

2017



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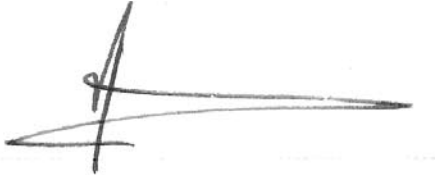
Glenorchy City Council
ANNUAL REPORT

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Certification of 2010/11 General Purpose Financial Report

The financial report presents fairly the financial position of the Glenorchy City Council as at 30 June 2011, 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) and Australian Accounting Standards.

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke extending to the right.

Peter Brooks
General Manager
7 September 2011

Statement of Comprehensive Income

for the financial year ended 30 June 2011

	Note	2011 Budget \$'000	2011 Actual \$'000	2010 Actual \$'000
Income				
Rates	2	22,806	23,112	19,810
User charges and licences	3	9,560	10,670	9,416
Interest		1,020	1,401	938
Grants	5	4,590	5,401	5,894
Contributions - cash	6	27	218	190
Government subsidies	2	1,572	1,572	1,581
Investment revenue from water corporation	7	8,869	7,428	8,870
Other revenue	8	1,949	1,340	1,455
Total income		50,394	51,142	48,154
Expenses				
Employee benefits	9	18,631	17,908	18,186
Materials and services	10	16,915	15,608	15,594
Depreciation	11	16,716	14,506	13,881
Purchase bulk water		-	-	17
State Fire Commission	2	3,707	3,707	3,553
Finance costs	13	744	686	655
Assets written off		1,500	1,489	883
Other expenses	12	500	588	623
Total expenses		58,713	54,492	53,392
Surplus/(Deficit) before:		(8,319)	(3,350)	(5,238)
Contributions - non-monetary assets	6	-	2,564	2,016
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	4	355	385	(172)
Capital grants received specifically for new or upgraded assets	5	4,283	4,714	2,674
Gain on revaluation of investment properties	34	-	3,411	-
Insurance recovery		-	-	2,186
Surplus/(Deficit) before:		(3,681)	7,724	1,466
Other comprehensive income				
Net gain on revaluation of property, plant and equipment	38	-	36,013	18,799
Change in fair value of investment in water corporation	24, 40(g)(b)	-	1,136	(74,093)
Comprehensive Surplus/(Deficit)		(3,681)	44,873	(53,828)

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes

Statement of Financial Position

as at 30 June 2011

	Note	2011 \$'000	2010 \$'000
Current assets			
Cash and cash equivalents	14	24,045	20,119
Trade and other receivables	15, 23	2,835	1,331
Inventories	16	147	122
Non-current assets classified as held for sale	17	1,325	1,558
Other current assets	18	665	2,015
Total current assets		29,017	25,145
Non-current assets			
Other financial assets	23	3	7
Investment in water corporation	24	198,040	196,904
Property, plant and equipment	25	456,615	423,051
Investment properties	34	6,487	3,059
Other non-current assets	33	6,532	4,725
Total non-current assets		667,677	627,746
Total assets		696,694	652,891
Current liabilities			
Trade and other payables	19	2,228	2,618
Provisions	20	4,151	4,397
Borrowings	21	1,200	1,374
Other current liabilities	22	1,110	928
Total current liabilities		8,689	9,317
Non-current liabilities			
Provisions	20	2,582	2,503
Borrowings	21	9,266	9,787
Total non-current liabilities		11,848	12,290
Total liabilities		20,537	21,607
Net assets		676,157	631,284
Equity			
Accumulated surplus		371,812	365,824
Reserves	38	304,345	265,460
Total equity		676,157	631,284

The above Statement of Financial Position should be read in conjunction with the accompanying notes

Statement of Cash Flows

for the financial year ended 30 June 2011

	Note	2011 \$'000	2010 \$'000
Cash flows from operating activities			
Rates (waste charges inclusive of GST)		23,168	20,136
Government subsidies		1,572	1,581
Government grants (inclusive of GST)		5,670	5,984
Contributions - cash (inclusive of GST)		218	196
Interest		1,558	687
User charges and licences (inclusive of GST)		9,558	11,327
Insurance		-	2,186
Other (inclusive of GST)		3,406	2,593
Employee benefits (inclusive of GST)		(18,094)	(17,893)
Materials and services (inclusive of GST)		(18,895)	(19,014)
Finance costs		(686)	(655)
Levies paid to State Government		(3,707)	(3,553)
Other (inclusive of GST)		(600)	(652)
Net cash provided by (used in) operating activities	36	3,168	2,923
Cash flows from investing activities			
Payments for property, plant and equipment		(12,573)	(10,839)
Proceeds from sale of non-current assets		385	277
Investment revenue from water corporation		8,922	7,375
Government grants (capital)		4,714	2,674
Net cash flows provided by (used in) investing activities		1,448	(513)
Cash flows from financing activities			
Repayment of borrowings		(1,375)	(1,464)
Proceeds from borrowings		680	680
Repayment of loans receivable		5	3
Net cash flows provided by (used in) financing activities		(690)	(781)
Net increase (decrease) in cash and cash equivalents		3,926	1,629
Cash transfer to water corporation		-	(385)
Cash and cash equivalents at the beginning of the financial year		20,119	18,875
Cash and cash equivalents at the end of the financial year	14	24,045	20,119

The above Statement of Cash Flows should be read in conjunction with the accompanying notes

Statement of Changes in Equity

for the financial year ended 30 June 2011

2011	Total equity		Accumulated surplus		Asset revaluation reserve		Fair value reserve		Other revenue reserves	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at the beginning of the financial year	631,284	365,825	258,071	-	1,136	-	7,388	-	-	-
Surplus / (deficit) for the year	44,873	7,724	36,013	1,136	-	-	2,543	-	-	-
Transfers to reserves	-	(2,543)	-	-	-	-	(806)	-	-	-
Transfers from reserves	-	806	-	-	-	-	-	-	-	-
Balance at the end of the financial year	676,157	371,812	294,084	1,136	1,136	9,125	9,125	9,125	9,125	9,125

