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.

10 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.

11 New Accounting Standards

Certain new accounting standards and UIG interpretations have been published that are not mandatory for the 30 June 2008 reporting period.

- AASB 8 *Operating Segments*
- AASB 101 *Presentation of Financial Statements*
- AASB 123 *Borrowing Costs*
- AASB 1004 *Contributions*
- AASB 1050 *Administered Items*
- AASB 1051 *Land Under Roads*
- AASB 1052 *Disaggregated Disclosures*
- AASB 2007-3 *Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038]*
- AASB 2007-6 *Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12]*
- AASB 2007-8 *Amendments to Australian Accounting Standards [AASB 1, AASB 2, AASB 4, AASB 5, AASB 107 & AASB 128]*
- AASB 2007-9 *Amendments to Australian Accounting Standards arising from the Review of AASs 27, 29 and 31 [AASB 3, AASB 5, AASB 8, AASB 101, AASB 114, AASB 127 & AASB 137]*
- *Interpretation 4* Determination whether an Arrangement contains a Lease
- *Interpretation 13* Customer Loyalty Programmes
- *Interpretation 14* AASB 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
- *Interpretation 129* Disclosure – Service Concession Arrangements
- *Interpretation 1038* Contributions by Owners Made to Wholly-Owned Public Sector Entities

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.

KATHERINE TOWN COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008

Note 2 - FUNCTIONS

REVENUES, EXPENSES AND ASSETS HAVE BEEN DIRECTLY ATTRIBUTED TO THE FOLLOWING FUNCTIONS & ACTIVITIES													
REVENUES			EXPENSES			OPERATING RESULT			GRANTS INCLUDED IN REVENUES		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)		
BUDGET	ACTUAL	ACTUAL	BUDGET	ACTUAL	ACTUAL	BUDGET	ACTUAL	ACTUAL	2008	2007	2008	2007	
2008	2008	2007	2008	2008	2007	2008	2008	2007	\$	\$	\$	\$	
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
General Public Services	6,778,695	4,232,036	3,030,389	2,001,025	1,275,651	1,283,421	4,777,670	2,956,385	1,746,968	835,567	-	8,192,052	6,399,850
Public Order & Safety	51,254	49,102	91,624	217,253	167,729	203,555	(165,999)	(118,627)	(111,931)	-	30,000	9,125	8,569
Economic Affairs	4,881,068	2,423,554	2,640,514	5,761,039	3,929,685	3,805,382	(879,971)	(1,506,131)	(1,164,868)	1,622,735	1,963,311	31,736,895	33,145,168
Environmental Protection	911,311	896,103	900,847	1,059,964	917,187	810,389	(148,653)	(21,084)	90,458	-	-	390,753	378,599
Housing & Community Amenities	391,903	339,007	679,567	943,710	412,922	359,427	(551,807)	(73,915)	320,140	256,103	612,392	1,358,397	1,810,200
Recreation, Culture & Religion	1,277,493	957,038	685,261	3,916,896	1,903,125	1,735,006	(2,639,403)	(946,087)	(1,049,745)	521,598	315,962	16,904,169	16,356,888
TOTALS	14,291,724	8,896,840	8,028,202	13,899,887	8,606,299	8,197,181	391,837	290,541	(168,978)	3,236,003	2,921,665	58,591,391	58,099,274

The above functions conform to the requirements of the NT Government Grants Commission and provide a basis for comparison with other Councils.

KATHERINE TOWN COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

Note 2 (cont) - COMPONENTS OF FUNCTIONS

The activities relating to Council functions are as follows:

General Public Services

Administrative, legislative and executive affairs, financial and fiscal affairs, general research and general services; also includes Natural Disaster relief.

Public Order & Safety

Fire protection; local emergency services; animal control and impounding; control of public places; control of signs, hoardings and advertising, community policing and probationary matters.

Economic Affairs

General economic, agriculture and forestry, fuel and energy, other labour and employment affairs, CDEP and transport and other industries, saleyards and tourism.

