

KATHERINE TOWN COUNCIL

ANNUAL FINANCIAL STATEMENTS

for the year ending

30th June 2009

Katherine Town Council

General Purpose Financial Reports for the year ended 30 June 2009

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KATHERINE TOWN COUNCIL

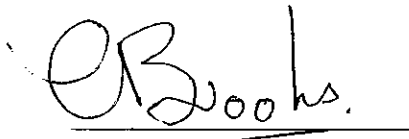
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2009

OFFICER'S STATEMENT

I, Geoff 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.



(Chief Executive Officer)

26-8-2009
(date)

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF THE KATHERINE TOWN COUNCIL

Scope

The financial report and committee members' responsibility

The financial report comprises the income statement, balance sheet, cash flow statement, statement of changes in equity, accompanying notes to the financial statements and the Officer's Statement for the Katherine Town Council ("**the Council**"), for the year ended 30 June 2009.

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 2009 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 ^{10th} day of September 2009

Katherine Town Council
INCOME STATEMENT
for the year ended 30 June 2009

	Notes	2009 \$	2008 \$
INCOME			
Rates	2	3,467,272	3,259,870
Statutory charges	2	60,081	50,018
User charges	2	812,378	759,824
Grants, subsidies and contributions	2	2,380,153	2,127,459
Investment income	2	727,643	819,699
Reimbursements	2	80,140	88,202
Other income	2	544,466	683,224
Total Income		8,072,133	7,788,296
EXPENSES			
Employee costs	3	2,502,747	2,403,637
Materials, contracts and other expenses	3	3,026,622	2,627,768
Finance costs	3	1,209	18,603
Depreciation, amortisation and impairment	3	3,769,736	3,546,972
Total Expenses		9,300,314	8,596,980
OPERATING SURPLUS / (DEFICIT)		(1,228,181)	(808,684)
Net gain (loss) on disposal or revaluation of assets	4	(283,574)	(9,319)
Amounts received specifically for new or upgraded assets	2	2,689,278	1,108,544
NET SURPLUS / (DEFICIT)		1,177,523	290,542

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

Katherine Town Council

BALANCE SHEET
as at 30 June 2009

	Notes	2009 \$	2008 \$
ASSETS			
Current Assets			
Cash and cash equivalents	5	14,007,810	11,220,648
Trade and other receivables	5	846,186	476,029
Total Current Assets		14,853,996	11,696,677
Non-current Assets			
Infrastructure, Property, Plant and Equipment	6	45,237,983	46,894,714
Total Non-current Assets		45,237,983	46,894,714
Total Assets		60,091,979	58,591,391
LIABILITIES			
Current Liabilities			
Trade and Other Payables	7	1,301,819	714,769
Borrowings	7	-	22,725
Provisions	7	259,199	238,254
Total Current Liabilities		1,561,018	975,748
Non-current Liabilities			
Borrowings	7	-	310,187
Provisions	7	89,028	41,046
Total Non-current Liabilities		89,028	351,233
Total Liabilities		1,650,046	1,326,981
NET ASSETS		58,441,933	57,264,410
EQUITY			
Accumulated Surplus		2,721,924	1,544,401
Asset Revaluation Reserve	8	55,720,009	55,720,009
TOTAL EQUITY		58,441,933	57,264,410

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 2009

	2009 \$	2008 \$
	Notes	
ACCUMULATED SURPLUS		
Balance at end of previous reporting period	1,544,401	1,253,859
Net Surplus / (Deficit) for Year	<u>1,177,523</u>	<u>290,542</u>
Balance at end of period	<u>2,721,924</u>	<u>1,544,401</u>
 ASSET REVALUATION RESERVE		
	8	
Balance at end of previous reporting period	<u>55,720,009</u>	<u>55,720,009</u>
Balance at end of period	<u>55,720,009</u>	<u>55,720,009</u>

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

Katherine Town Council

CASH FLOW STATEMENT for the year ended 30 June 2009

	Notes	2009 \$	2008 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
<u>Receipts</u>			
Rates - general and other		3,453,950	3,169,779
Fees and other charges		1,005,488	800,170
Investment receipts		608,417	761,335
Grants utilised for operating purposes		2,558,664	2,298,877
Other operating receipts		902,514	1,114,488
<u>Payments</u>			
Employee Costs		(2,414,108)	(2,425,874)
Contractual services and materials		(2,801,231)	(1,743,181)
Other operating payments		(464,116)	(1,181,480)
Finance payments		(22,203)	(9,879)
Net Cash provided by (or used in) Operating Activities		<u>2,827,375</u>	<u>2,784,235</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
<u>Receipts</u>			
Amounts specifically for new or upgraded assets		2,689,278	1,108,544
Sale of replaced assets		99,182	84,723
<u>Payments</u>			
Expenditure on renewal/replacement of assets		(2,495,761)	(2,959,681)
Net Cash provided by (or used in) Investing Activities		<u>292,699</u>	<u>(1,766,414)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
<u>Payments</u>			
Repayments of Borrowings		(332,912)	(22,998)
Net Cash provided by (or used in) Financing Activities		<u>(332,912)</u>	<u>(22,998)</u>
Net Increase (Decrease) in cash held		<u>2,787,162</u>	<u>994,823</u>
Cash and cash equivalents at beginning of period		<u>11,220,648</u>	<u>10,225,825</u>
Cash and cash equivalents at end of period		<u>14,007,810</u>	<u>11,220,648</u>

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 2009

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.

a Basis of Preparation

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.