2010	Total equity		Accumulated surplus		Asset revaluation reserve		Fair value reserve		Other revenue reserves	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at the beginning of the financial year	685,112	291,738	386,024	-	7,349	-	-	-	-	-
Surplus / (deficit) for the year	(53,828)	(72,627)	18,799	-	-	-	-	-	-	-
Transfer from Asset Revaluation Reserve to Accumulated surplus on transfer of assets to Southern Water	-	146,752	(146,752)	-	-	-	-	-	-	-
Transfers to reserves	-	(1,472)	-	-	-	-	-	-	-	-
Transfers from reserves	-	1,433	-	-	-	-	-	-	-	-
Balance at the end of the financial year	631,284	365,825	258,071	-	7,388	-	7,388	-	-	-

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes

Notes to and forming part of the financial statements

for the financial year ended 30 June 2011

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 Statement of Comprehensive Income, Statement of Financial Position, 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 7th September 2011.

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

- (i) some non-current assets are measured at fair value and revalued to their current fair value less accumulated depreciation with sufficient regularity; and
- (ii) 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. In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in the following notes:

- **1(e) Impairment of assets**
- **1(f) Depreciation**
- **1(h) Provisions**
- **45 Defined benefit superannuation plans**

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 of these receipts or 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. A provision for impairment on rates has not been established as unpaid rates represent a charge against the rateable property that will be recovered when the property is next sold.

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

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

Interest is recognised progressively as it is earned.

Rent

Rents are recognised as revenue when the payment is due, or the payment is received, whichever first occurs. Rental payments received in advance are recognised as a prepayment until they are due.

Investment Revenue from Water Corporation

Investment revenue from water corporation is recognised when Council's right to receive payment is established.

Investment revenue from water corporation is received in the form of dividends, tax equivalent payments and guarantee fees.

Notes to and forming part of the financial statements

for the financial year ended 30 June 2011

(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 Statement of Comprehensive Income 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;
 - Stormwater and drainage;
 - 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 asset capitalisation threshold adopted by council is \$1,500. Assets valued at less than \$1,500 are charged to the Statement of Comprehensive Income in the year of purchase (other than where they form part of a group of similar items which are material in total).
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 Statement of Comprehensive income 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 2011

(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
Stormwater and drainage	Pipes	60 to 100
	Nodes	50 to 100
	Natural water course improvements	80
	Silt basins	120
	Concrete culverts and spoon drains	50 to 120
Buildings and land improvements	Freehold buildings	10 to 95
	Other land improvements	5 to 50
Plant and vehicles	Infrastructure plant	5 to 75
	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 Statement of Comprehensive Income 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.

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.

Notes to and forming part of the financial statements

for the financial year ended 30 June 2011

Classification of employee benefits

An employee benefit liability is classified as a current liability if the Council does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the period. This would include all annual leave and unconditional long service leave entitlements.

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 Statement of Comprehensive Income. 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 Statement of Comprehensive Income in each accounting period where material. The amortisation of the discount is shown as a finance cost.

(i) Leases

Council has no finance lease obligations at 30 June 2011.

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 35 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 Statement of Comprehensive Income as at the time of signing a binding contract of sale.

(k) Investments in water corporation

Investments in water corporation is valued at fair value at balance date. Fair value was determined using Council's 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 Statement of Comprehensive Income.

(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 Statement of Comprehensive Income 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 two 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.

Notes to and forming part of the financial statements

for the financial year ended 30 June 2011

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

(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 statement of cash flows, cash and cash equivalents include cash on hand, deposits at call, and other highly liquid investments with original maturities of three months or less, net of outstanding bank overdrafts.

(q) Taxation

Council is exempt from all forms of taxation except Fringe Benefits Tax, Payroll Tax and the Goods and Services Tax.

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.

(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.

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 statement of financial position.

Cash flows are presented as Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed 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 Statement of Comprehensive Income represent revised budget amounts and are not audited.

Standard / Interpretation Summary	Applicable for annual reporting periods beginning or ending on	Impact on Local Government financial statements
<p>AASB 9 Financial Instruments, AASB 2009-11 and AASB 2010-7: Amendments to Australian Accounting Standards arising from AASB9 [AASB 1,3,4,5,7,101,102,108,112,118,121,127,128,131,132,136,139, 1023 & 1038 and interpretations 10&12]</p> <p>These standards are applicable retrospectively and amend the classification and measurement of financial assets. Council has not yet determined the potential impact on the financial statements. Specific changes include:</p> <ul style="list-style-type: none"> * simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value; * removing the tainting rules associated with held-to-maturity assets; * simplifying the requirements for embedded derivatives; * removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised costs; * allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is not impairment or recycling on disposal of the instrument; and * reclassifying financial assets where there is a change in an entity's business model as they are initially classified based on: <ul style="list-style-type: none"> (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows. 	<p>Applicable for annual reporting periods commencing on or after 1 Jan 2013</p>	<p>These changes are expected to provide some simplification in the accounting for and disclosure of financial instruments.</p>

