

Contents of 2009/10 General Purpose Financial Report

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Certification of the 2009/10 General Purpose Financial Report

The financial report presents fairly the financial position of the Glenorchy City Council as at 30 June 2010, the results of its operations for the year then ended and the cash flows of the Council, in accordance with the Local Government Act 1993 (as amended), Australian Accounting Standards, including Australian Accounting Interpretations, and other mandatory professional reporting requirements.



Frank Pearce
General Manager
21 September 2010

Comprehensive Income statement

for the financial year ended 30 June 2010

	Note	2010 Budget \$'000	2010 Actual \$'000	2009 Actual \$'000
Income				
Rates	2	19,773	19,810	41,828
User charges and licences	3	9,258	9,416	11,974
Interest		500	938	1,010
Grants	5	5,505	5,894	5,533
Contributions - cash	6	-	190	410
Government subsidies	2	1,300	1,581	2,109
Investment revenue from water corporation	7	8,869	8,870	-
Other revenue	8	2,856	1,455	2,201
Total income		48,061	48,154	65,065
Expenses				
Employee benefits	9	14,163	18,186	20,730
Materials and services	10	17,998	15,979	17,603
Depreciation	11	13,599	13,881	17,161
Purchase bulk water		-	17	7,482
State Fire Commission	2	3,553	3,553	3,370
Loss on disposal of non-current assets	4	1,300	1,055	1,665
Finance costs	13	727	655	1,338
Other expenses	12	639	623	1,308
Total expenses		51,979	53,949	70,657
Surplus/(Deficit) before:		(3,918)	(5,795)	(5,592)
Contributions - non-monetary assets	6	-	2,016	7,111
Capital grants	5	-	2,674	1,159
Insurance recovery		-	2,186	-
Surplus/(Deficit) before:		(3,918)	1,081	2,678
Other comprehensive income				
Net gain on revaluation of Property, plant and equipment		-	18,799	22,748
Change in fair value of investment in water corporation		-	(73,708)	-
Share of associate revaluation increment		-	-	6,965
Comprehensive Surplus/(Deficit)		(3,918)	(53,828)	32,391

The above comprehensive income statement should be read in conjunction with the accompanying notes

Balance sheet

as at 30 June 2010

	Note	2010 \$'000	2009 \$'000
Current assets			
Cash and cash equivalents	14	20,119	18,875
Trade and other receivables	15	1,331	2,372
Inventories	16	122	270
Non-current assets classified as held for sale	17	1,558	689
Other current assets	18	2,015	1,085
Total current assets		25,145	23,291
Non-current assets			
Other financial assets	23	7	10
Investment in water corporation	24	196,904	-
Investment in associate	25	-	72,451
Property, plant and equipment	26	423,051	614,251
Investment properties	37	3,059	3,059
Other non-current assets	36	4,725	3,383
Total non-current assets		627,746	693,154
Total assets		652,891	716,445
Current liabilities			
Trade and other payables	19	2,618	3,918
Provisions	20	4,397	4,360
Borrowings	21	1,374	2,541
Other current liabilities	22	928	1,467
Total current liabilities		9,317	12,286
Non-current liabilities			
Provisions	20	2,503	2,901
Borrowings	21	9,787	16,146
Total non-current liabilities		12,290	19,047
Total liabilities		21,607	31,333
Net assets		631,284	685,112
Equity			
Accumulated surplus		365,824	291,738
Reserves	41	265,460	393,374
Total equity		631,284	685,112

The above balance sheet should be read in conjunction with the accompanying notes

Cash flow statement

for the financial year ended 30 June 2010

	Note	2010 \$'000	2009 \$'000
Cash flows from operating activities			
Receipts			
Rates (waste charges inclusive of GST)		20,136	41,977
Government subsidies		1,581	2,109
Government grants (inclusive of GST)		5,984	5,168
Contributions - cash (inclusive of GST)		196	410
Interest		687	1,010
User charges and licences (inclusive of GST)		11,327	12,539
Insurance		2,186	-
Other (inclusive of GST)		2,593	2,787
Total receipts		44,690	66,000
Payments			
Employee benefits (inclusive of GST)		(17,893)	(19,976)
Materials and services (inclusive of GST)		(19,399)	(19,975)
Finance costs		(655)	(1,338)
Levies paid to State Government		(3,553)	(3,370)
Payments for water		(17)	(7,482)
Other (inclusive of GST)		(635)	(1,437)
Total payments		(42,152)	(53,578)
Net cash flows from operating activities	39	2,538	12,422
Cash flows from investing activities			
Payments for property, plant and equipment		(10,839)	(10,441)
Dividends received		-	4,108
Proceeds from sale of non-current assets		277	542
Investment revenue from water corporation		7,375	-
Government grants (capital)		2,674	1,630
Net cash flows used in investing activities		(513)	(4,161)
Cash flows from financing activities			
Repayment of borrowings		(1,464)	(2,722)
Proceeds from borrowings		680	1,500
Repayment of loans receivable		3	1
Net cash flows used in financing activities		(781)	(1,221)
Net increase in cash and cash equivalents		1,244	7,040
Cash and cash equivalents at the beginning of the financial year		18,875	11,835
Cash and cash equivalents at the end of the financial year	14	20,119	18,875

The above cash flow statement should be read in conjunction with the accompanying notes

Statement of changes in equity

for the financial year ended 30 June 2010

	Total equity		Accumulated surplus		Asset revaluation reserve		Revenue reserves	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Balance at the beginning of the financial year	685,112	652,721	291,738	290,906	386,025	356,312	7,349	5,503
Total comprehensive surplus/(deficit)	(53,828)	2,678	(72,627)	2,678	18,799	22,748	-	-
Transfer from Asset Revaluation Reserve to Accumulated surplus on transfer of assets to Southern Water	-	6,965	146,752	-	(146,752)	6,965	-	-
Transfers to reserves	-	-	(1,472)	(2,091)	-	-	1,472	2,091
Transfers from reserves	-	-	1,433	245	-	-	(1,433)	(245)
Balance at the end of the financial year	631,284	685,112	365,824	291,738	258,072	386,025	7,388	7,349

The above statement of changes in equity should be read in conjunction with the accompanying notes

1 Significant accounting policies**(a) The local government reporting entity**

All funds through which the Council controls resources to carry on its functions are included in the financial statements forming part of this financial report.

Amounts received as tender deposits and retention amounts controlled by Council are included in the amount disclosed as "Other current liabilities".

(b) Basis of accounting

The financial report is a General Purpose Financial Report that consists of a Comprehensive Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement, and notes accompanying these financial statements. The general purpose financial report complies with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB), and the *Local Government Act 1993 (LGA1993)*.

However Council has determined that it does not have profit generation as a prime objective. Consequently, where appropriate, Council has elected to apply options and exemptions within accounting standards that are applicable to not-for-profit entities. As a result, the financial report does not comply with Australian equivalents to international financial standards.

The statements were authorised for issue by the General Manager on 21 September 2010.

The financial report is prepared on the accrual basis under the convention of historical cost accounting, with the exception that:

- some non-current assets are measured at fair value and revalued to their current fair value less accumulated depreciation with sufficient regularity; and
- assets acquired at no cost of acquisition, or for nominal consideration, are initially recognised at a fair value as assessed by a Council officer as at the date of acquisition.

In the application of Australian Accounting Standards management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Estimates with a significant risk of adjustment in future periods are disclosed in the notes to the financial statements.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report.

(c) Rates, grants, and other revenue

Rates, grants, donations and other contributions are recognised as revenues when the Council obtains control over the assets comprising the contributions. Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates. Control over granted assets is normally obtained upon their receipt or upon prior notification that a grant has been secured, and the timing of commencement of control depends upon the arrangements that exist between the grantor and Council.

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in note 5. That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of Council's operations for the current reporting period.

User fees and charges

User fees and charges (including fines) are recognised as revenue when the service has been provided, the payment is received, or when the penalty has been applied, whichever first occurs.

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

Sale of property, plant and equipment, infrastructure

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

Interest and rents

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

Dividends

Dividend revenue is recognised when Council's right to receive payment is established.

(d) Asset accounting policies

The asset accounting policies adopted by Council are as follows:

1. All material items were considered and an assessment made to determine if such items are assets.
2. If expenditure on an asset improved its service potential or future economic benefits (i.e. the useful life is extended) then this expenditure will be capitalised (added to the value of the asset). If not, the expenditure will be charged to the income statement as repairs/maintenance.
3. Asset categories of the Glenorchy City Council are specified in the asset matrix. Asset categories will be consolidated into the following broad categories of nature or type:
 - Land;
 - Buildings and other land improvements;
 - Equipment and furniture;
 - Roads;
 - Sewerage treatment and reticulation;
 - Stormwater and drainage;
 - Water reticulation;

Notes to and forming part of the financial statements

for the financial year ended 30 June 2010

Plant and vehicles;
Valuation roll; and

Capital work in progress.