2 Historical Cost Convention

Except where stated below, these financial statements have been prepared in accordance with the historical cost convention.

3 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.

4 Rounding

All amounts in the financial statements have been rounded to the nearest dollar.

b 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.

c Income recognition

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

Where grants, contributions and donations recognised as incomes 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 incomes in a previous reporting period which were obtained in respect of the Council's operations for the current reporting period.

Katherine Town Council

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2009

Note 1 - Significant Accounting Policies (cont)

d Cash, Cash Equivalents 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 1999. Other receivables are generally unsecured and do not bear interest.

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.

e Inventories

As at 30th June 2009 no items exist in inventory with all purchases being expensed on acquisition.

f Infrastructure, Property, Plant and Equipment

1 Transitional Provisions

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*. Details of the effects of this election are given in Note 7.

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".

2 Initial Recognition

All assets are initially recognised at cost. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition, including architects' fees and engineering design fees and all other costs incurred. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the Council includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overhead.

Capital works still in progress at balance date are recognised as other non-current assets and transferred to *infrastructure, property, plant and equipment* when completed ready for use.

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. Examples of capitalisation thresholds applied during the year are as follows. No capitalisation threshold is applied to the acquisition of land or interests in land.

Office Furniture and Equipment	\$1,000
Other Plant and Equipment	\$1,000
Buildings - new construction/extensions	\$10,000
Park and Playground Furniture and Equipment	\$2,000
Road construction and reconstruction	\$10,000
Paving and footpaths, Kerb and Gutter	\$2,000
Drains and Culverts	\$5,000
Reticulation extensions	\$5,000
Sidelines and household connections	\$5,000
Artworks	\$5,000

Katherine Town Council

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2009

Note 1 - Significant Accounting Policies (cont)

4 Subsequent Recognition

Certain asset classes are revalued on a regular basis such that the carrying values are not materially different from fair value. For infrastructure and other asset classes where no active market exists, fair value is determined to be the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset. Further detail of existing valuations, methods and valuers are provided at Note 7.

5 Depreciation of Non-Current Assets

Other than land, all infrastructure, 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 shown below. 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.

Plant, Furniture and Equipment	
Office Equipment	5 to 10 years
Office Furniture	10 to 20 years
Vehicles and Road-making Equip	5 to 8 years
Other Plant and Equipment	5 to 15 years
Building and Other Structures	
Buildings – masonry	50 to 100 years
Buildings – other construction	20 to 40 years
Park Structures – masonry	50 to 100 years
Park Structures – other construction	20 to 40 years
Playground equipment	5 to 15 years
Benches, seats, etc	10 to 20 years
Infrastructure	
Sealed Roads – Surface	15 to 25 years
Sealed Roads – Structure	20 to 50 years
Unsealed Roads	10 to 20 years
Bridges – Concrete	80 to 100 years
Paving and Footpaths, Kerb and Gutter	80 to 100 years
Drains	80 to 100 years
Culverts	50 to 75 years
Flood Control Structures	80 to 100 years
Dams and Reservoirs	80 to 100 years
Bores	20 to 40 years
Reticulation Pipes – PVC	70 to 80 years
Reticulation Pipes – other	25 to 75 years
Pumps and Telemetry	15 to 25 years
Other Assets	

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 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.

Katherine Town Council

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2009

Note 1 - Significant Accounting Policies (cont)

7 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 2.

g Payables

1 Goods and 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.

2 Payments Received in Advance and 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.

h 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". Interest free loans are carried at their nominal amounts; interest revenues foregone by the lender effectively being a reduction of interest expense in the period to which it relates.

i Employee Benefits

1 Salaries, Wages and 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.

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	3% (2008, 7.25%)
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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.

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. No changes in accounting policy have occurred during either the current or previous reporting periods. Details of the accounting policies applied and Council's involvement with the schemes are reported in Note 18.

Katherine Town Council

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2009

Note 1 - Significant Accounting Policies (cont)

j Construction Contracts

Construction works undertaken by Council for third parties 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".

k Joint Ventures and Associated Entities

Council participates in cooperative arrangements with other Councils for the provision of services and facilities.

l Leases

Lease arrangements have been accounted for in accordance with Australian Accounting Standard 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.

m GST Implications

In accordance with UIG Abstract 1031 "Accounting for the Goods and 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.

n Comparative Information

Comparative information has been reclassified to be consistent with the current year disclosure of equivalent information in accordance with AIFRS.