Notes to and forming part of the financial statements

for the financial year ended 30 June 2011

Standard / Interpretation Summary	Applicable for annual reporting periods beginning or ending on	Impact on Local Government financial statements
<p>AASB 124: Related Party Disclosures</p> <p>This standard removes the requirement for government related entities to disclose details of all transactions with the government and other government related entities and clarifies the definition of a related party to remove inconsistencies and simplify the structure of the standard.</p>	<p>Applicable for annual reporting periods commencing on or after 1 Jan 2011</p>	<p>Although this standard does not strictly apply to Local Government it is often used as guidance, as such.</p>
<p>AASB 2009-4 Amendments to Australian Accounting Standards arising from the Annual Improvements Project. [AASB 2 and AASB 138 and AASB Interpretations 9 & 16] and AASB 2009-5; Further Amendments to Australian Accounting Standards arising from the Annual Improvements Projects [AASB 5, 8, 101, 107, 117, 118, 136 & 139].</p> <p>These standards detail numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project</p>	<p>Applicable for annual reporting periods commencing on or after 1 Jan 2010</p>	<p>These amendments are not expected to impact Council.</p>
<p>AASB 2009-8: Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions. [AASB 2]</p> <p>These amendments clarify the accounting for group cash settled share-based payment transactions in the separate or individual financial statements of the entity receiving the goods or services when the entity has no obligation to settle the share-based payment transaction. The amendments incorporate the requirements previously included in Interpretation 8 and Interpretation 11 as a consequence, these two Interpretations are superseded by the amendments.</p>	<p>Applicable for annual reporting periods commencing on or after 1 Jan 2010</p>	<p>These amendments are not expected to impact Council.</p>
<p>AASB 2009-9 Amendments to Australian Accounting Standards – Additional Exemptions for First-time Adopters [AASB 1]</p> <p>These amendments specify requirements for entities using the full cost method in place of the retrospective application of Australian Accounting Standards for oil and gas assets, and exempt entities with existing leasing contracts from reassessing the classification of those contracts in accordance with Interpretation 4 when the application of their previous accounting policies would have given the same outcome.</p>	<p>Applicable for annual reporting periods commencing on or after 1 Jan 2010</p>	<p>These amendments are not expected to impact Council.</p>
<p>AASB 2009-10 Amendments to Australian Accounting Standards – Classification of Rights Issues [AASB 132]</p> <p>These amendments clarify that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro-rata to all existing owners of the same class of its own non-derivative equity instruments.</p>	<p>Applicable for annual reporting periods commencing on or after 1 Feb 2010</p>	<p>These amendments are not expected to impact Council.</p>
<p>AASB 2009-12 Amendments to Australian Accounting Standards [AASB 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]</p> <p>This Standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of International Financial Reporting Standards by the IASB. The standard also amends AASB 8 to require entities to exercise judgement in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures.</p>	<p>Applicable for annual reporting periods commencing on or after 1 Jan 2010</p>	<p>These amendments are not expected to impact Council.</p>

Notes to and forming part of the financial statements

for the financial year ended 30 June 2011

Standard / Interpretation Summary	Applicable for annual reporting periods beginning or ending on	Impact on Local Government financial statements
<p>AASB 2009-14 Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement [AASB Interpretation 14]</p> <p>This standard amends Interpretation 14 to address unintended consequences that can arise from the previous accounting requirements when an entity prepays future contributions into a defined benefit pension plan.</p>	Applicable for annual reporting periods commencing on or after 1 Jan 2010	These amendments are not expected to impact Council.
<p>AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements</p> <p>Introduces reduced disclosure requirements for certain types of entities.</p>	Applicable for annual reporting periods commencing on or after 1 January 2013.	This standard is not expected to have a financial impact.
<p>AASB 2010-5: Amendments to Australian Accounting Standards [AASB 1,3,4,5,101,107,112,118,119,121,132,133,134,137,139,140, 1023 & 1038 and Interpretations 112,115,127,132 & 1042] (October 2010)</p> <p>This Standard introduces a number of terminology changes as well as minor presentation changes to the Notes to the Financial Report. There is no financial impact resulting from the application of this revised Standard.</p>	Applicable for annual reporting periods commencing on or after 1 Jan 2011	These amendments are not expected to impact Council.
<p>AASB 2010-6: Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7]</p> <p>This standard makes amendments to Australian Accounting Standards, introducing additional presentation and disclosure requirements for Financial Assets.</p>	Applicable for annual reporting periods commencing on or after 1 July 2011	These amendments are not expected to impact Council.
<p>AASB 1053: Application of Tiers of Australian Accounting Standards</p> <p>This Standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements. This Standard is not expected to impact Council. However, it may affect disclosures if reduced disclosure requirements apply.</p>	Applicable for annual reporting periods commencing on or after 1 January 2013.	These amendments are not expected to impact Council.
<p>AASB 1054: Australian Additional Disclosures</p> <p>This Standard sets out the specific disclosures for entities that have adopted Australian Accounting Standards that are additional to the requirements under International Reporting Standards, including disclosures relating to the nature of the financial report, audit fees and the reconciliation of net operating cash flows to net result.</p>	Applicable for annual reporting periods commencing on or after 1 Jan 2011.	This standard is not expected to have a financial impact.

(v) Contingent assets and contingent liabilities and commitments

Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position, but are disclosed by way of a note and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

Commitments are not recognised in the Statement of Financial Position. Commitments are disclosed at their nominal and inclusive of the GST payable.