Environmental Protection

Waste management, pollution reduction, protection of biodiversity and landscape and protection and remediation of soil, ground water and surface water.

Housing & Community Amenities

Housing, housing and development, water supply and street lighting.

Recreation, Culture and Religion

Facilities and venues, recreation parks and reserves, culture and religion services, museums and libraries.

Binjari, Katherine East Community Centre and Katherine East Child Care Services have now been included under Housing & Community Amenities. Community Liaison Officer has now been included under Recreation, Culture and Religion. Prior Year comparatives have been reallocated to reflect the change.

KATHERINE TOWN COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008

Note 3 - REVENUES FROM ORDINARY ACTIVITIES

RATES & ANNUAL CHARGES	2008	2007
	\$	\$
<u>Ordinary Rates</u>		
Residential	1,724,647	1,654,844
Farmland	170,300	155,600
Business	751,720	708,632
	<u>2,646,667</u>	<u>2,519,076</u>
<u>Annual Charges</u>		
Waste Management Service	613,203	603,246
	<u>613,203</u>	<u>603,246</u>
Total Rates & Annual Charges	<u>3,259,870</u>	<u>3,122,322</u>
USER CHARGES & FEES		
<u>User Charges</u>		
Domestic Waste Management Services	282,470	294,655
Other	430	13,172
	<u>282,900</u>	<u>307,827</u>
<u>Fees</u>		
Regulatory/Statutory Fees	41,885	27,772
Commissions & Agency Fees	94,495	62,398
Rent & Hire of Council Equipment	2,264	2,210
Private Works	5,804	17,355
Cemeteries	59,059	47,295
Swimming Centre	34,702	36,856
Aerodrome	161,884	130,660
Other	76,831	8,415
	<u>476,924</u>	<u>332,961</u>
Total User Charges & Fees	<u>759,824</u>	<u>640,788</u>
INTEREST REVENUES		
Interest on overdue rates & charges	16,218	13,458
Interest on investments	803,481	637,310
Total Interest, etc Revenues	<u>819,699</u>	<u>650,768</u>
OTHER REVENUES		
Fines	8,133	14,426
Lease Rentals	54,746	64,036
Insurance Claims	4,815	390,551
Sales - Store/Workshop	6,515	-
Developer Contributions - cash	13	7,523
Other	747,235	202,423
Total Other Revenues	<u>821,444</u>	<u>678,959</u>
TRANSFERS FROM OTHER LEVELS OF GOVERNMENT		
General Purpose (Untied)	14	1,459,303
Specific Purpose - Recurrent	14	822,304
Specific Purpose - Non-Recurrent	14	653,758
TOTAL TRANSFERS FROM OTHER LEVELS OF GOVERNMENT		<u>2,935,365</u>

KATHERINE TOWN COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008

Note 4 - EXPENSES FROM ORDINARY ACTIVITIES

EMPLOYEE COSTS	Notes	2008 \$	2007 \$
Salaries and Wages		1,922,970	1,887,325
Employee Leave Entitlements		218,838	294,448
Superannuation		174,607	165,996
Workers' Compensation Insurance		45,874	54,435
Training Costs (excluding Salaries)		13,863	14,319
Travelling		13,000	13,000
Fringe Benefits Tax		14,485	21,581
Total Operating Employee Costs		<u>2,403,637</u>	<u>2,451,104</u>
Total Number of Employees		37	37
<i>(Full time equivalent at end of reporting period)</i>			
FINANCING COSTS			
Interest on Loans		18,603	19,553
Total Financing Costs		<u>18,603</u>	<u>19,553</u>
DEPRECIATION, AMORTISATION & IMPAIRMENT			
Plant and Equipment		159,583	171,136
Furniture & Fittings		53,581	48,572
Land Improvements		402,092	321,954
Buildings		423,723	457,768
Infrastructure			
- roads, bridges & footpaths		2,131,541	2,259,811
- stormwater drainage		376,452	376,452
Total Depreciation & Amortisation		<u>3,546,972</u>	<u>3,635,693</u>
OTHER EXPENSES			
Auditor's Remuneration			
- Audit Services		13,000	13,000
Bad and Doubtful Debts		1,071	-
Insurances		175,662	174,071
Legal Expenses		13,951	11,844
Light, Power & Heating		201,633	190,060
Mayoral Allowance		48,969	48,158
Members' Fees & Allowances		59,231	54,845
Members' Expenses		85,001	61,008
Street Lighting		125,247	90,013
Telephone & Communications		40,543	46,132
Other		56,948	20,302
Total Other Expenses		<u>821,256</u>	<u>709,433</u>