Katherine Town Council

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2009

Note 1 - Significant Accounting Policies (cont)

o New Accounting Standards

Certain new accounting standards and UIG interpretations have been published that are not mandatory for the 30 June 2009 reporting period.

- AASB 3 *Business Combinations*
- AASB 101 *Presentation of Financial Statements*
- AASB 123 *Borrowing Costs*
- AASB 127 *Consolidated and Separate Financial Statements*
- AASB 2007-6 *Amendments to Australian Accounting Standards arising from AASB 123*
- AASB 2007-8 and AASB 2007-10 *Amendments to Australian Accounting Standards arising from AASB 101*
- AASB 2008-2 *Amendments to Australian Accounting Standards – Puttable Financial Instruments and Obligations arising on Liquidation*
- AASB 2008-3 *Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127*
- AASB 2008-5 and AASB 2008-6 *Amendments to Australian Accounting Standards arising from the Annual Improvements Project*
- AASB 2008-7 *Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
- AASB 2008-8 *Amendments to Australian Accounting Standards – Eligible Hedged Items*
- AASB 2008-9 *Amendments to AASB 1049 for Consistency with AASB 101*
- AASB 2008-11 *Amendments to Australian Accounting Standard – Business Combinations Among Not-for-Profit Entities*
- AASB 2008-12 *Amendments to Australian Accounting Standards – Reclassification of Financial Assets – Effective Date and Transition*
- AASB 2008-13 *Amendments to Australian Accounting Standards arising from AASB Interpretation 17 – Distributions of Non-cash Assets to Owners*
- Interpretation 15 *Agreements for the Construction of Real Estate*
- Interpretation 16 *Hedges of a Net Investment in a Foreign Operation*
- Interpretation 17 *Distributions of Non-cash Assets to Owners*
- Interpretation 18 *Transfers of Assets from Customers*
- (Standards not affecting local government have been excluded from the above list.)

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 2009

Note 2 - INCOME

	Notes	2009 \$	2008 \$
RATES REVENUES			
<u>General Rates</u>			
Residential		1,834,753	1,724,647
Farmland		181,172	170,300
Business		799,712	751,720
		<u>2,815,637</u>	<u>2,646,667</u>
<u>Annual Charges</u>			
Waste Management Service		651,635	613,203
		<u>651,635</u>	<u>613,203</u>
		<u>3,467,272</u>	<u>3,259,870</u>
STATUTORY CHARGES			
Animal registration fees and fines		36,106	41,885
Parking fines / expiation fees		18,870	8,133
Other fines, penalties and expiations		5,105	-
		<u>60,081</u>	<u>50,018</u>
USER CHARGES			
Cemetery/crematoria fees		50,058	59,059
Airport fees		174,229	161,884
Commission		105,960	94,495
Hall and equipment hire		49,693	35,634
Sales - general		19,347	6,515
Sundry		413,091	402,237
		<u>812,378</u>	<u>759,824</u>
INVESTMENT INCOME			
Interest on investments			
Banks and other		727,643	819,699
		<u>727,643</u>	<u>819,699</u>

Katherine Town Council

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2009

NOTE 2 - INCOME (continued)

	Notes	2009 \$	2008 \$
REIMBURSEMENTS			
- for private works		15,311	5,804
- other		<u>64,829</u>	<u>82,398</u>
		<u>80,140</u>	<u>88,202</u>
 OTHER INCOME			
Insurance and other recoupments - infrastructure, property, plant & equipment		14,721	193,945
Sundry		<u>529,745</u>	<u>489,279</u>
		<u>544,466</u>	<u>683,224</u>
 GRANTS, SUBSIDIES, CONTRIBUTIONS			
Amounts received specifically for new or upgraded assets		2,689,278	1,108,544
Other grants, subsidies and contributions		2,081,298	2,127,459
Individually significant item - Advance Grants Commission payment	see below	298,855	-
		<u>5,069,431</u>	<u>3,236,003</u>
 <i>The functions to which these grants relate are shown in Note 12.</i>			
 Sources of grants			
Commonwealth government		2,558,113	857,044
Northern Territory government		2,447,273	2,339,369
Other		<u>64,045</u>	<u>39,590</u>
		<u>5,069,431</u>	<u>3,236,003</u>

Individually Significant Item

On 26 June 2009, Council received payment of the first quarter instalment of the 2009/10 Grant Commission (FAG) grant. This represents a significant increase in income from this source for 2009/09, with an equivalent reduction in 2009/10.