Notes to and forming part of the financial statements

for the financial year ended 30 June 2011

	Note	2011 \$'000	2010 \$'000
2	<i>Rate revenue</i>		
	Rates charge	20,503	17,524
	Interest charge	54	60
	Penalty charge	308	134
	Recovery legal expenses	112	120
	State Government charges and levies		
	State Fire Commission contribution	3,707	3,553
	Less pensioner remissions	(1,572)	(1,581)
		23,112	19,810
3	<i>User charges and licences</i>		
	Parent fees and childcare	839	879
	Animal registration	265	222
	Food related licences	93	80
	Landfill fees	2,494	2,893
	Building and plumbing application fees	191	209
	Plumbing inspection fees	137	159
	Plumbing assessment fees	121	145
	Development advertising fees	57	48
	Development application fees	180	132
	Engineering assessment fees	8	15
	Section 132 and 337 certificates	280	319
	Service provider fees	48	74
	Rental of sporting grounds	132	144
	Rent revenue from council owned properties	6	7
	Revenue from reserves	45	54
	Car parking rental	93	91
	Other rental revenue	168	145
	Admission fee revenue from Aquatic Centre	62	82
	Aquatic Centre kiosk	37	63
	Aquatic Centre pool hire charges	49	42
	Tolosa Park hire	45	39
	Parking enforcement	172	210
	Kerbside recycling	1,235	1,054
	Garbage collection/disposal	1,159	673
	Recycling materials	43	139
	Concrete crushing	38	85
	Derwent Entertainment Centre Food and Beverage Sales	452	-
	Derwent Entertainment Centre commissions and recoveries	1,821	1,074
	Other	400	339
		10,670	9,416

Notes to and forming part of the financial statements

for the financial year ended 30 June 2011

Note	2011 \$'000	2010 \$'000
4 Net gain/(loss) on disposal of property, infrastructure, plant and equipment		
Proceeds from disposal of property, infrastructure, plant and equipment	1,124	277
Less carrying amount of property, infrastructure, plant and equipment	(739)	(449)
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	385	(172)
5 Grants		
Grants were received in respect of the following:		
Summary of grants		
Federally funded grants	7,663	7,950
State funded grants	2,400	450
Others	52	168
	10,115	8,568
Summary of grants		
Operational grants		
Childcare services	2,216	2,410
Federal Assistance	2,349	2,734
State Assistance	-	80
Arts and cultural development	41	84
Aged Care	351	347
Commonwealth traineeship	4	5
Youth and Safer Communities program	25	113
Older Adults physical Activity	138	12
Glenorchy Mobile Activity program	-	39
Glenorchy Civic Centre Redevelopment Study	-	50
KGV Precinct Study	120	-
RLCIP Grant	115	-
Other	42	20
Total operating grants	5,401	5,894
Capital grants received specifically for new or upgraded assets		
Department of Transport	448	1,087
Glenorchy Arts Sculpture Park	2,542	1,579
KGV infrastructure	650	-
Tolosa Park Criterium Circuit	150	-
Derwent Park Stormwater Reuse	924	-
Other	-	8
Total capital grants	4,714	2,674

Notes to and forming part of the financial statements

for the financial year ended 30 June 2011

5 Grants (continued)	Note	2011 \$'000	2010 \$'000
Conditions on grants			
Grants recognised as revenue during the year that were obtained on condition that they be expended in a specified manner that had not occurred at balance date were:			
Glenorchy Arts Sculpture Park (1)		2,542	1,579
Tolosa Park Criterium Circuit		150	-
Derwent Park Stormwater Reuse (2)		924	-
Total		3,616	1,579
Grants which were recognised as revenue in prior years and were expended during the current year in the manner specified by the grantor were:			
Glenorchy Arts Sculpture Park		1,579	-
Total		1,579	-
Net increase (decrease) in restricted assets resulting from grant revenues for the year		3,616	1,579
(1) Glenorchy Arts Sculpture Park – note that \$1.92 million will be carried forward to be spent during 2011/12			
(2) Derwent Park Stormwater Reuse - note that 50% of \$0.924 million is refundable should this project be cancelled			
6 Contributions			
(a) Cash			
Parking		16	5
Parks, open space and streetscapes		45	3
Recharge work contributions		157	182
		218	190
(b) Non-monetary assets			
Land		85	162
Roads		245	1,156
Parks, open space and streetscapes		54	413
Stormwater and water		2,180	285
		2,564	2,016
Total contributions		2,782	2,206
7 Investment revenue from water corporation			
Dividend revenue		3,439	3,708
Tax equivalent		3,380	4,625
Guarantee fee		609	537
		7,428	8,870

Notes to and forming part of the financial statements

for the financial year ended 30 June 2011

	Note	2011 \$'000	2010 \$'000
8 Other revenues			
Fuel Tax Credits		64	126
Advertising		141	146
State Fire Commission		148	108
Department of Infrastructure, Energy & Resources - pot hole contribution		-	215
Hobart Water - share of income tax equivalent payments		-	96
Heavy vehicle motor tax		28	28
Other		959	736
		1,340	1,455
9 Employee benefits			
Wages and salaries		17,128	17,212
Relief/casual staff		693	763
Fringe benefits tax		64	83
Other		23	128
		17,908	18,186
10 Materials and services			
Materials and services		5,115	5,357
Contract payments		8,789	8,897
Plant and equipment maintenance		534	329
Utilities		820	533
Consultants		350	478
		15,608	15,594
11 Depreciation			
Buildings and other land improvements		2,001	2,165
Plant and vehicles		329	259
Equipment and furniture		438	466
Roads		8,448	7,798
Stormwater and drainage		3,233	3,125
Valuation roll		57	68
		14,506	13,881
12 Other expenses			
Bad and doubtful debts		2	5
Land tax		353	386
Auditor-General remuneration - audit of the financial report		43	60
Other audit fees		88	75
Grants and specific purpose benefits	46	102	97
		588	623
13 Finance costs			
Interest		686	730
Other		-	(75)
		686	655