4. All assets that have a cost or other value that can be reliably measured will be recorded in the balance sheet at the end of the reporting period.
5. Council adopts depreciated replacement cost or fair value for all property, plant and equipment assets.
6. Assets are recorded by identifying separately their gross carrying value and any accumulated depreciation, other than capital work in progress.
7. The minimum threshold for recognising an individual item as an asset is \$1,500.
8. Where a number of like items exist with individual values below the recognition threshold for future transactions, then these items will be recognised as a group, provided their total value is in excess of the group threshold for that category.
9. All property, plant and equipment assets that have a limited useful life are systematically depreciated over their useful life in a manner that reflects the consumption of the service potential or future economic benefits of those assets. Land generally is not a depreciable asset. All property, plant and equipment assets are revalued to their depreciated replacement cost in accordance with the asset matrix. Revaluations will be conducted with sufficient regularity, so as to ensure they represent fair value.
10. If Council believes asset values within a class have materially changed between scheduled revaluations, the asset classes value will be indexed by an appropriate inflation factor.
11. All net revaluation increments for a class are credited directly to the asset revaluation reserve account. However, the increment is charged to the income statement to the extent that it reverses a net revaluation decrease of the same class of assets previously recognised in the income statement. Net revaluation decrements for a class of assets will be debited to any previous revaluation increments for that class of assets, with any deficiency being charged to the income statement.
12. The cost method of accounting is used for the initial recording of all assets acquired after a revaluation. Cost is determined as the fair value of the asset given as consideration plus costs incidental to the acquisition (e.g. architects fees, engineering design fees, administration charges, direct and indirect salary costs, overheads and all other costs incurred in getting the asset ready for use) and (if applicable) the initial estimate of the cost of dismantling and removing the asset and restoring the site on which it is located. All property, plant and equipment assets that are replaced or retired are removed from the asset register. This includes the gross replacement cost of the asset and the related accumulated depreciation.
13. Capital work in progress is recorded at cost.
14. Land under roads acquired after 30 June 2008 is recognised as a non-current asset – roads where the Council holds title or a finance lease over the asset. Council does not recognise land under roads that it controlled prior to that period in its financial report.

(e) Impairment of assets

At each reporting date, Council reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, Council estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease to the extent it reverses a previous revaluation increment.

Notes to and forming part of the financial statements

for the financial year ended 30 June 2010

(f) Depreciation

All non-current assets are depreciated over their useful lives (as determined by Council's officers) on a straight line basis. These are as follows:

Nature/type of asset	Class of asset	Useful life (years)	
Roads	Road pavement surface	10 to 50	
	Road pavement base	50 to 70	
	Road pavement earthwork	100	
	Kerb and channel	5 to 70	
	Footpaths and cycleways	5 to 70	
	Signalised or roundabout intersections	15 to 50	
	Islands	35 to 50	
	Car parks	5 to 60	
	Bridges	40 to 80	
	Sewerage treatment and reticulation	Reticulation - pipes	60 to 100
Reticulation - manholes		80 to 120	
Reticulation - mechanical plant and equipment		25 to 80	
Reticulation - electrical		10 to 25	
Reticulation - buildings and other land improvements		10 to 80	
Treatment plant - pipes		50 to 80	
Treatment plant - nodes		80	
Treatment plant - mechanical plant and equipment		15 to 50	
Treatment plant - electrical		10 to 40	
Treatment plant - treatment structures		60 to 100	
Stormwater and drainage		Pipes	60 to 100
		Nodes	50 to 120
	Natural water course improvements	80	
	Silt basins	120	
	Concrete culverts and spoon drains	50 to 120	
Water reticulation	Pipes	40 to 100	
	Nodes	80	
	Property connections	60	
	Reservoirs	50 to 80	
	Mechanical plant and equipment	25 to 80	
	Electrical	10 to 25	
Buildings and land improvements	Buildings and other land improvements	10 to 80	
	Freehold buildings	10 to 95	
	Other land improvements	5 to 50	
Plant and vehicles	Infrastructure plant	5 to 20	
	Fleet	3 to 5	
	Mobile plant	5 to 20	
	Minor plant	3 to 5	
Equipment and furniture	Furniture, fittings and office equipment	3 to 20	
	Computer systems and technical equipment	3 to 5	
Valuation rolls	Valuation roll of the municipality	5 to 6	

(g) Investment properties

Investment properties are those that are held for long-term rental yields and are not occupied by the Council. Investment properties are carried at fair value, with changes in fair value recorded in the income statement as part of other income. Council holds a number of properties to meet service delivery standards rather than solely to earn rental income. Accounting Standard AASB 140: Investment Property requires that such properties are not to be classified as Investment property.

(h) Provisions

Provisions are liabilities of uncertain timing and amount and are recognised where there is a present legal, equitable or constructive obligation as a result of a past event and when the outflow of economic benefits is probable and can be measured reliably. Provisions are reviewed at each balance sheet reporting date.

Notes to and forming part of the financial statements

for the financial year ended 30 June 2010

Provisions - Employee benefits

Employee benefits are accrued for salaries, annual leave, sick leave and long service leave in respect of services provided by employees up to the reporting date. The sick leave accrual relates to 25% of the outstanding balance, which is payable upon termination. Provisions are reviewed at each balance sheet reporting date.

Annual, sick and long service leave

The liability for annual, sick and long service leave expected to be settled within 12 months after the end of the reporting date is recognised and measured at the undiscounted amounts expected to be paid when the liabilities are settled. Annual, sick and long service leave expected to be settled more than 12 months after the end of the reporting date is measured at the present value of amounts expected to be paid when the liabilities are settled.

When assessing expected future payments, consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions. In addition, the long service leave liability also considers the experience of employee departures and periods of service.

The interest rates attaching as at the reporting date, to Commonwealth Government guaranteed securities are used to discount the estimated future cash outflows to their present value.

The superannuation expense for the reporting period is the amount of required contributions the Council makes to the superannuation plan which provides benefits to its employees.

Provisions - Other

Employment on-costs

Employment on-costs, workers compensation and payroll tax, are not employee benefits and are recognised separately as liabilities when the employment to which they relate has occurred. Employment on-costs are included as part of the Council's 'Employee benefits' in the income statement. The related liability is included in 'Employment on-costs provision'.

Close-down and restoration costs - Landfill

Close-down and restoration costs include the dismantling and demolition of infrastructure and the removal of residual materials and remediation of disturbed areas. Estimated close-down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, whether this is during the development or during the operation phase, based on the net present value of estimated future costs. Provisions for close-down and restoration costs do not include any additional obligations which are expected to arise from future disturbance. The costs are estimated on the basis of a closure plan. The cost estimates are calculated annually during the life of the operation to reflect known developments, e.g. updated cost estimates and revisions to the estimated lives of operation, and are subject to formal review at regular intervals.

Close-down and restoration costs are a normal consequence of landfill operations, and the majority of close-down and restoration expenditure is incurred at the end of the life of the operation. Although the ultimate cost to be incurred is uncertain, Council estimates the respective costs based on feasibility and engineering studies using current restoration standards and techniques.

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

(i) Leases

Council has no finance lease obligations at 30 June 2010. In respect of operating leases, where the lessor effectively

retains substantially all of the risks and benefits incident to ownership of the leased items, lease payments are recognised on a straight line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Refer to note 38 for further information.

(j) Non-current assets held for sale

Non-current assets held for sale are recognised at the lower of carrying amount and fair value less costs to sell and are presented separately in the balance sheet. Assets classified as held for sale are not depreciated.

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sales transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for such a sale and the sale is highly probable.

Revenue arising from the sale of property is recognised in the income statement as at the time of signing a binding contract of sale.

(k) Investments in water corporation

Investments in water corporations are valued at fair value; at balance date, fair value was determined by using its ownership percentage against the water corporation's net asset value at balance date. Any unrealised gains and loss on holdings at balance date are recognised in the Comprehensive Income Statement.

(l) Payables

All of Council's expenditure, both operating and capital, is brought to account at the time the invoice is processed, after the receipt of the goods and services.

Payables are settled within specific trading terms or 30 days, whichever is earlier.

(m) Borrowings

The borrowing capacity of Council is limited by the *Local Government Act 1993*. Loans recognised in the financial report are initially recorded at fair value net of transaction costs. Subsequent to initial recognition, borrowings are measured at amortised cost.

Loan funds received during the year are not included in the income statement as income but are included in the cash flow statement as inflows from financing activities. All loans are secured against the future rate revenue of Council.

Council does not intend to repay these loans outside the existing terms for such repayments.

(n) Financial assets

Receivables

Unreceived contributions over which Council has control are recognised as receivables. All rates and charges, and costs incurred by Council in the abatement of statutory nuisances are charges on the land, and are recoverable from the owner or occupier, or upon the transfer of ownership of that land. In extreme circumstances the *Local Government Act 1993* grants power for the compulsory sale of such land to recover outstanding amounts. As a result, all amounts of uncollected rates and charges are considered collectable.

Settlement of rates receivable is by four equal instalments throughout the year on specific due dates detailed on the initial rate notice sent to ratepayers in July. Penalty and interest applies on overdue rates.

Trade and receivables

Receivables are carried at amortised cost using the effective interest rate method. A provision for impairment is recognised when there is objective evidence that an impairment loss has occurred.

Sundry receivables are payable within 30 days of issue of the account. No interest is added to overdue sundry receivables.



Notes to and forming part of the financial statements

for the financial year ended 30 June 2010

(o) Inventories

Inventories are measured at the lower of cost and net realisable value. Costs are assigned by the method most appropriate to each particular class of inventory.

(p) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand and deposits at call.

(q) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from the ATO is included as part of current receivables and payables in the balance sheet.

Council charges GST for the supply of wheelie bins to commercial properties.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(r) Comparative information

Where required by Accounting Standards or other requirements, comparative figures are adjusted to conform with changes in presentation for the current financial year.

(s) Rounding

Dollar amounts shown in the General Purpose Financial Report are rounded to the nearest thousand. This may result in minor variations between schedules.

(t) Budget

The estimated revenue and expense amounts in the Comprehensive Income Statement represent revised budget amounts and are not audited.

(u) Pending accounting standards

The following Australian Accounting Standards have been issued or amended and are applicable to the Council but are not yet effective.

They have not been adopted in preparation of the financial statements at reporting date.