298,855

-

Katherine Town Council

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2009

Note 3 - EXPENSES

	2009	2008
Notes	\$	\$
EMPLOYEE COSTS		
Salaries and Wages	1,964,047	1,922,970
Employee leave expense	268,384	218,838
Superannuation - defined contribution plan contributions	180,718	174,607
Workers' Compensation Insurance	45,238	45,874
Other	44,360	41,348
Total Operating Employee Costs	2,502,747	2,403,637
 Total Number of Employees	42	37
<i>(Full time equivalent at end of reporting period)</i>		
 MATERIALS, CONTRACTS and OTHER EXPENSES		
<u>Prescribed Expenses</u>		
Auditor's Remuneration		
- Auditing the financial reports	15,000	13,000
Bad and Doubtful Debts	5,038	1,071
Elected members' expenses	187,380	170,355
Election expenses	-	22,846
Subtotal - Prescribed Expenses	207,418	207,272
 <u>Other Materials, Contracts and Expenses</u>		
Contractors	1,948,607	1,806,512
Energy	210,076	201,633
Legal Expenses	15,228	13,951
Parts, accessories and consumables	293,903	175,662
Professional services	16,458	25,035
Sundry	334,932	197,703
Subtotal - Other Materials, Contracts and Expenses	2,819,204	2,420,496
	3,026,622	2,627,768
 FINANCE COSTS		
Interest on Loans	1,209	18,603
	1,209	18,603
 DEPRECIATION, AMORTISATION and IMPAIRMENT		
Depreciation		
Land Improvements	62,536	61,235
Buildings	441,899	423,723
Infrastructure	2,642,384	2,507,993
Plant and equipment	175,520	159,583
Furniture and Fittings	99,304	53,581
Other Assets	348,093	340,857
	3,769,736	3,546,972

Katherine Town Council

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2009

Note 4 - ASSET DISPOSAL AND FAIR VALUE ADJUSTMENTS

	2009	2008
Notes	\$	\$
INFRASTRUCTURE, PROPERTY, PLANT AND EQUIPMENT		
<i>Assets renewed or directly replaced</i>		
Proceeds from disposal	99,182	84,723
Less: Carrying amount of assets sold	<u>382,756</u>	<u>94,042</u>
Gain (Loss) on disposal	<u>(283,574)</u>	<u>(9,319)</u>
NET GAIN (LOSS) ON DISPOSAL OR REVALUATION OF ASSETS	<u>(283,574)</u>	<u>(9,319)</u>

Katherine Town Council

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2009

Note 5 - CURRENT ASSETS

	2009	2008
CASH AND EQUIVALENT ASSETS	\$	\$
Cash on Hand and at Bank	273,738	(196,916)
Deposits at Call	<u>13,734,072</u>	<u>11,417,564</u>
	<u>14,007,810</u>	<u>11,220,648</u>
 TRADE and OTHER RECEIVABLES		
Rates - General and Other	124,688	111,366
Accrued Revenues	238,851	119,625
Debtors - general	421,800	202,941
Prepayments	41,711	34,911
Sundry	<u>19,136</u>	<u>7,186</u>
Total	<u>846,186</u>	<u>476,029</u>

Katherine Town Council

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2009

Note 6 - INFRASTRUCTURE, PROPERTY, PLANT AND EQUIPMENT

	2008						2009					
	AT FAIR VALUE	AT COST	ACCUM DEPN	CARRYING AMOUNT	AT FAIR VALUE	AT COST	ACCUM DEPN	CARRYING AMOUNT	AT FAIR VALUE	AT COST	ACCUM DEPN	CARRYING AMOUNT
Land	3,733,000	-	-	3,733,000	3,733,000	-	3,733,000	-	3,733,000	-	-	3,733,000
Land improvements	735,209	94,787	(180,660)	649,336	735,209	95,867	649,336	(243,196)	735,209	95,867	(243,196)	587,880
Buildings	10,105,101	724,163	(1,290,993)	9,538,271	10,105,101	980,989	9,538,271	(1,732,892)	10,105,101	980,989	(1,732,892)	9,353,198
Infrastructure	31,193,488	3,159,424	(7,612,333)	26,740,579	31,193,488	4,609,431	26,740,579	(10,254,346)	31,193,488	4,609,431	(10,254,346)	25,548,573
Plant and equipment	225,861	861,184	(382,905)	704,140	198,861	894,135	704,140	(488,232)	198,861	894,135	(488,232)	604,764
Furniture and Fittings	546,499	410,791	(252,915)	704,375	527,084	410,596	704,375	(327,491)	527,084	410,596	(327,491)	610,189
Other assets	4,068,167	1,640,516	(883,670)	4,825,013	4,068,167	1,963,975	4,825,013	(1,231,763)	4,068,167	1,963,975	(1,231,763)	4,800,379
TOTAL PROPERTY, PLANT AND EQUIPMENT	50,607,325	6,890,865	(10,603,476)	46,894,714	50,607,325	8,954,993	46,894,714	(14,277,920)	50,607,325	8,954,993	(14,277,920)	45,237,983
2008 Totals	50,687,905	3,997,550	(7,109,408)	47,576,047	50,607,325	6,890,865	47,576,047	(10,603,476)	50,607,325	6,890,865	(10,603,476)	46,894,714

This Note continues on the following pages.