Notes to and forming part of the financial statements

for the financial year ended 30 June 2011

	Note	2011 \$'000	2010 \$'000
14 Cash and cash equivalents			
Current investment funds		12,041	17,000
Operating account		11,731	2,073
Brooker Highway Beautification trust account		181	763
Derwent Entertainment Centre operating account		-	147
Derwent Entertainment Centre trust account		61	113
Glenorchy City Concert Brass account		4	3
Cash floats		19	20
Derwent Entertainment Centre ATM		8	-
		24,045	20,119
Councils cash and cash equivalents are subject to a number of internal and external restrictions that limit amounts available for discretionary or future use. These include:			
Leave provisions	20	5,207	5,427
Car parking contributions		337	303
Public open space contributions		416	350
Trust account - Brooker Highway Beautification Project		181	763
Trust account - Derwent Entertainment Centre		61	113
		6,202	6,956
15 Trade and other receivables			
Employees advanced salaries		14	16
Rates and charges		377	426
Debtors		2,192	745
Provision for impairment - other debtors		(7)	(8)
Loans receivable	23	1	3
GST receivable		258	149
		2,835	1,331

All sundry debts are due and payable after thirty days from the date of invoice. Council does not charge interest on debtors. Outstanding rates attract a penalty of 10% fourteen days after quarterly instalments are due. Interest of 11.43% is charged after quarterly instalments are due and is calculated weekly on the outstanding balance.

All outstanding trade receivables have been assessed as past due but not impaired.

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.

Notes to and forming part of the financial statements

for the financial year ended 30 June 2011

	Note	2011 \$'000	2010 \$'000
15 Trade and other receivables (continued)			
Credit checks are completed for larger customers and all waste management customers.			
<u>Ageing of past due - rates and charges</u>			
30 - 60 days		-	-
60 - 90 days		-	-
Over 90 days		377	426
		377	426
<u>Ageing of past due - debtors</u>			
30 - 60 days		20	50
60 - 90 days		138	134
Over 90 days		50	5
		208	189
Movement in the provision for impairment - other debtors			
Balance at the beginning of the year		8	8
Amounts transferred to the provision during the year		-	2
Amounts recovered during the year		(1)	(2)
Amounts written off as uncollectable		-	-
Balance at the end of the year		7	8
16 Inventories			
Stores and materials		147	122
17 Non-current assets classified as held for sale			
Land held for sale		1,325	1,558
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.			
18 Other current assets			
Prepayments		127	5
Accrued revenue		538	2,010
		665	2,015
19 Trade and other payables			
Trade payables		401	1,308
Accrued expenses		1,809	1,287
FBT payable		18	23
		2,228	2,618

Notes to and forming part of the financial statements

for the financial year ended 30 June 2011

20 Provisions

2011	Annual Leave	Sick Leave	On Costs	Long Service Leave	Landfill Restoration	Total
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Balance at the beginning of the financial year	2,229	1,006	403	2,191	1,071	6,901
Additional provisions	868	497	142	212	-	1,718
Amounts used	(1,058)	(485)	(90)	(253)	-	(1,886)
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	2,039	1,018	455	2,150	1,071	6,733

2010	Annual Leave	Sick Leave	On Costs	Long Service Leave	Landfill Restoration	Total
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Balance at the beginning of the financial year	2,185	1,013	414	2,415	1,146	7,173
Additional provisions	1,181	423	88	(61)	115	1,747
Amounts used	(1,137)	(440)	(99)	(183)	(190)	(2,049)
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	403	2,191	1,071	6,901

	Note	2011 \$'000	2010 \$'000
(a) Employee benefits provision			
(i) Current			
Annual leave		2,039	2,229
Sick leave		1,018	1,006
Long service leave		799	909
<i>Other provisions</i>			
Employment on-costs:			
Workers compensation		-	53
Payroll tax		295	200
		4,151	4,397

Notes to and forming part of the financial statements

for the financial year ended 30 June 2011

(a) Employee benefits provision (continued)	Note	2011 \$'000	2010 \$'000
(ii) Non-current			
Long service leave		1,350	1,283
<i>Other provisions</i>			
Employment on-costs:			
Workers compensation		-	35
Payroll tax		160	113
		1,510	1,431
Aggregate carrying amount of employee benefits:			
Current		4,151	4,397
Non-current		1,510	1,431
		5,661	5,828

The following assumptions were adopted in measuring the present value of employee benefits:

Weighted average increase in employee costs	3.00%	2.50%
Weighted average discount rates	4.94%	4.74%
Weighted average settlement period	11	11

(i) Current	Note	2011 \$'000	2010 \$'000
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		3,176	3,487
- other long-term employee benefits that do not fall due within 12 months after the end		1,018	657
(ii) Non-current			
Long service leave representing less than 10 years of continuous service measured at present value		1,350	1,283

(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.

21 Borrowings (secured)	Note	2011 \$'000	2010 \$'000
Borrowings at the beginning of the year		11,161	18,687
New borrowings		680	680
Borrowings - transferred to Southern Water on 1/7/09		-	(6,742)
Repayments		(1,375)	(1,464)
Borrowings at the end of the year		10,466	11,161
Current borrowings		1,200	1,374
Non-current borrowings		9,266	9,787
		10,466	11,161

Notes to and forming part of the financial statements

for the financial year ended 30 June 2011

21 Borrowings (secured) (continued)

The loan portfolio owed by Council has been reviewed by Tascorp effective 30 June 2011. 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 \$10,558,049 (2010: \$11,263,225) compared to the actual value of \$10,466,813 (2010: \$11,161,271). All loan funds are secured against future council rate revenue.

The maturity profile for Council's borrowings is:

	Note	2011 \$'000	2010 \$'000
Not later than one year		1,200	1,374
Later than one year and not later than five years		3,394	4,251
Later than five years		5,872	5,536
		10,466	11,161
22 Other current liabilities			
Trust monies held (Derwent Entertainment Centre)		-	114
Revenue received in advance		556	569
Deposits		554	245
		1,110	928
23 Other financial assets			
Loans receivable			
Balance at the beginning of the financial year		10	13
Deduct loan principal payments made		(6)	(3)
Balance at the end of the financial year		4	10
Current loans receivable	15	1	3
Non-current loans receivable		3	7
		4	10
24 Investment in water corporation			
Balance at the beginning of the year		196,904	-
Increase/(decrease) in fair value		1,136	196,904
Balance at the end of the financial year	1 (k)	198,040	196,904

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 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 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.