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning or ending on	Impact on Local Government financial statements
AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project. [AASB 5, 8, 101, 107, 117, 118, 136 & 139]	Some amendments will result in accounting changes for presentation, recognition or measurement purposes, while other amendments will relate to terminology and editorial changes.	Beginning 1 Jan 2010	Terminology and editorial changes. Impact minor.
AASB 2009-8 Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions. [AASB 2]	The amendments clarify the scope of AASB 2.	Beginning 1 Jan 2010	No impact. AASB 2 does not apply to Local Government; consequently this Standard does not apply.
AASB 2009-9 Amendments to Australian Accounting Standards – Additional Exemptions for First-time Adopters [AASB 1]	Applies to entities adopting Australian Accounting Standards for the first time, to ensure entities will not face undue cost or effort in the transition process in particular situations.	Beginning 1 Jan 2010	No impact. Relates only to first time adopters of Australian Accounting Standards.
AASB 2009-10 Amendments to Australian Accounting Standards – Classification of Rights Issues [AASB 132]	The Standard makes amendments to AASB 132, stating that rights issues must now be classed as equity rather than derivative liabilities.	Beginning 1 Feb 2010	No impact. Local Government do not issue rights, warrants and options, consequently the amendment does not impact on the statements.

Notes to and forming part of the financial statements

for the financial year ended 30 June 2010

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning or ending on	Impact on Local Government financial statements
AASB 9 Financial Instruments	This standard simplifies requirements for the classification and measurement of financial assets resulting from Phase 1 of the IASB's project to replace IAS 39 <i>Financial Instruments: Recognition and Measurement</i> (AASB 139 <i>Financial Instruments: Recognition and Measurement</i>).	Beginning 1 Jan 2013	Detail of impact is still being assessed.
AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]	This gives effect to consequential changes arising from the issuance of AASB 9.	Beginning 1 Jan 2013	Detail of impact is still being assessed.
AASB 2009-12 Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]	This Standard amends AASB 8 to require an entity to exercise judgement in assessing whether a government and entities know to be under the control of that government are considered a single customer for purposes of certain operating segment disclosures. This Standard also makes numerous editorial amendments to other AASs.	Beginning 1 Jan 2011	AASB 8 does not apply to Local Government therefore no impact expected. Otherwise, only editorial changes arising from amendments to other standards, no major impact. Impacts of editorial amendments are not expected to be significant.
AASB 2009-13 Amendments to Australian Accounting Standards arising from Interpretation 19. [AASB 1]	Consequential amendment to AASB 1 arising from publication of Interpretation 19.	Beginning 1 Jul 2010	Local Governments do not extinguish financial liabilities with equity instruments, therefore requirements of Interpretation 17 and related amendments have no impact.
AASB 2009-14 Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement [AASB Interpretation 14]	Amendment to Interpretation 14 arising from the issuance of <i>Prepayments of a Minimum Funding Requirement</i> .	Beginning 1 Jan 2011	Expected to have no significant impact.
AASB 1053 Application of Tiers of Australian Accounting Standards	This standard sets out the application of Tiers of Australian Accounting Standards to different categories of entities preparing general purpose financial statements.	Beginning on or after 1 July 2013. Early adoption is available.	No financial impact on Local Government.

Notes to and forming part of the financial statements

for the financial year ended 30 June 2010

	2010 \$'000	2009 \$'000
2 Rate revenue		
Rates charge	17,524	40,187
Interest charge	60	134
Penalty charge	134	152
Recovery legal expenses	120	94
State Government charges and levies		
State Fire Commission contribution	3,553	3,370
Less pensioner remissions	(1,581)	(2,109)
	19,810	41,828
3 User charges and licences		
Parent fees and childcare	879	963
Animal registration	222	210
Food related licences	80	63
Landfill fees	2,893	2,342
Building and plumbing application fees	209	98
Plumbing inspection fees	159	96
Plumbing assessment fees	145	68
Development advertising fees	48	44
Development application fees	132	99
Engineering assessment fees	15	48
Section 132 and 337 certificates	319	269
Service provider fees	74	27
Rental of sporting grounds	144	130
Rent revenue from council owned properties	7	6
Revenue from reserves	54	38
Car parking rental	91	69
Other rental revenue	145	123
Admission fee revenue from Aquatic Centre	82	66
Aquatic Centre kiosk	63	57
Aquatic Centre pool hire charges	42	45
Tolosa Park hire	39	24
Refund from Hobart Water	-	115
Parking enforcement	210	180
Excess water charges	-	2,931
Kerbside recycling	1,054	929
Garbage collection/disposal	673	588
Recycling materials	139	96
Concrete crushing	85	-
Green waste collection	-	186
Disposal of waste at treatment plants	-	164
Derwent Entertainment Centre (DEC) commissions and recoveries	1,074	1,156
Community Asset Charges - Water	-	92
Community Asset Charges - Sewer	-	230
Other	339	422
	9,416	11,974

Notes to and forming part of the financial statements

for the financial year ended 30 June 2010

	2010 \$'000	2009 \$'000
4 Gain/(loss) on disposal of non-current assets		
Proceeds from disposal of non-current assets	277	542
Less carrying amount of non-current assets sold or retired	(1,332)	(2,207)
Gain/(loss) on disposal/retirement	(1,055)	(1,665)
5 Grants		
Grants were received in respect of the following:		
Summary of grants		
Federally funded grants	7,950	4,040
State funded grants	450	2,620
Others	168	32
	8,568	6,692
Summary of grants		
Operational grants		
Childcare services	2,410	2,579
Federal Assistance	2,734	2,036
State Assistance	80	154
Arts and cultural development	84	34
Aged Care	347	341
Commonwealth traineeship	5	37
Youth and Safer Communities program	113	224
Older Adults physical Activity	12	-
Glenorchy Mobile Activity program	39	-
Glenorchy Civic Centre Redevelopment Study	50	-
Montrose Foreshore Liberty Swing	-	32
Early Years Strategy Consultation Project	-	13
Local Government Seed Funding Program	-	6
Mobile Activity Centre Pilot Project	-	50
E Waste	-	1
Bus station lighting upgrade	-	13
Other	20	13
	5,894	5,533
Capital grants		
Department of Transport	1,087	884
Glenorchy Arts Sculpture Park	1,579	-
Cadbury Recreational Path	-	100
KGV Grandstand	-	164
E Waste	-	11
Other	8	-
	2,674	1,159
Total grants	8,568	6,692

Notes to and forming part of the financial statements

for the financial year ended 30 June 2010

	2010 \$'000	2009 \$'000
6 Contributions		
(a) Cash		
Parking	5	8
Parks, open space and streetscapes	3	20
Recharge work contributions	182	382
	190	410
(b) Non-monetary assets		
Land	162	-
Roads	1,156	3,537
Parks, open space and streetscapes	413	-
Stormwater and water	285	2,113
Sewerage	-	1,461
	2,016	7,111
Total contributions	2,206	7,521
7 Investment revenue from water corporation		
Dividend revenue	3,708	-
Tax equivalent	4,625	-
Guarantee fee	537	-
	8,870	-
8 Other revenues		
Fuel Tax Credits	126	132
Advertising	146	166
State Fire Commission	108	168
Department of Infrastructure, Energy & Resources - pot hole contribution	215	-
Share of profit from investment in associate	-	713
Hobart Water - share of income tax equivalent payments	96	310
Heavy vehicle motor tax	28	28
Water & Sewerage Reform	-	237
Other	736	447
	1,455	2,201
9 Employee benefits		
Wages and salaries	17,212	19,693
Relief/casual staff	763	760
Fringe benefits tax	83	115
Other	128	162
	18,186	20,730
10 Materials and services		
Materials and services	5,742	5,797
Contract payments	8,897	10,293
Plant and equipment maintenance	329	159
Utilities	533	767
Consultants	478	587
	15,979	17,603

Notes to and forming part of the financial statements

for the financial year ended 30 June 2010

	Note	2010 \$'000	2009 \$'000
11 Depreciation			
Buildings and other land improvements		2,165	1,934
Plant and vehicles		259	375
Equipment and furniture		466	449
Roads		7,798	7,909
Sewerage treatment and reticulation		-	2,245
Stormwater and drainage		3,125	2,136
Water reticulation		-	2,044
Valuation roll		68	69
		13,881	17,161
12 Other expenses			
Bad and doubtful debts		5	4
Land tax		386	477
Auditor-General remuneration - audit of the financial report		60	46
Other audit fees		75	72
Ownership change - Hobart Water		-	604
Grants and specific purpose benefits	49	97	105
		623	1,308
13 Finance costs			
Interest		730	1,276
Finance charge		115	75
Unwinding of discounts applied to provisions		(190)	(13)
		655	1,338
14 Cash and cash equivalents			
Current investment funds		17,000	3,776
Operating account		2,073	13,566
Trust account		763	1,023
Derwent Entertainment Centre operating account		147	115
Derwent Entertainment Centre trust account		113	363
Glenorchy City Concert Brass account		3	7
Cash floats		20	25
		20,119	18,875
Some of the cash assets shown above are unavailable for Council to use as working capital. The following items can only be used for the specific purposes for which the contribution was made:			
Car parking contributions		303	300
Public open space contributions		350	353
		653	653
The following items can only be used for the specific purposes for which the Trust was created:			
Trust account - Brooker Highway Beautification		763	1,023
Derwent Entertainment Centre trust account		113	363
		876	1,386