Katherine Town Council

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2009**

Note 6 - INFRASTRUCTURE, PROPERTY, PLANT AND EQUIPMENT

	2008 \$	CARRYING AMOUNT MOVEMENTS DURING YEAR				2009 \$
		CARRYING AMOUNT	New/Upgrade	Additions Renewals	Disposals	
Land	3,733,000	-	-	-	-	3,733,000
Land Improvements	649,336	-	1,080	-	(62,536)	587,880
Buildings	9,538,271	52,007	204,819	-	(441,899)	9,353,198
Infrastructure	26,740,579	-	1,611,671	(161,293)	(2,642,384)	25,548,573
Plant and equipment	704,140	182,279	-	(106,135)	(175,520)	604,764
Furniture and Fittings	704,375	102,576	17,870	(115,328)	(99,304)	610,189
Other assets	4,825,013	43,025	280,434	-	(348,093)	4,800,379
TOTAL INFRASTRUCTURE, PROPERTY, PLANT AND EQUIPMENT	46,894,714	379,887	2,115,874	(382,756)	(3,769,736)	45,237,983
2008 Totals	47,576,047	2,959,681		(94,042)	(3,546,972)	46,894,714

This Note continues on the following pages.

Katherine Town Council

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2009

Note 6 (cont) – INFRASTRUCTURE, PROPERTY, PLANT AND EQUIPMENT

Valuation of Assets

At 1 July 2004 upon the transition to AIFRS, Council elected pursuant to AASB 1.19 to retain a previously established deemed cost under GAAP as its deemed cost for the purposes of AIFRS.

Land and Land Improvements

Council being of the opinion that it is not possible to attribute a value sufficiently reliably to qualify for recognition, land under roads has not been recognised in these reports. Land acquired for road purposes during the year is initially recognised at cost, but transferred to fair value at reporting date, effectively writing off the expenditure.

Pursuant to Council's election, freehold land and land over which Council has control, but does not have title, is recognised on the cost basis. No capitalisation threshold is applied to the acquisition of land or interests in land.

Land improvements, including bulk earthworks with an assessed unlimited useful life, are recognised on the cost basis, originally deriving from a valuation at 30 June 1995 at current replacement cost. Additions are recognised at cost.

Estimated future costs of reinstatement of land, capitalised in accordance with AASB 116.16(c), are reviewed annually (see Note 1) and depreciated over the estimated remaining life of the relevant asset. The weighted average depreciation period is a years (2007 – b years).

Buildings and Other Structures

Pursuant to Council's election, buildings and other structures are recognised on the cost basis.

Infrastructure

Transportation assets were valued by Council officers at written down current replacement cost during the reporting period ended 30 June 1996 and pursuant to Council's election are disclosed at deemed cost. All acquisitions made after the respective dates of valuation are recorded at cost.

Stormwater drainage infrastructure was valued by Council officers as at 30 June 1997 at written down current replacement cost, based on actual costs incurred during the reporting period ended 30 June 1997 and pursuant to Council's election are disclosed at deemed cost. All acquisitions made after the respective dates of valuation are recorded at cost.

Community wastewater management system infrastructure was valued by Council officers at written down current replacement cost during the reporting period ended 30 June 1995 and pursuant to Council's election are disclosed at deemed cost. All acquisitions made after the respective dates of valuation are recorded at cost. Major depreciation periods are: (here list useful lives of principal asset types)

Plant, Furniture and Equipment

Pursuant to Council's election, these assets are recognised on the cost basis.

It should be noted that capital expenditure at Binjari funded by the Northern Territory and Federal Governments has not resulted in the creation of an asset for Katherine Town Council. The reason for this is that the land on which the work has been performed is the subject of a long-term lease by the Northern Territory Government to the Binjari Aboriginal Corporation.

Katherine Town Council

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2009

Note 7 - LIABILITIES

	Notes	2009		2008	
		Current	Non-current	Current	Non-current
TRADE AND OTHER PAYABLES					
Goods and Services		714,529	-	560,270	-
Payments received in advance		311,000	-	28,425	-
Accrued expenses - employee entitlements		25,696	-	5,984	-
Accrued expenses - other		19,599	-	40,593	-
Deposits, Retentions and Bonds		230,995	-	79,497	-
		<u>1,301,819</u>	<u>-</u>	<u>714,769</u>	<u>-</u>
BORROWINGS					
Loans		-	-	22,725	310,187
		<u>-</u>	<u>-</u>	<u>22,725</u>	<u>310,187</u>
<i>All interest bearing liabilities are secured over the future revenues of the Council.</i>					
PROVISIONS					
Employee entitlements (including oncosts)		254,199	89,028	233,254	41,046
Other		5,000	-	5,000	-
		<u>259,199</u>	<u>89,028</u>	<u>238,254</u>	<u>41,046</u>