Council has derived returns from the new corporation as disclosed at Note 7.

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 through the Comprehensive Income Statement to a Fair Value Reserve each year.

Council has an ownership interest of 21.5% in Southern Water based on the Final Treasurer's Allocation Order in 2011. 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 2011

25 Property, infrastructure, plant and equipment

		Carrying amount 1/07/10 \$'000	Additions \$'000	Assets classified as held for sale \$'000	Disposals \$'000	Net revaluation adjustments \$'000	Depreciation \$'000	Carrying amount 30/06/2011 \$'000
	2011							
	Note							
Roads	26	203,673	6,131	-	(638)	6,618	(8,448)	207,336
Stormwater and drainage	27	146,994	6,618	-	(558)	3,616	(3,233)	153,437
Land	28	29,252	84	233	(733)	24,679	-	53,515
Buildings and other land improvements	29	38,497	744	-	(344)	979	(2,001)	37,875
Plant and vehicles	30	2,594	194	-	(33)	88	(329)	2,514
Equipment and furniture	31	2,041	19	-	-	33	(438)	1,655
Valuation roll	32	-	340	-	-	-	(57)	283
		423,051	14,130	233	(2,306)	36,013	(14,506)	456,615
	2010							
	Note							
Roads	26	198,887	5,899	-	(619)	7,304	(7,798)	203,673
Stormwater and drainage	27	138,789	1,406	-	(264)	10,187	(3,125)	146,994
Land	28	31,564	162	(869)	(1,604)	-	-	29,252
Buildings and other land improvements	29	35,614	3,802	-	(60)	1,307	(2,165)	38,497
Plant and vehicles	30	2,717	147	-	(12)	-	(259)	2,594
Equipment and furniture	31	2,411	97	-	-	-	(466)	2,041
Valuation roll	32	68	-	-	-	-	(68)	-
		410,050	11,513	(869)	(2,559)	18,798	(13,883)	423,051

Notes to and forming part of the financial statements

for the financial year ended 30 June 2011

	Note	2011 \$'000	2010 \$'000
26 Roads			
At 30 June 2011 valuation		414,372	399,100
Less accumulated depreciation		(207,036)	(195,427)
Roads at fair value	25	207,336	203,673
27 Stormwater and drainage			
At 1 July 2009 valuation		294,257	279,233
Less accumulated depreciation		(140,820)	(132,239)
Stormwater and drainage at fair value	25	153,437	146,994
28 Land			
At 30 June 2011 valuation		53,515	29,252
Land at fair value	25	53,515	29,252
29 Buildings and other land improvements			
At 30 June 2011 valuation		82,424	80,317
Less accumulated depreciation		(44,549)	(41,821)
Buildings and other land improvements at fair value	25	37,875	38,497
30 Plant and vehicles			
At valuation		7,156	6,905
Less accumulated depreciation		(4,642)	(4,311)
Plant and vehicles at fair value	25	2,514	2,594
31 Equipment and furniture			
At valuation		6,418	6,365
Less accumulated depreciation		(4,763)	(4,325)
Equipment and furniture at fair value	25	1,655	2,041
32 Valuation roll			
At cost		340	344
Less accumulated depreciation		(57)	(344)
Valuation roll at cost	25	283	-
Total property, plant and equipment	25	456,615	423,051
33 Other non-current assets			
Capital works in progress		6,532	4,725

Notes to and forming part of the financial statements

for the financial year ended 30 June 2011

Note	2011 \$'000	2010 \$'000
34 Investment properties		
Opening balance at 1 July	3,059	3,059
Transfer in	17	-
Revaluation increment(*)	3,411	-
Closing balance at 30 June	6,487	3,059

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.

(*) Gain on revaluation of Investment Land as per Valuer General 30/06/2011

35 Commitments for expenditure

(a) Operating lease commitments

Rental expense recognised in the reporting period	3,179	2,802
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At the reporting date, Council had the following obligations under non-cancellable operating leases (these obligations are not recognised as liabilities):

Not later than one year	1,275	1,470
Later than one year and not later than five years	3,000	2,678
Later than five years	140	406
	4,415	4,554

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.

Note	2011 \$'000	2010 \$'000
(b) Capital commitments		
Capital expenditure contracted for at the reporting date but not recognised in the financial statements as liabilities:		
Property	1,097	58
Roads	1,884	486
Stormwater	784	406
	3,765	950

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

Notes to and forming part of the financial statements

for the financial year ended 30 June 2011

	Note	2011 \$'000	2010 \$'000
36 Reconciliation of net surplus/(deficit) for the period to net cash from operating activities			
Net surplus/(deficit)		7,723	1,466
Items not involving cash			
Depreciation expense		14,507	13,881
Contributions - non-monetary assets		(2,564)	(2,016)
Dividends received		(1,494)	1,494
Gain on revaluation of investment properties		(3,411)	-
Carrying value of assets sold or retired		739	449
Assets written off		1,489	883
Reclassification of revenues			
Sale of property, plant and equipment		(1,124)	(277)
Government grants and external contributions		(4,714)	(2,674)
Investment revenue from water corporation		(7,428)	(8,870)
Changes in operating assets and liabilities			
(Increase)/decrease in trade and other receivables		(1,505)	1,041
(Increase)/decrease in other assets		1,351	(930)
(Increase)/decrease in inventories		(25)	(26)
Increase/(decrease) in trade and others payables		(389)	(1,300)
Increase/(decrease) in other liabilities		181	(539)
Increase/(decrease) in provisions		(168)	341
Net cash from operating activities		3,168	2,923

37 Contingent liabilities

There are no contingent liabilities.