Notes to and forming part of the financial statements

for the financial year ended 30 June 2010

	Note	2010 \$'000	2009 \$'000																																																				
15 Trade and other receivables																																																							
Employees advanced salaries		16	19																																																				
Rates and charges		426	749																																																				
Sundry debtors		745	1,336																																																				
Allowance for doubtful debts		(8)	(8)																																																				
Loans receivable	23	3	3																																																				
GST receivable		149	273																																																				
		1,331	2,372																																																				
<p>All sundry debts are due and payable after thirty days from the date of invoice. Council does not charge interest on sundry debts. Outstanding rates attract a penalty of 6.5% fourteen days after quarterly instalments are due. Interest of 10.40% is charged after quarterly instalments are due and is calculated weekly on the outstanding balance.</p> <p>All outstanding trade receivables have been assessed as past due but not impaired.</p> <p>An allowance has been made for those debts considered doubtful. Council evaluates unsecured debts through its debt collection process and where applicable these debts are transferred into the allowance.</p> <p>Credit checks are completed for larger customers and all waste management customers.</p> <p><u>Ageing of past due - rates and charges</u></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">30 - 60 days</td> <td style="width: 10%;"></td> <td style="width: 15%; text-align: right;">-</td> <td style="width: 15%; text-align: right;">-</td> </tr> <tr> <td>60 - 90 days</td> <td></td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Over 90 days</td> <td></td> <td style="text-align: right;">426</td> <td style="text-align: right;">749</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right; border-top: 1px solid black;">426</td> <td style="text-align: right; border-top: 1px solid black;">749</td> </tr> </table> <p><u>Ageing of past due - sundry debtors</u></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">30 - 60 days</td> <td style="width: 10%;"></td> <td style="width: 15%; text-align: right;">50</td> <td style="width: 15%; text-align: right;">32</td> </tr> <tr> <td>60 - 90 days</td> <td></td> <td style="text-align: right;">134</td> <td style="text-align: right;">176</td> </tr> <tr> <td>Over 90 days</td> <td></td> <td style="text-align: right;">5</td> <td style="text-align: right;">-</td> </tr> <tr> <td></td> <td></td> <td style="text-align: right; border-top: 1px solid black;">189</td> <td style="text-align: right; border-top: 1px solid black;">208</td> </tr> </table> <p><u>Movement in the allowance for doubtful debts</u></p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Balance at the beginning of the year</td> <td style="width: 10%;"></td> <td style="width: 15%; text-align: right;">8</td> <td style="width: 15%; text-align: right;">17</td> </tr> <tr> <td>Amounts transferred to the allowance during the year</td> <td></td> <td style="text-align: right;">2</td> <td style="text-align: right;">7</td> </tr> <tr> <td>Amounts recovered during the year</td> <td></td> <td style="text-align: right;">(2)</td> <td style="text-align: right;">(15)</td> </tr> <tr> <td>Amounts written off as uncollectable</td> <td></td> <td style="text-align: right;">-</td> <td style="text-align: right;">(1)</td> </tr> <tr> <td>Balance at the end of the year</td> <td></td> <td style="text-align: right; border-top: 1px solid black;">8</td> <td style="text-align: right; border-top: 1px solid black;">8</td> </tr> </table>				30 - 60 days		-	-	60 - 90 days		-	-	Over 90 days		426	749			426	749	30 - 60 days		50	32	60 - 90 days		134	176	Over 90 days		5	-			189	208	Balance at the beginning of the year		8	17	Amounts transferred to the allowance during the year		2	7	Amounts recovered during the year		(2)	(15)	Amounts written off as uncollectable		-	(1)	Balance at the end of the year		8	8
30 - 60 days		-	-																																																				
60 - 90 days		-	-																																																				
Over 90 days		426	749																																																				
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Amounts written off as uncollectable		-	(1)																																																				
Balance at the end of the year		8	8																																																				
16 Inventories																																																							
Stores and materials		122	270																																																				
17 Non-current assets classified as held for sale																																																							
Land held for sale		1,558	689																																																				
<p>Council intends to dispose of land it no longer utilises in the next 12 months. No impairment loss was recognised on reclassification of the land as held for sale or at reporting date.</p>																																																							
18 Other current assets																																																							
Prepayments		5	147																																																				
Accrued revenue		2,010	938																																																				
		2,015	1,085																																																				

Notes to and forming part of the financial statements

for the financial year ended 30 June 2010

19 Trade and other payables

	2010 \$'000	2009 \$'000
Trade payables	1,308	1,631
Accrued expenses	1,287	2,258
FBT payable	23	29
	2,618	3,918

20 Provisions

2010	Annual leave \$'000	Sick Leave \$'000	Long Service Leave \$'000	Landfill restoration \$'000	Total \$'000
Balance at the beginning of the financial year	2,185	1,013	2,415	1,146	6,759
Additional provisions	1,181	423	(61)	115	1,659
Amounts used	(1,137)	(440)	(183)	(189)	(1,949)
Increase in the discounted amount arising because of the time and the effect of any change in the discount rate	-	10	20	-	30
Balance at the end of the financial year	2,229	1,006	2,191	1,071	6,498

2009	Annual leave \$'000	Sick Leave \$'000	Long Service Leave \$'000	Landfill restoration \$'000	Total \$'000
Balance at the beginning of the financial year	2,097	895	2,067	1,083	6,142
Additional provisions	1,270	595	508	75	2,448
Amounts used	(1,182)	(477)	(160)	(12)	(1,831)
Increase in the discounted amount arising because of the time and the effect of any change in the discount rate	-	-	-	-	-
Balance at the end of the financial year	2,185	1,013	2,415	1,146	6,759

*Due to lack of available data, the increase in the discount rate for 2009 has not been disclosed.

(a) Employee benefits provision

(i) Current

	2010 \$'000	2009 \$'000
Annual leave	2,229	2,185
Sick leave	1,006	1,013
Long service leave	908	853
<i>Other provisions</i>		
Employment on-costs:		
Workers compensation	53	78
Payroll tax	200	231
	4,397	4,360

(ii) Non-current

Long service leave	1,283	1,562
<i>Other provisions</i>		
Employment on-costs:		
Workers compensation	35	56
Payroll tax	113	137
	1,431	1,755

Notes to and forming part of the financial statements

for the financial year ended 30 June 2010

	Note	2010 \$'000	2009 \$'000
(a) Employee benefits provision (continued)			
Aggregate carrying amount of employee benefits:			
Current		4,397	4,360
Non-current		1,431	1,754
		5,828	6,114
The following assumptions were adopted in measuring the present value of employee benefits:			
Weighted average increase in employee costs		2.50%	4.00%
Weighted average discount rates		4.74%	4.94%
Weighted average settlement period		11	11
(i) Current			
All annual leave and the long service leave entitlements representing 10 or more years			
- short-term employee benefits, that fall due within 12 months after the end of the period measured at nominal value		3,487	3,174
- other long-term employee benefits that do not fall due within 12 months after the end		657	869
(ii) Non-current			
Long service leave representing less than 10 years of continuous service measured at present value			
		1,283	1,562

(b) Landfill restoration

Council operates a Landfill at Jackson Street which is deemed to have a further useful life of at least 20 years. On closure of the landfill, Council will face close-down and restoration costs. Current estimates of the respective costs are based on management advice and engineering studies using current restoration standards and techniques.

Notes to and forming part of the financial statements

for the financial year ended 30 June 2010

	Note	2010 \$'000	2009 \$'000
21 Borrowings (secured)			
Borrowings at the beginning of the year		18,687	19,909
New borrowings		680	426
Borrowings - transfer to Southern Water on 1/7/09		(6,742)	1,074
Repayments		(1,464)	(2,722)
Borrowings at the end of the year		11,161	18,687
Current borrowings		1,374	2,541
Non-current borrowings		9,787	16,146
		11,161	18,687
<p>The loan portfolio owed by Council has been reviewed by Tascorp effective 30 June 2010. Following this review it was determined that having regard to the fixed rate of interest applicable for the remaining life of each loan, that the approximate net fair value (which equates to current market value) is \$11,263,225 (2009: \$18,997,078) compared to the actual value of \$11,161,271 (2009: \$18,686,942). All loan funds are secured against future council rate revenue.</p> <p>The maturity profile for Council's borrowings is:</p>			
Not later than one year		1,374	9,283
Later than one year and not later than five years		4,251	4,661
Later than five years		5,536	4,743
		11,161	18,687
22 Other current liabilities			
Trust monies held (Derwent Entertainment Centre)		114	188
Revenue received in advance		569	974
Deposits		245	305
		928	1,467
23 Other financial assets			
Loans receivable			
Balance at the beginning of the financial year		13	14
Deduct loan principal payments made		(3)	(1)
Balance at the end of the financial year		10	13
Current loans receivable	15	3	3
Non-current loans receivable		7	10
		10	13
24 Investment in water corporation			
<i>Carrying amount</i>			
At fair value	l (k)	196,904	-

Background

The fair value of the investment in Southern Water was based on Council's equity share of Southern Water's net assets as at the 30th June 2010. Council recognised an ownership interest of 21.50%. The ownership interest is indicative and based on equity allocation percentage provided by Southern Water. At the time of preparation of this report the Treasurer's Allocation Order confirming the equity allocation percentage was not finalised. Council does not have significant influence to allow it to use the equity method to account for this interest.

Notes to and forming part of the financial statements

for the financial year ended 30 June 2010

25 Investment in associate

Hobart Regional Water Authority

2010 \$'000	2009 \$'000
-	72,451

Name of entity	Principal activity	Ownership interest	
		2010 %	2009 %
Hobart Water	Provide bulk water supplies	-	29.495

(i) the voting power held by the Council in 2008/09 was 4 votes out of a total of 21 votes (19.05%).