KATHERINE TOWN COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008

Note 5 - GAIN OR LOSS ON DISPOSAL OF ASSETS

	2008	2007
	\$	\$
PROPERTY, PLANT & EQUIPMENT		
Proceeds from disposal	84,723	84,545
Less: Carrying amount of assets sold	<u>94,042</u>	<u>89,606</u>
Gain (Loss) on disposal	<u>(9,319)</u>	<u>(5,061)</u>
TOTAL GAIN (LOSS) ON DISPOSAL OF ASSETS	<u>(9,319)</u>	<u>(5,061)</u>

KATHERINE TOWN COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008

Note 6 - CURRENT ASSETS

	2008	2007
	\$	\$
CASH ASSETS		
Cash on Hand and at Bank	(196,916)	115,588
Short Term Deposits & Bills, etc	<u>11,417,564</u>	<u>10,110,237</u>
TOTAL CASH ASSETS	<u>11,220,648</u>	<u>10,225,825</u>
RECEIVABLES		
Rates & Annual Charges	111,366	90,537
Fees & other charges	7,186	6,316
Accrued Revenues	119,625	61,261
Other	<u>202,941</u>	<u>93,826</u>
Total	<u>441,118</u>	<u>251,940</u>
TOTAL RECEIVABLES	<u>441,118</u>	<u>251,940</u>
INVENTORIES & OTHER ASSETS		
Prepayments	<u>34,911</u>	<u>45,463</u>
TOTAL INVENTORIES & OTHER ASSETS	<u>34,911</u>	<u>45,463</u>

KATHERINE TOWN COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008

Note 7 - PROPERTY, PLANT & EQUIPMENT

	2007 \$				CARRYING AMOUNT MOVEMENTS DURING YEAR \$			2008 \$			
	AT COST	AT FAIR VALUE	ACCUM DEPN	CARRYING AMOUNT	Asset Purchases	Asset Disposals	Depreciation	AT COST	AT FAIR VALUE	ACCUM DEPN	CARRYING AMOUNT
Land											
- Council owned (freehold)	-	3,733,000	-	3,733,000	-	-	-	-	3,733,000	-	3,733,000
Land Improvements - depreciable	769,269	5,489,483	(823,605)	5,435,147	974,325	-	(402,092)	1,743,594	5,489,483	(1,225,697)	6,007,380
Buildings	272,524	9,762,300	(808,292)	9,226,532	547,886	-	(423,723)	820,410	9,762,300	(1,232,015)	9,350,695
- Roads, bridges, footpaths	2,004,823	18,143,789	(4,523,410)	15,625,202	1,193,464	-	(2,131,541)	3,198,287	18,143,789	(6,654,951)	14,687,125
- Stormwater drainage	-	13,140,600	(596,952)	12,543,648	12,226	-	(376,452)	12,226	13,140,600	(973,404)	12,179,422
Plant & Equipment	746,580	306,361	(276,194)	776,747	180,971	(93,994)	(159,583)	861,185	225,861	(382,905)	704,141
Furniture & Fittings	204,354	112,372	(80,955)	235,771	50,809	(48)	(53,581)	255,163	112,292	(134,504)	232,951
Totals	3,997,550	50,687,905	(7,109,408)	47,576,047	2,959,681	(94,042)	(3,546,972)	6,890,865	50,607,325	(10,603,476)	46,894,714
<i>2007 Totals</i>								3,997,550	50,687,905	(7,109,408)	47,576,047