Notes to and forming part of the financial statements

for the financial year ended 30 June 2011

38 Reserves

	Balance		Transfer to reserves		Transfer from reserves		Balance	
	1-Jul-10 \$'000	1-Jul-09 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	30-Jun-11 \$'000	30-Jun-10 \$'000
Revenue reserves								
Car parking	303	300	34	19	-	(16)	337	303
Public open space	350	353	66	20	-	(23)	416	350
Community based programs	(31)	95	93	19	(7)	(145)	55	(31)
Landfill future close out costs	777	694	145	83	-	-	922	777
Incomplete budgeted works	3,640	2,780	834	860	-	-	4,474	3,640
City revaluation	686	559	-	127	(686)	-	-	686
Asset sales	1,431	1,785	1,213	327	(52)	(681)	2,592	1,431
Landfill plant and equipment	1	1	-	-	-	-	1	1
Property, plant and equipment	210	327	41	14	(61)	(131)	190	210
Uneven operating expenses	21	73	56	3	-	(55)	77	21
SAMG Capital	-	-	61	-	-	-	61	-
	7,388	6,967	2,543	1,472	(806)	(1,433)	9,125	7,388

	Balance		Transfer to reserves		Transfer from reserves		Balance	
	1-Jul-10 \$'000	1-Jul-09 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	30-Jun-11 \$'000	30-Jun-10 \$'000
Fair value reserve								
Investment in water corporation revaluation reserve	-	-	1,136	-	-	-	1,136	-
	-	-	1,136	-	-	-	1,136	-

Notes to and forming part of the financial statements

for the financial year ended 30 June 2011

	Balance		Revaluation increment				Revaluation decrement		Balance	
	1-Jul-10 \$'000	1-Jul-09 \$'000	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000	30 Jun-11 \$'000	30 Jun-10 \$'000		
38 Reserves (continued)										
Asset revaluation reserves										
Asset revaluation reserve - roads	140,567	133,262	6,618	7,305	-	-	147,185	140,567		
Asset revaluation reserve - water reticulation	-	55,058	-	-	-	(55,058)	-	-		
Asset revaluation reserve - buildings and other land improvements	14,351	13,044	979	1,307	-	-	15,330	14,351		
Asset revaluation reserve - land	18,976	18,976	24,679	-	-	-	43,655	18,976		
Asset revaluation reserve - sewerage treatment	-	54,055	-	-	-	(54,055)	-	-		
Asset revaluation reserve - stormwater and drainage	80,623	70,436	3,616	10,187	-	-	84,239	80,623		
Asset revaluation reserve - plant and vehicles	2,734	2,734	88	-	-	-	2,822	2,734		
Asset revaluation reserve - furniture and equipment	820	820	33	-	-	-	853	820		
Asset revaluation reserve - Hobart Water investment	-	37,639	-	-	-	(37,639)	-	-		
	258,071	386,024	36,013	18,799	-	(146,752)	294,084	258,071		
Total revenue and asset revaluation reserves	265,459	392,991	39,691	20,271	(806)	(148,185)	304,345	265,460		

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.

Fair value reserve

The fair value reserve includes the net revaluation increments and decrements arising from the revaluation of council's share of the investment in the water corporation.

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)).

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.

Notes to and forming part of the financial statements

for the financial year ended 30 June 2011

39 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 Commonwealth Bank of Australia as at 30 June 2011. (National Australia Bank 30 June 2010) was:

Note	2011 \$'000	2010 \$'000
	Nil	Nil
	Nil	Nil
	280	151

40 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 4.23% (3.75% in 2009/2010). The interest rate at balance date was 4.00% (4.4% in 2009/2010).
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 5.75% (4.78% in 2009/2010).
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 11.43% (10.40% in 2009/2010) 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 6.34% (6.35% in 2009/2010).

Notes to and forming part of the financial statements

for the financial year ended 30 June 2011

40 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 %		Less than 1 year \$'000		1 to 5 years \$'000		More than 5 years \$'000		Other \$'000		Total \$'000	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Financial assets												
<i>Variable interest rate</i>												
Cash and cash equivalent assets	5.00%	3.75%	24,019	20,099					24,019	20,099		
Other financial assets	5.75%	4.78%	4	10					4	10		
<i>Non interest bearing</i>												
Cash and cash equivalent assets			27	20					27	20		
Trade and other receivables			2,450	894					2,450	894		
Investment in water corporation									198,040	196,904		
<i>Fixed interest rate</i>												
Trade and other Receivables (rates and charges)	11.43%	10.40%	385	437					385	437		
Total			26,885	21,460	-	-	-	-	198,040	196,904	224,925	218,364
Financial liabilities												
<i>Non interest bearing</i>												
Other current liabilities			1,110	928					1,110	928		
Trade and other payables			2,228	2,618					2,228	2,618		
<i>Fixed interest rate</i>												
Borrowings:												
- Less than 1 year	4.76%	4.95%	1,200	1,374			9,266	9,787	1,200	1,374	9,266	9,787
- Greater than 1 year	6.34%	6.27%					9,266	9,787	9,266	9,787	9,266	9,787
Total			4,538	4,920	-	-	9,266	9,787	198,040	196,904	211,121	203,657
Net financial assets/(liabilities)												

Notes to and forming part of the financial statements

for the financial year ended 30 June 2011

40 Financial instruments (continued)

(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	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
(1) Financial Assets				
Cash and cash equivalents	24,045	20,119	24,045	20,119
Other financial assets	4	10	4	10
Investment in water corporation	198,040	196,904	198,040	196,904
Trade and other receivables	2,835	1,331	2,835	1,331
Total Financial Assets	224,924	218,364	224,924	218,364
(2) Financial Liabilities				
Other liabilities	1,110	928	1,110	928
Trade and other payables	2,228	2,618	2,228	2,618
Interest bearing loans and borrowings	10,466	11,161	10,558	11,263
Total Financial Liabilities	13,804	14,707	13,896	14,809

(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.