Summarised financial information of associate:

	2010 \$'000	2009 \$'000
Current assets	-	9,012
Non-current assets	-	349,094
	-	358,106
Current liabilities	-	21,816
Non-current liabilities	-	90,636
	-	112,452
Net assets	-	245,654
Revenue	-	31,637
Net profit	-	2,416
Share of associate's profit or loss:	-	713

26 Property, plant and equipment

2010

	Carrying amount 30/06/2009 \$'000	Additions \$'000	Assets classified as held for sale \$'000	Disposals \$'000	Net revaluation adjustments \$'000	Depreciation \$'000	Carrying amount 30/06/2010 \$'000
Roads	198,887	5,899	-	(619)	7,304	(7,798)	203,673
Sewerage treatment and reticulation	114,483	-	-	(114,483)	-	-	-
Stormwater and drainage	138,790	1,406	-	(264)	10,187	(3,125)	146,994
Water reticulation	89,719	-	-	(89,719)	-	-	-
Land	31,563	162	(869)	(1,604)	-	-	29,252
Buildings and other land improvements	35,613	3,802	-	(60)	1,307	(2,165)	38,497
Plant and vehicles	2,718	147	-	(12)	-	(259)	2,594
Equipment and furniture	2,410	97	-	-	-	(466)	2,041
Valuation roll	68	-	-	-	-	(69)	-
	614,251	11,513	(869)	(206,761)	18,798	(13,881)	423,051

2009

	Carrying amount 30/06/2008 \$'000	Additions \$'000	Assets classified as held for sale \$'000	Disposals \$'000	Net revaluation adjustments \$'000	Depreciation \$'000	Carrying amount 30/06/2009 \$'000
Roads	191,772	8,257	-	(738)	7,505	(7,909)	198,887
Sewerage treatment and reticulation	109,907	1,907	-	(81)	4,995	(2,245)	114,483
Stormwater and drainage	134,427	1,738	-	(162)	4,923	(2,136)	138,790
Water reticulation	86,535	2,076	-	(699)	3,851	(2,044)	89,719
Land	31,993	-	(250)	(180)	-	-	31,563
Buildings and other land improvements	35,149	1,251	-	(327)	1,474	(1,934)	35,613
Plant and vehicles	2,931	173	-	(11)	-	(375)	2,718
Equipment and furniture	2,806	62	-	(9)	-	(449)	2,410
Valuation roll	137	-	-	-	-	(69)	68
	595,657	15,464	(250)	(2,207)	22,748	(17,161)	614,251

Notes to and forming part of the financial statements

for the financial year ended 30 June 2010

Notes to and forming part of the financial statements

for the financial year ended 30 June 2010

	Note	2010 \$'000	2009 \$'000
27 Roads			
At cost		14,851	10,109
At 1 July 2008 valuation indexed to 1 July 2009		384,248	371,961
		399,099	382,070
Less accumulated depreciation		(195,426)	(183,183)
Roads at fair value	26	203,673	198,887
28 Sewerage treatment and reticulation			
At cost		-	6,172
At 1 July 2004 valuation indexed to 1 July 2008		-	203,226
		-	209,398
Less accumulated depreciation		-	(94,915)
Sewerage treatment and reticulation at fair value	26	-	114,483
29 Stormwater and drainage			
At cost		7,231	6,109
At 1 July 2009 valuation		272,002	221,578
		279,233	227,687
Less accumulated depreciation		(132,239)	(88,897)
Stormwater and drainage at fair value	26	146,994	138,790
30 Water reticulation			
At cost		-	8,106
At 1 July 2004 valuation indexed to 1 July 2008		-	158,003
		-	166,109
Less accumulated depreciation		-	(76,390)
Water reticulation at fair value	26	-	89,719
31 Land			
At cost		200	38
At valuation as at 1 July 2005		29,052	31,525
Land at fair value	26	29,252	31,563
32 Buildings and other land improvements			
At cost		7,599	4,210
At valuation as at 1 July 2006 indexed to 1 July 2009		72,718	69,408
		80,317	73,618
Less accumulated depreciation		(41,820)	(38,005)
Buildings and other land improvements at fair value	26	38,497	35,613
33 Plant and vehicles			
At cost		374	459
At progressive valuation as at 1 July 2006		6,531	6,531
		6,905	6,990
Less accumulated depreciation		(4,311)	(4,272)
Plant and vehicles at fair value	26	2,594	2,718

Notes to and forming part of the financial statements

for the financial year ended 30 June 2010

	Note	2010 \$'000	2009 \$'000
34 Equipment and furniture			
At cost		1,686	1,665
At valuation		4,680	4,680
		6,366	6,345
Less accumulated depreciation		(4,325)	(3,935)
Equipment and furniture at fair value	26	2,041	2,410
35 Valuation roll			
At cost		344	344
Less accumulated depreciation		(344)	(276)
Valuation roll at cost	26	-	68
Total property, plant and equipment	26	423,051	614,251
36 Other non-current assets			
Capital works in progress		4,725	3,383
37 Investment properties			
Purchases at fair value		97	97
At valuation as at 1 July 2008		2,962	2,962
Balance at end of financial year		3,059	3,059
<p>The basis of valuation of investment properties is fair value being the amounts for which the properties could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases.</p>			
38 Commitments for expenditure			
(a) Operating lease commitments			
Rental expense recognised in the reporting period		2,802	2,702
<p>At the reporting date, Council had the following obligations under non-cancellable operating leases (these obligations are not recognised as liabilities):</p>			
Not later than one year		1,470	1,802
Later than one year and not later than five years		2,678	2,887
Later than five years		406	428
		4,554	5,117

The Council leases motor vehicles and mobile plant and equipment under operating leases, expiring from 1 - 5 years. Leases generally provide the entity with a right of renewal at which time all terms are renegotiated.

Lease payments are initially established based on expected operating criteria and may adjust depending upon material variations in such operating criteria.

The Council leases office equipment under operating leases, expiring from 1 - 4 years. Leases generally provide the entity with a right of renewal at which time all terms are renegotiated. Terms of the leases are fixed at the time of the lease start date.

The Council leases office premises under operating leases, expiring from 4 - 12 years. Leases generally provide the entity with a right of renewal at which time all terms are renegotiated. Terms of the lease are fixed at the time of the lease start date.

Notes to and forming part of the financial statements

for the financial year ended 30 June 2010

38 Commitments for expenditure (continued)

(b) Capital commitments

Capital expenditure contracted for at the reporting date but not recognised in the financial statements as liabilities:

Property
Roads
Stormwater

	2010 \$'000	2009 \$'000
	58	132
	486	1,059
	406	-
	950	1,191

All contracted commitments are expected to be settled within 12 months of the reporting date.

39 Reconciliation of net surplus/(deficit) for the period to net cash from operating activities

	2010 \$'000	2009 \$'000
Net surplus/(deficit)	1,081	2,678
Items not involving cash		
Depreciation expense	13,881	17,161
Contributions - non-monetary assets	(2,016)	(7,111)
Investment property decrease	-	-
Growth in interest in associate	-	3,970
Dividends received	1,494	(4,108)
Carrying value of assets sold or retired	1,332	2,207
Reclassification of revenues		
Sale of property, plant and equipment	(277)	(542)
Government grants and external contributions	(2,674)	(1,630)
Investment revenue from water corporation	(8,870)	-
Changes in operating assets and liabilities		
(Increase)/decrease in receivables	1,041	146
(Increase)/decrease in other current assets	(930)	(313)
(Increase)/decrease in inventories	(26)	60
Increase/(decrease) in payables	(1,300)	(1,462)
Increase/(decrease) in other current liabilities	(539)	713
Increase/(decrease) in provisions	341	653
Net cash from operating activities	2,538	12,422

40 Contingent liabilities

There are no contingent liabilities.



41 Reserves

	Balance		Transfers to Reserves		Transfers from Reserves		Balance	
	1-Jul-09 \$'000	1-Jul-08 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	30-Jun-10 \$'000	30-Jun-09 \$'000
Revenue reserves								
Car parking	300	225	19	75	(16)	-	303	300
Public open space	353	315	20	38	(23)	-	350	353
Community based programs	95	146	19	67	(145)	(118)	(31)	95
Landfill future close out costs	694	611	83	83	-	-	777	694
Incomplete budgeted works	2,780	2,052	860	728	-	-	3,640	2,780
City revaluation	559	435	127	124	-	-	686	559
Asset sales	1,785	1,228	327	557	(681)	-	1,431	1,785
Landfill plant and equipment	1	1	-	-	-	-	1	1
Community assets charges	382	111	-	331	(382)	(60)	-	382
Property, plant and equipment	327	374	14	20	(131)	(67)	210	327
Uneven operating expenses	73	5	3	68	(55)	-	21	73
	7,349	5,503	1,472	2,091	(1,433)	(245)	7,388	7,349
Asset revaluation reserves								
Asset revaluation reserve - roads	133,263	125,758	7,305	7,505	-	-	140,568	133,263
Asset revaluation reserve - water reticulation	55,058	51,207	-	3,851	(55,058)	-	-	55,058
Asset revaluation reserve - buildings and other land improvements	13,044	11,570	1,307	1,474	-	-	14,351	13,044
Asset revaluation reserve - land	18,976	18,976	-	-	-	-	18,976	18,976
Asset revaluation reserve - sewerage treatment	54,055	49,060	-	4,995	(54,055)	-	-	54,055
Asset revaluation reserve - stormwater and drainage	70,436	65,512	10,187	4,923	-	-	80,623	70,436
Asset revaluation reserve - plant and vehicles	2,734	2,734	-	-	-	-	2,734	2,734
Asset revaluation reserve - furniture and equipment	820	820	-	-	-	-	820	820
Asset revaluation reserve - Hobart Water investment	37,639	30,674	-	6,965	(37,639)	-	-	37,639
	386,025	356,311	18,799	29,713	(146,752)	-	258,072	386,025
Total revenue and asset revaluation reserves	393,374	361,814	20,271	31,804	(148,185)	(245)	265,460	393,374

Notes to and forming part of the financial statements

for the financial year ended 30 June 2010

Notes to and forming part of the financial statements

for the financial year ended 30 June 2010

41 Reserves continued

Nature and purpose of reserves:

Revenue reserves

The Car parking; Public open space and Community asset charges revenue reserves reflect the statutory or third party compulsory contributions that are required to be expended for specific purposes as part of the statutory or third party agreements in future periods. On that basis, a portion of the operating result must be set aside in these reserves.