KATHERINE TOWN COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008

Note 8 - CURRENT LIABILITIES

	Note	2008 \$	2007 \$
PAYABLES			
Goods & Services		560,270	308,096
Payments received in advance		28,425	30,712
Accrued Expenses		46,577	37,853
Deposits, Retentions & Bonds		79,497	91,299
Total Payables		714,769	467,960
BORROWINGS			
Loans		22,725	22,998
Total Borrowings		22,725	22,998
<i>All interest bearing liabilities are secured over the future revenues of the Council.</i>			
PROVISIONS			
Employee Leave Benefits (including oncosts)		233,254	255,176
Other		5,000	5,000
Total Provisions		238,254	260,176

KATHERINE TOWN COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008

Note 9 - NON-CURRENT LIABILITIES

	2008	2007
	Note	
	\$	\$
BORROWINGS		
Loans	<u>310,187</u>	<u>332,912</u>
Total Borrowings	<u>310,187</u>	<u>332,912</u>
<i>All interest bearing liabilities are secured over the future revenues of the Council.</i>		
PROVISIONS		
Employee Leave Benefits (including oncosts)	<u>41,046</u>	<u>41,361</u>
Total Provisions	<u>41,046</u>	<u>41,361</u>
AGGREGATE LIABILITY ARISING FROM EMPLOYEE BENEFITS		
	<u>41,046</u>	<u>41,361</u>

KATHERINE TOWN COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008

Note 10 - ASSET REVALUATION RESERVE

	2008	2007
	\$	\$
Balance at beginning of reporting period	<u>55,720,009</u>	<u>55,720,009</u>
Balance at end of reporting period	<u>55,720,009</u>	<u>55,720,009</u>

KATHERINE TOWN COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008

Note 11 - MOVEMENTS IN OTHER RESERVES

These Reserves, established at the Council's discretion, are required to be held in cash or authorised investments. Council may at any time vary the amounts or purposes of funds held in Reserve, but whilst established they are subject this restriction.

	Opening Balance 1 July 2007	Movements		Closing Balance 30 June 2008
		Tfr To Reserve	Tfr From Reserve	
	\$	\$	\$	\$
Facilities	1,034,014	602,445	-	1,636,459
Roads	960,917	793,843	-	1,754,760
Visitor Information Centre	150,095	76,016	-	226,111
Plant Replacement	763,110	129,030	-	892,140
Library	79,392	41,746	-	121,138
Airport	112,249	56,802	-	169,051
Cultural Precinct	3,500,000	501,175	-	4,001,175
Binjari	159,160	-	-	159,160
Developers Contributions	58,085	-	-	58,085
New Waste Transfer Station	59,655	31,368	-	91,023
	6,876,677	2,232,425	-	9,109,102

KATHERINE TOWN COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008

Note 12 - CASH FLOW INFORMATION

(a) Reconciliation of Cash

For the purposes of the statement of cash flows, cash includes cash on hand, at bank and at call deposits with other financial institutions. Term deposits are also included. Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	2008	2007
<u>Cash Assets</u>	\$	\$
Cash on Hand and at Bank	(196,916)	115,588
Short Term Deposits	11,417,564	10,110,237
Balances per Statement of Cash Flows	<u>11,220,648</u>	<u>10,225,825</u>

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

Change in Net Assets resulting from Operations	290,542	(168,979)
Non-cash items in Income Statement		
Net increase (decrease) in unpaid employee benefits	(22,237)	81,840
Depreciation, Amortisation & Impairment	3,546,972	3,635,693
- Property, Plant & Equipment		
(Gain) Loss on Disposals	9,319	5,061
	<u>3,824,596</u>	<u>3,553,615</u>
Add (Less) changes in Net Current Assets		
Net (increase) decrease in receivables	(189,178)	146,376
Net (increase) decrease in other current assets	10,552	(8,671)
Net increase (decrease) in trade & other payables	258,611	(743,182)
Net increase (decrease) in other payables	(11,802)	(76,443)
	<u>3,892,779</u>	<u>2,871,695</u>
Net Cash provided by (or used in) operations	<u>3,892,779</u>	<u>2,871,695</u>

KATHERINE TOWN COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008

Note 13 - DEVELOPER CONTRIBUTION PLANS

Contributions made by developers (as a condition of planning consent) for the future provision or enhancement of public services impacted by the development are recognised as income when Council gains control over the cash or other assets contributed.