Katherine Town Council

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2009

Note 8 - RESERVES

ASSET REVALUATION RESERVE	1/07/2008	Net Increments (Decrements)	Transfers on Sale	30/06/2009
Notes	\$	\$	\$	\$
Land	4,598,000	-	-	4,598,000
Land Improvements	724,097	-	-	724,097
Buildings	11,520,414	-	-	11,520,414
Infrastructure	31,468,395	-	-	31,468,395
Plant and Equipment	744,893	-	-	744,893
Furniture and Fittings	751,575	-	-	751,575
Other Assets	5,912,635	-	-	5,912,635
Total Infrastructure, Property, Plant and Equipment	55,720,009	-	-	55,720,009
Available for Sale Investments	<u>(55,720,009)</u>	<u>-</u>	<u>-</u>	<u>(55,720,009)</u>
TOTAL				
	<u>55,720,009</u>	<u>-</u>	<u>-</u>	<u>55,720,009</u>
2008 Totals	<u>55,720,009</u>	<u>-</u>	<u>-</u>	<u>55,720,009</u>

PURPOSES OF RESERVE

Asset Revaluation Reserve

The asset revaluation reserve is used to record increments and decrements arising from changes in fair value of non-current assets and available-for-sale financial assets.

Katherine Town Council

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2009

Note 9 - RECONCILIATION TO CASH FLOW STATEMENT

(a) Reconciliation of Cash

Cash Assets comprise highly liquid investments with short periods to maturity subject to insignificant risk of changes of value. Cash at the end of the reporting period as shown in the Cash Flow Statement is reconciled to the related items in the Statement of Financial Position as follows:

	Notes	2009 \$	2008 \$
Total cash and equivalent assets	5	<u>14,007,810</u>	<u>11,220,648</u>
Balances per Cash Flow Statement		<u>14,007,810</u>	<u>11,220,648</u>

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

Net Surplus (Deficit)		1,177,523	290,542
Non-cash items in Income Statement			
Depreciation, amortisation and impairment		3,769,736	3,546,972
Net increase (decrease) in unpaid employee benefits		88,639	(22,237)
Grants for capital acquisitions treated as Investing Activity		(2,689,278)	-
Net (Gain) Loss on Disposals		<u>283,574</u>	<u>9,319</u>
		2,630,194	3,824,596
Add (Less): Changes in Net Current Assets			
Net (increase) decrease in receivables		(370,157)	(178,626)
Net increase (decrease) in trade and other payables		<u>567,338</u>	<u>246,809</u>
Net Cash provided by (or used in) operations		<u>2,827,375</u>	<u>3,892,779</u>

Katherine Town Council

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2009**

Note 10 - FUNCTIONS

REVENUES, EXPENSES AND ASSETS HAVE BEEN DIRECTLY ATTRIBUTED TO THE FOLLOWING FUNCTIONS & ACTIVITIES.

	GENERAL PUBLIC SERVICES			PUBLIC ORDER & SAFETY			ECONOMIC AFFAIRS			ENVIRONMENTAL PROTECTION			HOUSING & COMMUNITY AMENITIES		
	BUDGET 2009	ACTUAL 2009	ACTUAL 2008	BUDGET 2009	ACTUAL 2009	ACTUAL 2008	BUDGET 2009	ACTUAL 2009	ACTUAL 2008	BUDGET 2009	ACTUAL 2009	ACTUAL 2008	BUDGET 2009	ACTUAL 2009	ACTUAL 2008
OPERATING REVENUES															
Rates	2,829,933	2,815,637	2,846,668	-	-	-	-	-	-	644,082	651,635	613,203	-	-	-
Statutory and User Charges	15,000	38,046	55,445	41,000	65,007	86,434	241,000	385,032	267,472	281,800	266,394	282,900	79,282	51,082	59,058
Grants - NT recurrent	704,721	800,400	815,567	-	-	-	1,062,465	966,786	766,673	-	-	-	219,603	226,191	219,603
Contributions and Donations	-	-	-	-	-	-	4,000	15,000	-	-	-	-	-	21,280	16,500
Investment Income	438,000	447,053	476,179	-	-	-	6,000	8,687	8,773	-	-	-	-	-	-
Reimbursements and Other Revenues	50,000	146,998	218,177	1,000	2,772	(37,331)	483,132	433,259	524,574	-	-	-	4,500	7,546	23,846
Total	4,037,654	4,248,134	4,212,036	42,000	67,779	49,103	1,796,597	1,808,764	1,567,492	925,882	918,029	896,103	303,385	306,099	319,007
OPERATING EXPENSES															
Employee Costs	740,927	695,149	654,083	176,786	155,487	111,945	906,115	792,645	780,649	319,062	334,452	311,451	54,500	48,886	35,931
Materials, Contracts and Other	831,697	591,901	535,570	76,311	57,811	48,522	546,531	445,459	300,469	704,027	603,311	587,309	425,841	450,456	305,082
Interest Charges	22,339	1,209	18,603	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation, Amortisation, Impairment	67,615	68,160	67,356	345	342	7,262	3,079,054	3,015,237	2,939,287	24,409	15,794	18,427	65,733	75,633	71,909
Total	1,662,578	1,356,419	1,275,612	253,442	213,640	187,729	4,531,700	4,253,341	3,920,405	1,047,498	953,557	917,187	546,074	574,975	412,922
TOTALS	2,375,076	2,891,715	2,936,424	(211,442)	(145,861)	(118,626)	(2,735,103)	(2,444,577)	(2,332,913)	(121,616)	(35,528)	(21,084)	(242,689)	(268,876)	(83,915)
TOTAL ASSETS UTILISED	9,745,117	8,192,052	8,192,052	20,715	9,125	9,125	30,343,680	31,736,095	31,736,095	386,943	380,753	380,753	1,749,729	1,398,397	1,398,397