The city revaluation reserve represents funds set aside to undertake a city wide revaluation (as authorised by the Valuer General). This revaluation occurs every five years.

The Landfill future close out costs reserve is maintained for the restoration or rehabilitation of land to meet planning requirements and environmental standards.

The other reserves noted are maintained to provide for recurring, non-annual expenditure (Uneven operating reserve); to provide for future property, plant and equipment requirements (Property, plant and equipment); and specific expenditure not completed in the previous year (Incomplete budgeted works). All asset sales are set aside to fund capital works.

Asset revaluation reserves

The asset revaluation reserves include the net revaluation increments and decrements arising from the revaluation of property, plant and equipment assets in accordance with accounting policy (note 1 (d)). The revaluation reserve includes the Council's share of Hobart Water's asset revaluation increments.

Where a revalued asset is sold that portion of the asset revaluation reserve which relates to that asset, and is effectively realised, is transferred directly to community equity.

42 Credit standby arrangements

Bank overdraft limit

Bank overdraft at reporting date

Council does not have an overdraft limit because Council undertakes to cover any overdraft it incurs on a regular basis with cash from Council's short term investments or operating revenues.

The credit limit with the National Australia Bank as at 30 June was:

	2010 \$'000	2009 \$'000
Bank overdraft limit	Nil	Nil
Bank overdraft at reporting date	Nil	Nil
	151	150

Notes to and forming part of the financial statements

for the financial year ended 30 June 2010

43 Financial instruments

(a) Accounting policy, terms and conditions

Financial instruments	Accounting policy	Terms and conditions
Financial assets		
Cash and cash equivalents	Comprises cash on hand and cash in bank. Interest revenues are recognised as they accrue.	On call deposits returned an average interest rate of 3.75% (5.36% in 2008/2009). The interest rate at balance date was 4.4% (2.9% in 2008/2009).
Other financial assets	Investments are held to maximise interest returns of surplus cash. Interest revenues are recognised as they accrue.	The average interest rate received for investments was 4.78% (5.48% in 2008/2009).
Trade and other receivables		
Receivables rates and charges	Rates are carried at nominal amounts due plus interest. Rate debts are a charge attached to the rateable land and are recoverable on sale, therefore, no allowance for doubtful debts is made. Interest rates are reviewed annually.	Rates are payable by 2 instalments during the year. Arrears, including deferred rates, attract interest. The interest rate was 10.40% (12.21% in 2008/2009) at balance date for general rates.
Receivables other	Receivables are carried at nominal amounts due less any allowance for doubtful debts. An allowance for doubtful debts is recognised when collection in full is no longer probable. Collectability of overdue accounts is assessed on an ongoing basis.	General debtors are unsecured.
Financial liabilities		
Deposits	Deposits are lodged by organisations and individuals when performing work which may adversely affect Council assets. The deposits are repayable on demand or where certain conditions have been met. Deposits are recorded at fair value.	
Payables	Liabilities are recognised for amounts to be paid in the future for goods and services provided to Council as at balance date whether or not invoices have been received.	General creditors are unsecured, not subject to interest charges and are normally settled within specific trading terms or 30 days, whichever is earlier.
Borrowings	Loans are carried at amortised cost. Interest is accrued over the period it becomes due and recognised as part of payables.	All loans are secured against the future rate revenue of Council. The weighted average interest rate on borrowings was 6.35% (6.64% in 2008/2009).

43 Financial instruments (continued)

Liquidity risk management

Council manages liquidity risk by maintaining adequate reserves, banking facilities and borrowing facilities. Council monitors cash flows on an on-going basis to further reduce liquidity risks.

(b) Liquidity and interest rate risk table

The following table details the Council's remaining contractual maturity for its financial liabilities and expected maturity for financial assets:

	Weighted average interest rate %		1 to 5 years \$'000		More than 5 years \$'000		Other \$'000		Total \$'000	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Financial assets										
Variable interest rate										
Cash and cash equivalent assets	3.75%	5.36%	2,336	14,051					2,336	14,051
Other financial assets	4.78%	5.48%	17,763	4,799					17,763	4,799
Non interest bearing										
Cash and cash equivalent assets			20	25					20	25
Receivables other			894	1,609					894	1,609
Investment in water corporation					196,904				196,904	
Fixed interest rate										
Receivables rates and charges	10.40%	12.21%	437	763					437	763
Total			21,450	21,247	-	-	196,904	-	218,354	21,247
Financial liabilities										
Non interest bearing										
Deposits			245	305					245	305
Payables			2,618	3,917					2,618	3,917
Fixed interest rate										
Borrowings:										
- Less than 1 year	4.95%	6.68%	1,374	2,541	9,787	16,146			1,374	2,541
- Greater than 1 year	6.27%	6.64%			9,787	16,146			9,787	16,146
Total			4,237	6,763	-	-	196,904	-	14,024	22,909
Net financial assets/(liabilities)									204,330	(1,662)

Notes to and forming part of the financial statements

for the financial year ended 30 June 2010

(c) Net Fair values

The aggregate net fair values of financial assets and financial liabilities, both recognised and unrecognised, at balance date are as follows:

Financial Instruments	Total carrying amount		Aggregate Net Fair Value	
	2010	2009	2010	2009
(1) Financial Assets				
Cash and cash equivalents	2,356	14,076	2,356	14,076
Other financial assets	17,763	4,799	17,763	4,799
Investment in water corporation	196,904	-	196,904	-
Receivables other	894	1,609	894	1,609
Receivables rates and charges	437	763	437	763
Total Financial Assets	218,354	21,247	218,354	21,247
(2) Financial Liabilities				
Deposits	245	305	245	305
Trade and other payables	2,618	3,917	2,618	3,917
Interest bearing loans and borrowings	11,161	18,687	11,263	18,997
Total Financial Liabilities	14,024	22,909	14,126	23,219

(d) Credit risk

The maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is represented by those assets as indicated in the balance sheet.

(e) Risks and mitigation

Financial risk management

Council undertakes a business risk review on a regular basis. The review evaluates Council's exposure to significant business risks with these outcomes reported to Council. The Council manages its exposure to key financial risks through this process and also through the Risk Management Committee. The committee monitors risks and policies implemented to mitigate risk exposure.

The Council does not enter into or trade financial instruments including derivative financial instruments, for speculative purposes.

Capital risk management

Council manages its capital to ensure that Council will be able to continue as a going concern while still being able to meet the needs of the community through the optimisation of debt and equity balance. The capital structure of Council consists of debt, which includes the borrowings disclosed in note 21, cash and cash equivalents disclosed in note 14 and equity including community equity and reserves as disclosed in the statement of changes in equity. Council is not subject to externally imposed capital requirements.

Operating cash flows are used to maintain and expand Council's infrastructure and other assets, as well as to make the routine repayment of maturing debt. Council borrow from Tascorp to meet anticipated funding requirements.

Market risk

Market risk is the risk that the fair value or future cash flows of our financial instruments will fluctuate because of changes in market prices. The Council exposures to market risk are primarily through interest rate risk with only insignificant exposure to other price risks and no exposure to foreign currency risk. Components of market risk to which we are exposed are discussed below.

Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from interest bearing financial assets and liabilities that we use. Non-derivative interest bearing assets are predominantly short term liquid assets. Our interest rate liability risk arises primarily from long term borrowings at fixed rates which exposes us to fair value interest rate risk.

Council manages the interest rate exposure on our net debt portfolio by appropriate budgeting strategies and obtaining approval for borrowings from Treasury each year.

Council maintains policies to guide management in the undertaking of borrowings and the investment of short term, surplus funds.

Council's Borrowing Policy establishes a structure to ensure the organisation:

- Minimises its costs of borrowings;
- Minimises its liquidity risk;
- Where possible, that the characteristics of debt match those of the assets being funded; and
- Borrowing activities operate within Council's legislative and common law responsibilities.

Council's Investment of Short Term Funds Policy establishes a structure to ensure the organisation:

- Maximises interest earned on surplus funds within prudent risk limits;

Notes to and forming part of the financial statements

for the financial year ended 30 June 2010

- Minimises its liquidity risk; and
- Investment activities operate within Council's legislative and common law responsibilities.

Maturity of investments is staggered to provide for interest rate variations and to minimise interest rate risk.

Credit risk

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause Council to make a financial loss. We have exposure to credit risk on all financial assets included in our balance sheet. To help manage this risk;

- we have a policy for establishing credit limits for the entities we deal with;
- we may require collateral where appropriate; and
- we only invest surplus funds with financial institutions which have a recognised credit rating specified in our investment policy.

Trade and other receivables consist of a number of customers, spread across the consumer, business and government sectors. Ongoing credit evaluation is performed on the financial condition of our customers and, where appropriate, an allowance for doubtful debts is raised.

Liquidity risk

Liquidity risk includes the risk that, as a result of our operational liquidity requirements;

- we will not have sufficient funds to settle a transaction on the date;
- we will be forced to sell financial assets at a value that is less than what they are worth; or
- we may be unable to settle or recover a financial asset at all.

To help reduce these risks we;

- have a liquidity policy which targets a minimum level of cash and cash equivalents to be maintained;
- monitor budget to actual performance on a regular basis; and
- set limits on borrowings in accordance with Council's borrowing policy.

The Council's exposure to liquidity risk is deemed insignificant based on prior periods data and current assessment of risk.

(f) Sensitivity Disclosure Analysis

Taking into account past performance, future expectations, economic forecasts and management's knowledge and experience of the financial markets, the council believes the following movements are 'reasonably possible' over the next 12 months (base rates are sourced from Federal Bank of Australia):

A parallel shift of +1% and -1% in market interest rates (AUD) from year end rates of 4.4%.