Cash amounts received are required to be held in cash or other authorised investments until expended for the purposes received (see Note 15).

SUMMARY OF CONTRIBUTIONS

PURPOSE	OPENING BALANCE \$	CONTRIBUTIONS RECEIVED DURING YEAR		INTEREST EARNED DURING YEAR \$	EXPENDED DURING YEAR \$	EXPENDED IN ADVANCE \$	HELD AS RESTRICTED ASSET \$	WORKS PROVIDED TO DATE \$
		CASH \$	NON-CASH \$					
Parking	28,532	-	-	-	-	-	28,532	-
Open Space	-	-	-	-	-	-	-	-
Community facilities	-	-	-	-	-	-	-	-
Drainage	-	-	-	-	-	-	-	-
Roads	29,553	-	-	-	-	-	29,553	-
Traffic Facilities	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total	58,085	-	-	-	-	-	58,085	-

KATHERINE TOWN COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008

Note 14 - RECONCILIATION OF GOVERNMENT GRANTS

This schedule records all amounts received from other levels of Government, whether described as grants, subsidies or otherwise. All amounts (other than untied grants) are required to be held as cash or authorised investments until expended.

	Source	Opening	Movements		Closing
		Balance 1 July 2007	Received/ Receivable	Expended	Balance 30 June 2008
		\$	\$	\$	\$
GENERAL PURPOSE (Untied)					
Grants Commission - general purpose	GC	-	800,567	800,567	-
Grants Commission - roads component	GC	-	501,673	501,673	-
NT Operational	NT	-	219,603	219,603	-
Subtotal		-	1,521,843	1,521,843	-
SPECIFIC PURPOSE (Recurrent)					
Libraries	NT	-	207,526	207,526	-
Other NT	NT	-	319,000	319,000	-
Commonwealth Current Grants	C	-	22,000	22,000	-
Subtotal		-	548,526	548,526	-
SPECIFIC PURPOSE (Non-Recurrent)					
NT Capital Grants	NT	-	290,000	290,000	-
Commonwealth Capital Grants	C	-	818,545	818,545	-
Other	O	-	57,090	57,090	-
Subtotal		-	1,165,635	1,165,635	-
TOTAL AMOUNTS FROM OTHER LEVELS OF GOVERNMENT					
		-	3,236,004	3,236,004	-

Sources: GC - Grants Commission; NT - NT Government; C - Commonwealth; O - Other sources

KATHERINE TOWN COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008

Note 15 - FINANCIAL INSTRUMENTS

Recognised Financial Instruments

The permitted forms of investments of the Council are defined in an order made by the Minister of Local Government, and may broadly be described as "Trustee Securities".