	HEALTH			RECREATION, CULTURE & RELIGION			EDUCATION			SOCIAL PROTECTION			ELIMINATIONS			TOTAL		
	BUDGET 2009	ACTUAL 2009	ACTUAL 2008	BUDGET 2009	ACTUAL 2009	ACTUAL 2008	BUDGET 2009	ACTUAL 2009	ACTUAL 2008	BUDGET 2009	ACTUAL 2009	ACTUAL 2008	BUDGET 2009	ACTUAL 2009	ACTUAL 2008	BUDGET 2009	ACTUAL 2009	ACTUAL 2008
OPERATING REVENUES																		
Rates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Statutory and User Charges	-	46,114	66,898	58,533	231,951	226,526	-	-	-	-	-	-	-	-	-	-	-	-
Grants - NT recurrent	-	207,526	231,951	226,526	68,000	22,000	-	-	-	-	-	-	-	-	-	-	-	-
Grants - Cwith recurrent	-	79,780	30,395	40,590	50,545	40,590	-	-	-	-	-	-	-	-	-	-	-	-
Contributions and Donations	-	258,000	271,903	334,747	334,747	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment Income	-	36,682	34,031	42,160	42,160	-	-	-	-	-	-	-	-	-	-	-	-	-
Reimbursements and Other Revenues	-	658,507	723,328	724,556	476,128	509,578	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	1,044,213	877,684	850,816	1,948,382	1,903,125	-	-	-	-	-	-	-	-	-	-	-	-
OPERATING EXPENSES																		
Employee Costs	-	549,569	476,128	509,578	1,044,213	850,816	-	-	-	-	-	-	-	-	-	-	-	-
Materials, Contracts and Other	-	1,044,213	877,684	850,816	1,948,382	1,903,125	-	-	-	-	-	-	-	-	-	-	-	-
Interest Charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation, Amortisation, Impairment	-	2,079,337	1,948,382	1,903,125	594,570	542,731	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	(1,420,830)	(1,225,051)	(1,178,569)	17,845,595	16,904,169	-	-	-	-	-	-	-	-	-	-	-	-
TOTALS	-	-	-	-	17,845,595	16,904,169	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL ASSETS UTILISED	-	-	-	-	17,845,595	16,904,169	-	-	-	-	-	-	-	-	-	-	-	-
TOTALS	-	-	-	-	17,845,595	16,904,169	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL ASSETS UTILISED	-	-	-	-	17,845,595	16,904,169	-	-	-	-	-	-	-	-	-	-	-	-

KATHERINE TOWN COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2009

Note 10 (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.

Katherine Town Council

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2009

Note 11 - FINANCIAL INSTRUMENTS

Recognised Financial Instruments

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 1.65% and 5.55% (2008:2.25% and 4.40%). Short term deposits have an average maturity of 150 days and an average interest rates of 5.43% (2008: 60 days, 7.34%).</p> <p>Carrying amount: approximates fair value due to the short term to maturity.</p>
Receivables - Rates & Associated Charges (including legals & penalties for late payment)	<p>Accounting Policy: Carried at nominal values. A bad debt 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% (2008: 17%) Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries.</p> <p>Carrying amount: approximates fair value.</p>
Receivables - Fees & other charges	<p>Accounting Policy: Carried at nominal values. A bad debt expense is recognised 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.</p> <p>Carrying amount: approximates fair value.</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 the Commonwealth & State.</p> <p>Carrying amount: approximates fair value.</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 - 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 (describe basis); interest is charged at fixed rate of 8% (2008: 5.43%)</p> <p>Carrying amount: approximates fair value.</p>

Katherine Town Council

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2009

Note 11 - FINANCIAL INSTRUMENTS

Recognised Financial Instruments

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 1.65% and 5.55% (2008:2.25% and 4.40%). Short term deposits have an average maturity of 150 days and an average interest rates of 5.43% (2008: 60 days, 7.34%).</p> <p>Carrying amount: approximates fair value due to the short term to maturity.</p>
Receivables - Rates & Associated Charges (including legals & penalties for late payment)	<p>Accounting Policy: Carried at nominal values. A bad debt 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% (2008: 17%) Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries.</p> <p>Carrying amount: approximates fair value.</p>
Receivables - Fees & other charges	<p>Accounting Policy: Carried at nominal values. A bad debt expense is recognised 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.</p> <p>Carrying amount: approximates fair value.</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 the Commonwealth & State.</p> <p>Carrying amount: approximates fair value.</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 - 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 (describe basis); interest is charged at fixed rate of 8% (2008: 5.43%)</p> <p>Carrying amount: approximates fair value.</p>