The table below discloses the impact on net operating result and equity for each category of financial instruments held by the council at year-end, if the above movements were to occur.

2010	Interest Rate Risk				
	Carrying amount subject to interest	-1% 100 basis points		1% 100 basis points	
		Profit	Equity	Profit	Equity
Market Risk Exposure	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets:					
Cash and cash equivalents	2,336	(23)	(23)	23	23
Other financial assets	17,763	(178)	(178)	178	178
Receivables rates and charges	437	(4)	(4)	4	4

2009	Interest Rate Risk				
	Carrying amount subject to interest	-1% 100 basis points		1% 100 basis points	
		Profit	Equity	Profit	Equity
Market Risk Exposure	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets:					
Cash and cash equivalents	14,051	(141)	(141)	141	141
Other financial assets	4,799	(48)	(48)	48	48
Receivables rates and charges	763	(8)	(8)	8	8

Notes to and forming part of the financial statements

for the financial year ended 30 June 2010

(g) Fair Value Hierarchy

(a) The table below analyses financial instruments carried at fair value by valuation method

The different levels have been defined as follows:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - inputs other than quoted prices included within level one that are observable for the asset or liability, either directly (ie prices) or indirectly (ie derived from prices)

Level 3 - inputs for the asset or liability that are not based on observable market data

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
30 June 2010				
Available for sale financial assets	-	-	196,904	196,904
Financial assets at fair value through the comprehensive income statement	-	-	-	-
Financial assets held for trading	-	-	-	-
Derivative financial assets	-	-	-	-
Total	-	-	196,904	196,904

There were no transfers between Level 1 and Level 2 in the period

(b) Reconciliation of Level 3 Fair Value Movements

	2010 \$'000
Opening balance	
Investment on transfer of assets	270,608
<i>Gain (losses) recognised in other comprehensive income:</i>	
Change in fair value of investment in Southern Water	(73,704)
Closing balance	196,904

44 Register of interests

Alderman and position	Interest	Summary of nature of interest	Dates interest existed	Nature of relevant dealings by council
Ald. Adriana Taylor (Mayor)	No	-	-	-
Ald. Christine Lucas (Deputy Mayor)	No	-	-	-
Ald. David Pearce OAM	No	-	-	-
Ald. Haydyn Nielsen	No	-	-	-
Ald. James Manson **	No	-	-	-
Ald. Jenny Branch	No	-	-	-
Ald. Luke Martin ^^	No	-	-	-
Ald. Mary Guy *	No	-	-	-
Ald. Matt Stevenson ^	No	-	-	-
Ald. Peter Ridler RFD	No	-	-	-
Ald. Richard Lowrie	No	-	-	-
Ald. Robert Vervaart	No	-	-	-
Ald. Steven King	No	-	-	-
Ald. Stuart Slade	No	-	-	-

* Not re-elected October 2009

** Deceased May 2010

^ Elected June 2010

^^ Elected October 2009

45 Remuneration of Aldermen

	2010 \$	2009 \$
Total allowances paid to the Mayor, Deputy Mayor and Aldermen	355,617	290,579
Total expenses paid to all Aldermen	33,648	24,029
	389,265	314,608

Expenses include travel, telephone, and other out of pocket expenses.

Notes to and forming part of the financial statements

for the financial year ended 30 June 2010

Related party transactions:

The usual nature of the transactions between Aldermen and Council is:

- to pay rates and other charges;
- to recoup expenses and allowances owing; and
- to meet the costs of attendance at various Council events, seminars or functions.

All of these were normal transactions. Where transactions between Council and the Aldermen are of a commercial nature, they are conducted on a normal arms length basis.

46 Remuneration of Key Management Personnel holding senior positions

The number of Key Management Personnel holding senior positions whose remuneration falls within the following bands:

	2010	2009
\$230,000 - \$250,000	1	1
\$150,001 - \$170,000	4	3
\$130,001 - \$150,000	2	3

Remuneration includes:

- salary payable
- employer contribution to employee's superannuation
- value of the use of any motor vehicle provided
- the value of any other allowance or benefits paid or payable to, or provided for the benefit of, the employee.

47 Special committees

Glenorchy City Council recognises a special committee when the committee has been adopted by Council under section 24 of the Local Government Act 1993.

The Youth Task Force, the Access Advisory Committee, the Cultural Diversity Advisory Committee, the Glenorchy City Bicycle Committee, the Glenorchy Visitor Taskforce, the Safer Communities Committee, the Glenorchy Emergency Management Committee, the Sport and Recreation Advisory Committee, the Glenorchy Tourism Taskforce Committee, Community Precincts and the General Manager Performance Review Committee are special committees. All expenses associated with these committees have been included in the accounts of Council.

Council precinct committees have also been established by Council as special committees and are provided with \$50 per annum to cover expenses. These expenses have been included in the accounts of Council.

The Glenorchy Brass Band, also a special committee of Council, maintains their own books and records and operates a separate bank account.

The operations of the Glenorchy Brass Band during 2009/2010 were as follows:

	Income 2010 \$'000	Expenditure 2010 \$'000	Net result 2010 \$'000	Cash at bank 30/06/2010 \$'000
Glenorchy Brass Band	11	15	(4)	3

These results have been consolidated into Council's financial statements.

48 Defined benefit superannuation plans

The Glenorchy City Council makes superannuation contributions for a number of its employees to the Quadrant Defined Benefits Fund, which is a sub fund of the Quadrant Superannuation Scheme. The Defined Benefits Fund has been classified as a multi-employer sponsored plan. As the Fund's assets and liabilities are pooled and are not allocated by employer, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided under paragraph 32(b) of AASB 119, Council does not use defined benefit accounting for these contributions.

At the present time Council contributes 9.5% of employees' gross income to the Fund. Assets accumulate in the fund to meet member benefits as they accrue, and if assets within the fund are insufficient to satisfy benefits payable, the Council is required to meet its share of the deficiency.

Bendzulla Actuarial Pty Ltd undertook the last actuarial review of the Fund at 30 June 2008. The review disclosed that at that time the net market value of assets available for funding member benefits was \$84,786,000, the value of vested benefits was \$77,075,401, the surplus was \$7,707,840, and the value of total accrued benefits was \$81,398,000. These amounts relate to all

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for the financial year ended 30 June 2010

members of the Fund at the date of valuation and no asset or liability has been recorded in the Quadrant Superannuation Scheme's financial statements for Council employees.

The financial assumptions used to calculate the accrued benefits for the Fund were:

Net investment return	-17.0% pa for 2008/09 and 7% pa thereafter
Salary inflation	4.0% pa
Price inflation	n/a

In the opinion of the Actuary, the Quadrant Defined Benefit Fund was adequately funded in that assets were sufficient to cover the vested benefits of all members at the review date and the actuarial value of accrued past service benefits.

At 30 June 2009, the net market value of assets available for funding member benefits had fallen to \$58,450,000 largely due to the poor investment returns that were experienced during the 2009 financial year. The value of vested benefits at that date was \$64,350,000 resulting in a shortfall of \$5,900,000. When the Fund's assets are below the vested benefits, superannuation law defines this as an "unsatisfactory financial position". As a result of the Fund moving into an unsatisfactory financial position, the Quadrant Trustee prepared a plan to restore the financial position within a reasonable time frame. This plan noted the improved investment returns since 30 June 2009 and confirmed that the 9.5% contribution rate remained appropriate.

The next full triennial review will be undertaken after 31 October 2011 for 30 June 2011.

Council also contributes to other accumulation schemes on behalf of a number of employees, however the Council has no ongoing responsibility to make good any deficiencies that may occur in those schemes.

During the year Council made the required superannuation contributions for all eligible employees to an appropriate complying superannuation fund as required by the Superannuation Guarantee (Administration) Act 1992.

During the reporting period the amount of contributions paid to defined benefits schemes was \$229,217 (\$269,355 in 2008/2009), and the amount paid to accumulation schemes was \$1,655,328 (\$1,811,494 in 2008/2009).

49 Grants, donations and bursaries

Details	2010 \$
Anglicare - Rental Subsidy	15,241
Aurora Disability Services - Rental Subsidy	14,296
Cash contribution to Glenorchy History Group	1,778
Claremont College Bursaries - Cash	6,250
Clean Up Australia Day - Rubbish Removal - In-kind	2,900
Cosmos - Rental Subsidy	10,147
Glenorchy City Concert Brass Band Donation - Cash	7,500
Ground hire discount to encourage junior sports	6,132
Loan of equipment, minor plant, signs to community groups - In-kind	1,300
Patrols of Wellington Park Reserve	700
Pick up rubbish for creek and foreshore cleaning community projects - In-kind	1,200
Professional services to assist community organisation projects	7,500
Provision of traffic management services and equipment for major public events	2,500
Provision of pegs and tree guards to school tree plantings - In-kind	350
Tasmanian Council for Sexual and Gender Diverse People Inc - Cash	300
The Salvation Army - Cash	300
The Lions Club of Glenorchy - Cash	5,000
University of Tasmania - Eric Reece Memorial Scholarship - Cash	3,000
Various minor contributions to community organisations - Cash	1,265
Waiving of Building Application fees for various community organisations	390
Waiving of Development Application fees for various community organisations	900
Waiving of landfill fees for various community organisations	8,019
	<u>96,968</u>

50 Significant business activities

Council has determined that there are no significant business activities that require disclosure.



Notes to and forming part of the financial statements

for the financial year ended 30 June 2010

51 Investment in water corporation

In February of 2008 State and Local Government reached agreement to establish three Local Government owned, vertically integrated businesses providing bulk, distribution and retail water and sewerage services, and a common service provider subsidiary company. The Water and Sewerage Corporations Act 2008 (Corporations Act) was subsequently enacted and received Royal Assent on 13 June 2008.