Bank, Deposits at Call, Short Term Deposits	<p>Accounting Policy: Carried at lower of cost and net realisable value; Interest is recognised when earned.</p> <p>Terms & conditions: Deposits are returning fixed interest rates between 2.25% and 4.4% (2007: 1.95% and 4.05%). Short term deposits have an average maturity of 60 days and an average interest rates of 7.34% (2007: 60 days, 6.04%).</p> <p>Carrying amount: approximates fair value due to the short term to maturity.</p>
Receivables - Rates, Annual & User Charges (including legals & penalties for late payment)	<p>Accounting Policy: Carried at nominal values. A bad debts expense is recognised when collection in full is no longer probable.</p> <p>Terms & conditions: Secured over the subject land, arrears attract interest of 17% (2007: 17%) Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the Northern Territory.</p> <p>Carrying amount: approximates fair value (after deduction of the allowance).</p>
Receivables - Fees & other charges	<p>Accounting Policy: Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.</p> <p>Terms & conditions: Unsecured, and do not bear interest. Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the Northern Territory.</p> <p>Carrying amount: approximates fair value (after deduction of any provision).</p>
Receivables - other levels of government	<p>Accounting Policy: Carried at nominal value.</p> <p>Terms & conditions: 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 Governments of Northern Territory and Australia.</p> <p>Carrying amount: approximates fair value (after deduction of any allowance).</p>
Receivables - Retirement Home Contributions	<p>Accounting Policy: Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.</p> <p>Terms & conditions: Amounts due have been calculated in accordance with the terms and conditions of the relevant legislation.</p> <p>Carrying amount: approximates fair value (after deduction of any allowance).</p>
Liabilities - Creditors and Accruals	<p>Accounting Policy: Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Council.</p> <p>Terms & conditions: Liabilities are normally settled on 30 day terms.</p> <p>Carrying amount: approximates fair value.</p>
Liabilities - Retirement Home Contributions	<p>Accounting Policy: To avoid inconvenience when complying with the separate audit requirements imposed by the relevant legislation, amounts are carried at nominal values.</p> <p>Terms & conditions: Pursuant to Commonwealth legislation certain intending residents are required to contribute amounts on an interest free basis. The amounts are subject to certain deductions as prescribed by the legislation, the balance being repaid on termination of tenancy.</p> <p>Carrying amount: approximates fair value for short tenancies; may be over-stated for longer tenancies.</p>
Liabilities - Interest Bearing Loans	<p>Accounting Policy: Carried at the principal amounts. Interest is charged as an expense as it accrues.</p> <p>Terms & conditions: secured over future revenues, loans are repayable by equal 6 monthly instalments of principal & interest; interest is charged at fixed rate of 5.43% (2007: 5.43%)</p> <p>Carrying amount: approximates fair value.</p>
Liabilities - Finance Leases	<p>Accounting Policy: accounted for in accordance with AASB 117</p>

KATHERINE TOWN COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008

Note 15 (CONT) - FINANCIAL INSTRUMENTS

Interest Rate Risk Exposures

2008	Floating Interest Rate \$	≤ 1 year \$	Fixed interest maturing in > 1 year ≤ 5 years \$	> 5 years \$	Non- interest bearing \$	Total \$
Financial Assets						
Fair Value through P&L						
Cash Assets	11,417,564				(196,916)	11,220,648
Loans & Receivables		118,552			202,941	321,493
Total	11,417,564	118,552	-	-	6,025	11,542,141
<i>Weighted Average Interest Rate</i>	7.34%					
Financial Liabilities						
Loans & Receivables						
Payables					668,192	668,192
Borrowings					332,912	332,912
Total	-	-	-	-	1,001,104	1,001,104
<i>Weighted Average Interest Rate</i>	5.43%					
2007	Floating Interest Rate \$	≤ 1 year \$	Fixed interest maturing in > 1 year ≤ 5 years \$	> 5 years \$	Non- interest bearing \$	Total \$
Financial Assets						
Fair Value through P&L						
Cash Assets	10,110,237				115,588	10,225,825
Loans & Receivables		96,853			93,826	190,679
Total	10,110,237	96,853	-	-	209,414	10,416,504
<i>Weighted Average Interest Rate</i>	6.26%					
Financial Liabilities						
Loans & Receivables						
Bank Overdraft	-					-
Payables					430,107	430,107
Borrowings					355,910	355,910
Total	-	-	-	-	786,017	786,017
<i>Weighted Average Interest Rate</i>	5.43%					

KATHERINE TOWN COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008

Note 15 (CONT) - FINANCIAL INSTRUMENTS

Financial Risk Management

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 allowance for doubtful debts. Legislative restrictions on Council's investment powers effectively limit investments to financial instruments issued or guaranteed by Australian governments, banks and authorised deposit taking institutions.

Market risk is the risk that fair values of financial assets will fluctuate as a result of changes in market prices. All of Council's financial assets are denominated in Australian dollars and are not traded on any market, hence neither market risk nor currency risk apply.