Katherine Town Council

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2009

Note 11 (cont) - FINANCIAL INSTRUMENTS

Liquidity Analysis

2009	Due < 1 year \$	Due > 1 year; ≤ 5 years \$	Due > 5 years \$	Total Contractual Cash Flows \$	Carrying Values \$
Financial Liabilities					
Payables	1,301,819	-	-	1,301,819	1,301,819
Total	1,301,819	-	-	1,301,819	1,301,819
2008					
Financial Liabilities					
Payables	714,769	-	-	714,769	714,769
Current Borrowings	-	-	-	-	22,725
Non-Current Borrowings	-	-	-	-	310,187
Total	714,769	-	-	714,769	1,047,681

Net Fair Value

All carrying values approximate fair value for all recognised financial instruments. There is no recognised market for the financial assets of the Council.

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. In accordance with regulations, all Council investments are made with authorised deposit taking institutions. Except as detailed in Notes 5 & and in relation to individual classes of receivables, exposure is concentrated within the Council's boundaries, and there is no material exposure to any individual debtor.

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, and hence neither market risk nor currency risk apply.

Liquidity Risk is the risk that Council will encounter difficulty in meeting obligations with financial liabilities. Liabilities have a range of maturity dates based on cash inflows. Council also has available a range of bank overdraft and short-term draw down facilities that it can access.

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 - both assets and liabilities - are at fixed rates. Any such variations in future cash flows will not be material in effect on either Council incomes or expenditures.

Katherine Town Council

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2009

Note 12 - FINANCIAL INDICATORS

	2009	2008
Current Ratio		
<u>Current Assets - Externally Restricted Assets</u>	9.52:1	11.99:1
Current Liabilities		
Debt Service Ratio		
<u>Net Debt Service Cost</u>	24.16:1	187.21:1
Operating Revenue*		
* as defined		
Rate Coverage Percentage		
<u>Rate Revenues</u>	34.88%	33.98%
Total Revenues		
Rates Charges Outstanding Percentage		
<u>Rates Charges Outstanding</u>	4.26%	4.21%
Rates Charges Collectible		

Katherine Town Council

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2009

Note 13 - RECONCILIATION OF GOVERNMENT GRANTS

This schedule records all amounts received from other levels of Government, whether described as grants, subsidies or otherwise. (Amounts shown as negative are awaiting reimbursement to Council.)

	Opening Balance 1 July 2008	Movements		Closing Balance 30 June 2009
		Received/ Receivable	Expended	
GRANTS (with discretion on use)				
	\$	\$	\$	\$
GENERAL PURPOSE (Untied)				
Grants Commission Grant - general purpose	-	800,400	800,400	-
Grants Commission Grant - roads funding	-	681,786	681,786	-
Subtotal	-	1,482,186	1,482,186	-
SPECIFIC PURPOSE				
Binjari Kids are Sacred Funding	6,182	-	6,182	-
Libraries	1,000	229,951	230,951	-
Signage Shelter	36,364	-	36,364	-
NT Operational	-	226,191	226,191	-
VIC Operational Funding	-	285,000	285,000	-
Festival Grants	-	18,000	18,000	-
Binjari Festival	-	19,780	16,461	3,319
Indigenous Youth Round Table Grant	-	50,000	8,487	41,513
Grass Root Development Fund	-	2,000	2,000	-
Contribution to Waste Dump	-	3,000	3,000	-
Strategy Harmony Project	35,000	-	-	35,000
Subtotal	78,545	833,922	832,635	79,832
TOTAL OTHER GRANTS	78,545	2,316,108	2,314,821	79,832
Total				78,545
GRANTS SPECIFICALLY FOR NEW/UPGRADED ASSETS				
SPECIFIC PURPOSE				
Binjari Shade Shelters	-	99,000	-	99,000
New Children's Playground	120,000	214,445	19,862	314,583
Cultural Precint Funding	-	1,500,000	-	1,500,000
Roads to Recovery	209,978	270,073	480,051	-
Bullock Creek Funding	69,010	75,000	144,010	-
Florina Road Upgrade	-	530,760	530,760	-
First & Second St Lighting	15,000	-	15,000	-
TOTAL GRANTS SPECIFICALLY FOR NEW/UPGRADED ASSETS	413,988	2,689,278	1,189,683	1,913,583
Total				413,988
Recognised as revenue in advance of expenditure	492,533			1,993,415
Current receivable - Other levels of Government	-			-
	<u>492,533</u>			<u>1,993,415</u>