Full transfer of water and sewerage assets, liabilities and staff to the new corporations took place on 1 July 2009. From that date, responsibility for the provision of water and sewerage services moved from local councils to the three new regional water and sewerage corporations (trading as Cradle Mountain Water, Ben Lomond Water and Southern Water). A fourth company provides common services and support to the three regional corporations (trading as Onstream).

The following assets and liabilities relating to water and sewerage were transferred to Southern Water from 1 July 2009. Council's opening ownership interest in the new corporation will be represented by the net assets transferred.

Asset/Liability Class	Total Council Balance 30 June 2009 \$'000	Actual Transfer 1 July 2009 \$'000	Net Council Balance at 1 July 2009 \$'000
Current assets			
Cash and cash equivalents	18,875	(385)	18,490
Trade and other receivables	2,372		2,372
Inventories	270	(174)	96
Non-current assets classified as held for sale	689		689
Other current assets	1,085		1,085
Total current assets	23,291	(559)	22,732
Non-current assets			
Other financial assets	10		10
Investment in associate	72,451	(72,451)	-
Investment in new corporation	-	270,997	270,997
Property, plant and equipment	614,251	(205,430)	408,821
Investment properties	3,059		3,059
Other non-current assets	3,383		3,383
Total non-current assets	693,154	(6,885)	686,270
Total assets	716,445	(7,443)	709,002
Current liabilities			
Trade and other payables	3,918		3,918
Provisions	4,360	(458)	3,902
Borrowings	2,541	(2,511)	30
Other current liabilities	1,467		1,467
Total current liabilities	12,286	(2,969)	9,317
Non-current liabilities			
Provisions	2,901	(243)	2,658
Borrowings	16,146	(4,231)	11,915
Total non-current liabilities	19,047	(4,474)	14,573
Total liabilities	31,333	(7,443)	23,890
Net assets	685,112	-	685,112
Equity			
Community equity	291,738	146,752	438,490
Reserves	393,374	(146,752)	246,622
Total equity	685,112	-	685,112

Notes to and forming part of the financial statements

for the financial year ended 30 June 2010

51 Investment in water corporation (continued)

Council has an ownership interest of 21.50% in Southern Water. Council does not have significant influence to allow it to use the equity method to account for this interest.

Council has classified this asset as an Available-for-Sale financial asset as defined in *AASB 139 Financial Instruments: Recognition and Measurement* and has followed *AASB 132 Financial Instruments: Presentation* and *AASB 7 Financial Instruments: Disclosures* to value and present the asset in the financial statements.

There is no active market for the investment and so it is valued at Council's share of total equity as at each balance date. Changes in the fair value are recognised as revenue or expense in the Comprehensive Income Statement each year. Council's investment is disclosed on the face of the Balance Sheet with the value being determined as disclosed above. Dividends received from Southern Water are brought to account as income is received.

Council's share of the Corporation's net assets at 30 June 2010 is \$196,904.

Notes to and forming part of the financial statements

for the financial year ended 30 June 2009

52 Functions/activities of the council

Revenues, expenses and assets have been attributed to the following functions/activities. Details of functions/activities are set out below:

		Expenses \$'000	Revenues \$'000	Assets \$'000
Legislative, financial, executive and fiscal	2009/10	10,930	27,900	23,644
	2008/09	12,047	47,850	22,615
Public order, fire and safety	2009/10	4,109	402	201
	2008/09	3,918	427	246
Community and public health	2009/10	706	178	170
	2008/09	583	114	201
Welfare	2009/10	4,388	5,102	689
	2008/09	4,863	3,799	589
Nursing homes/aged care	2009/10	373	359	170
	2008/09	312	356	201
Housing	2009/10	274	-	170
	2008/09	234	-	201
Community amenities	2009/10	-	-	170
	2008/09	-	-	201
Water*	2009/10	18	8,965	98,452
	2008/09	11,335	5,054	163,281
Sewerage*	2009/10	368	448	98,452
	2008/09	5,379	1,996	115,591
Household garbage/protection of the environment	2009/10	3,291	5,040	-
	2008/09	2,997	4,315	-
Other protection of the environment/biodiversity	2009/10	951	287	149,119
	2008/09	3,266	1,053	139,898
Community and regional development	2009/10	1,663	625	170
	2008/09	1,734	767	201
Recreation facilities and services	2009/10	4,763	1,902	74,629
	2008/09	5,225	1,929	72,190
Cultural facilities and services	2009/10	700	458	170
	2008/09	674	570	201
Road, bridge and street infrastructure	2009/10	5,377	2,731	205,797
	2008/09	11,886	4,131	199,996
Road, plant, parking and other road transport	2009/10	565	240	719
	2008/09	537	211	632
Other economic affairs	2009/10	252	41	170
	2008/09	705	202	201
Other purpose	2009/10	33	351	-
	2008/09	4,963	562	-
Total	2009/10	38,761	55,030	652,891
	2008/09	70,658	73,337	716,445

* Note: Water and Sewerage have been transferred to Southern Water Corporation from 1 July 2009.

Notes to and forming part of the financial statements

for the financial year ended 30 June 2010

52 Functions/activities of the council (continued)

(b) Reconciliation of Assets from Note 52 with Balance Sheet at 30 June:

	2010 \$'000	2009 \$'000
Current assets	25,145	23,291
Non-current assets	627,746	693,154
	652,891	716,445

Functions/activities defined

Legislative, financial, executive and fiscal

Aldermen expenses, election costs, public relations and strategic planning. Also other expenses such as, accounting, general managers department, IT and HR not otherwise allocated.

Public order, fire and safety

Fire protection services, SES contributions, enforcement of by-laws, animal and nuisance control.

Community and public health

Infant health services, immunisation services, environmental health - inspection and general services.

Welfare

Childcare, family day care, youth services, handicapped assistance programs and also services which serve the social security and welfare systems.

Nursing homes/aged care

Nursing homes, aged care services including transport and recreation services for the aged.

Housing

Rental housing for council employees and others, housing information dissemination.

Community amenities

Crematoria and cemeteries, public conveniences, drinking fountains, public clocks and also street furniture and lighting.

Water

Water production and purchase and water reticulation.

Sewerage

Sewerage reticulation, sewerage treatment and plumbing inspections.

Household garbage/protection of the environment

Garbage and refuse disposal, garbage collection and recycling.

Other protection of the environment/biodiversity

Flood protection, street cleaning, stormwater drainage and biodiversity/habitat protection.

Community and regional development

Building inspections, statutory planning - town planning and development applications.

Recreation facilities and services

Parks and reserves, playgrounds, swimming pools, indoor and outdoor sports facilities, halls and civic centres.

Cultural facilities and services

Art galleries, museums, theatres and libraries.

Road, bridge and street infrastructure

Road, bridge and street construction and maintenance, road design and research, road and highway extensions and traffic lights.

Road, plant, parking and other road transport

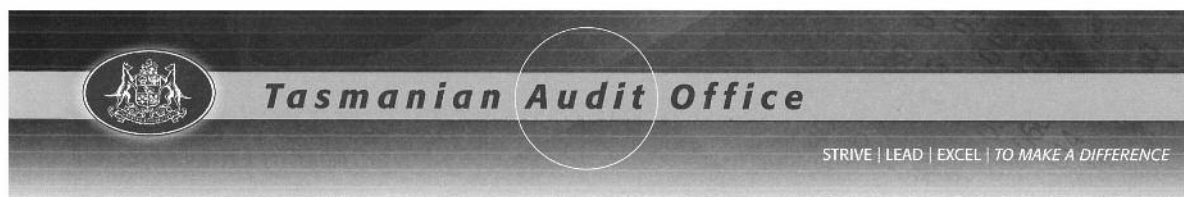
On and off street parking, bikeway maintenance, roadside revegetation and landscaping and footbridges.

Other economic affairs

Saleyards and markets, development support and incentives, market and promotion - tourism events and CBD.

Other purpose

Unallocatable private works and other.



INDEPENDENT AUDIT REPORT

To the Aldermen of Glenorchy City Council

Financial Report for the Year Ended 30 June 2010

Report on the Financial Report

I have audited the accompanying financial report of Glenorchy City Council (Council), which comprises the balance sheet as at 30 June 2010, the comprehensive income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the General Manager's statement.

The Responsibility of the General Manager for the Financial Report

The General Manager is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and Section 84 of the *Local Government Act 1993*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based upon my audit. My audit was conducted in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance as to whether the financial report is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to Council's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Council's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the General

To provide independent assurance to the Parliament and Community on the performance and accountability of the Tasmanian Public sector.
• Professionalism • Respect • Camaraderie • Continuous Improvement • Customer Focus •

Making a Difference

Notes to and forming part of the financial statements

for the financial year ended 30 June 2010

Manager, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

My audit is not designed to provide assurance on the accuracy and appropriateness of the budget information in Council's financial report.

Independence

In conducting this audit, I have complied with the independence requirements of Australian Auditing Standards and other relevant ethical requirements. The *Audit Act 2008* further promotes independence by:

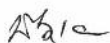
- providing that only Parliament, and not the executive government, can remove an Auditor-General, and
- mandating the Auditor-General as auditor of State Entities but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Tasmanian Audit Office are not compromised in their role by the possibility of losing clients or income.

Auditor's Opinion

In my opinion the financial report of Glenorchy City Council:

- (a) presents fairly, in all material respects, the financial position of Council as at 30 June 2010, and its financial performance, cash flows and changes in equity for the year then ended; and
- (b) is in accordance with the *Local Government Act 1993* and Australian Accounting Standards (including Australian Accounting Interpretations).

TASMANIAN AUDIT OFFICE



H M Blake
AUDITOR-GENERAL

HOBART
23 September 2010