Liquidity risk is the risk that Council will encounter difficulty in meeting obligations with financial liabilities. Financial assets and financial liabilities have a range of maturity dates, and Council monitors its cash flow requirements and liquidity levels, and maintains an adequate cash buffer.

Interest rate risk is the risk that future cash flows will fluctuate because of changes in market interest rates. Most of Council's financial instruments are relatively short term, and variations in future cash flows as a result of interest rate fluctuations will not be material in effect on either Council incomes or expenditures.

Reconciliation of Financial Assets & Liabilities

	2008	2007
	\$	\$
Net financial assets from previous page		
Financial Assets	11,542,141	10,416,504
Financial Liabilities	<u>1,001,104</u>	<u>786,017</u>
	<u>10,541,037</u>	<u>9,630,487</u>
Non-financial assets and liabilities		
Accrued Revenues	119,625	61,261
Inventories		
Property, Plant & Equipment	46,894,714	47,576,047
Other Assets	34,911	45,463
Accrued Expenses	-46,577	-37,853
Provisions	-279,300	-301,537
Other liabilities		
	<u>46,723,373</u>	<u>47,343,381</u>
Net Assets per Statement of Financial Position	<u>57,264,410</u>	<u>56,973,868</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.

KATHERINE TOWN COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2008

Note 16 - STATEMENT OF PERFORMANCE MEASUREMENT

	2008	2007
	<u>Indicators</u>	
Current Ratio		
<u>Current Assets</u>	11.99:1	14.01:1
Current Liabilities		
Debt Service Ratio		
<u>Net Debt Service Cost</u>	187.21:1	174.12:1
Operating Revenue		
* as defined in the Code		
Rate Coverage Ratio		
<u>Rates & Annual Charges Revenues</u>	36.64%	38.89%
Total Revenues		
Rates & Annual Charges		
Outstanding Percentage		
<u>Rates & Annual Charges Outstanding</u>	3.41%	2.89%
Rates & Annual Charges Collectible		

**KATHERINE TOWN COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2008**

Special Schedule 1 - SIGNIFICANT VARIATIONS FROM BUDGET

	Budget \$	Actual* \$	Variation %	Favourable/ Unfavourable	Explanation
GENERAL PUBLIC SERVICES					
Revenues	6,778,695	4,232,036	-37.57%	Unfavourable	Variance is due to brought forward amounts and some depreciation amounts included in the budget to offset depreciation expense.
Expenses	2,001,025	1,336,307	-33.22%	Favourable	Variance is due to some capital works carried over and cost savings in operating expenses.
PUBLIC ORDER & SAFETY					
Revenues	51,254	49,102	-4.20%	Unfavourable	Variance is due to reduced fine income.
Expenses	217,253	167,729	-22.80%	Favourable	Variance is due to a reduction in staff costs due to secondment of Senior Ranger.
ECONOMIC AFFAIRS					
Revenues	4,881,068	2,423,554	-50.35%	Unfavourable	Variance is due to depreciation amounts included to offset depreciation expenses.
Expenses	5,761,039	5,278,761	-8.37%	Favourable	Variance is due to capital works carried over.
ENVIRONMENTAL PROTECTION					
Revenues	911,311	896,103	-1.67%	Unfavourable	
Expenses	1,059,964	932,801	-12.00%	Favourable	Expenses lower than expected.
HOUSING & COMMUNITY AMENITIES					
Revenues	391,903	127,175	-67.55%	Unfavourable	Variance is due to depreciation amounts included to offset depreciation expenses.
Expenses	943,710	736,527	-21.95%	Favourable	Variance is due to capital works carried over.
RECREATION, CULTURE & RELIGION					
Revenues	1,277,493	957,038	-25.08%	Unfavourable	Variance is due to depreciation amounts included to offset depreciation expenses.
Expenses	3,916,896	3,113,854	-20.50%	Favourable	Variance is due to capital works carried over.

*Adjusted to include capital expenditures.