40 Financial instruments (continued)

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;
- 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.

Credit risk arises from Council's financial assets, which comprise cash and cash equivalents, and trade and other receivables. Council's exposure to credit risk arises from potential default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is addressed in each applicable policy note. Council generally trades with recognised, creditworthy third parties, and as such collateral is generally not requested, nor is it Council's policy to securitise its trade and other receivables.

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 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.

40 Financial instruments (continued)

(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.

2011	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	24,019	(240)	(240)	240	240
Other financial assets	4	-	-	-	-
Trade and other receivables	385	(4)	(4)	4	4
2010					
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	20,099	(201)	(201)	201	201
Other financial assets	10	-	-	-	-
Trade and other receivables	437	(4)	(4)	4	4

Notes to and forming part of the financial statements

for the financial year ended 30 June 2011

40 Financial instruments (continued)

(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

30 June 2011	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Available for sale financial assets	-	-	198,040	198,040
Total	-	-	198,040	198,040

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

30 June 2010	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Available for sale financial assets	-	-	196,904	196,904
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	2011 \$'000	2010 \$'000
Opening balance		
Investment on transfer of assets	196,904	270,608
<i>Gain (losses) recognised in other comprehensive income:</i>		
Change in fair value of investment in water corporation	1,136	(73,704)
Closing balance	198,040	196,904

41 Register of interests

Aldermen and position	Interest
Ald. Adriana Taylor (Mayor)	No
Ald. Christine Lucas (Deputy Mayor)	No
Ald. David Pearce OAM	No
Ald. Haydyn Nielsen	No
Ald. Jenny Branch	No
Ald. Luke Martin	No
Ald. Matt Stevenson	No
Ald. Peter Ridler RFD	No
Ald. Richard Lowrie	No
Ald. Robert Vervaart	*
Ald. Steven King	No
Ald. Stuart Slade	No

* Declarations not received

Notes to and forming part of the financial statements

for the financial year ended 30 June 2011

42 Remuneration of Aldermen

Total allowances paid to the Mayor, Deputy Mayor and Aldermen

Total expenses paid to all Aldermen

2011	2010
\$	\$
349,435	355,617
10,914	33,648
360,349	389,265

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

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.

43 Remuneration of Key Management Personnel holding senior positions

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

	2011	2010
\$230,001 - \$250,000	1	1
\$170,001 - \$190,000	1	0
\$150,001 - \$170,000	3	4
\$130,001 - \$150,000	2	2

Remuneration includes:

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

44 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 Glenorchy City Council Access 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, Community Precincts, the General Manager Performance Review Committee, the Audit and Risk Committee, the Glenorchy Arts and Culture Advisory Committee and the Citizen and Young Citizen of the Year Selection 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.

Notes to and forming part of the financial statements

for the financial year ended 30 June 2011

44 Special committees (continued)

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 2010/2011 were as follows:

	Income 2011 \$ '000	Expenditure 2011 \$ '000	Net result 2011 \$ '000	Cash at bank 30/06/11 \$ '000
Glenorchy Brass Band	20	19	1	4

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

45 Defined benefit superannuation plans

The 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 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.

At 30 June 2010 the Quadrant Defined Benefits Fund had returned to a "satisfactory financial position" with the net market value of assets available for funding member benefits of \$57,230,000 being greater than the value of vested benefits of \$56,180,000. The surplus at that date was \$1,050,000. The Quadrant Trustee again reviewed the employer contribution rate 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 and is expected to be completed late in 2011 or early in 2012.

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 \$271,820 (\$229,217 in 2009/10), and the amount paid to accumulation schemes was \$1,729,489 (\$1,655,328 in 2009/10).

Notes to and forming part of the financial statements

for the financial year ended 30 June 2011

46 Grants, donations and bursaries	2011
Details	\$
Glenorchy RSL Club	300
Glenorchy Community Flyers Tadpac	429
2011 NAIDOC Week School initiatives Koori Kids Pty Ltd	400
Glenorchy History Society - Rental Subsidy and contribution	3,031
Claremont College Bursaries - Cash	6,500
Anglicare - Rental subsidy	15,241
Clean Up Australia Day - Rubbish Removal - In-kind	6,850
Aurora Disability Services - Rental Subsidy	14,296
Cosmos - Rental Subsidy	10,147
Glenorchy City Concert Brass Band Donation - Cash	7,500
Ground hire discount to encourage junior sports	6,132
Gerard Street Reserve (Arrogone Archers Inc)	3,500
Patrols of Wellington Park Reserve	700
Pick up rubbish for creek and foreshore cleaning community projects - In-kind	3,000
Cycling South - Rental Subsidy	500
Cycling South - State Bike Week and National Ride to Work day	1,100
Donation of trees to community groups	800
Traffic management support to public events	1,000
Support to Green Corp	1,200
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	2,151
Waiving of Building Application fees for various community organisations	225
Waiving of Development Application fees for various community organisations	788
Waiving of landfill fees for various community organisations	7,870
	<u>101,660</u>

47 Significant business activities

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

48 Investment in water corporation

Council has an ownership interest of 21.50% in Southern Water (21.5% in 2009/10). 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 2011 is \$198,040,000 (\$196,904,000 in 2009/10).

Notes to and forming part of the financial statements

for the financial year ended 30 June 2011

49 Functions/activities of the council

(a) Revenues, expenses and assets

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	2010/11	11,811	28,517	27,580
	2009/10	12,937	27,900	23,643
Public order, fire and safety	2010/11	4,280	4,247	175
	2009/10	4,109	402	201
Community and public health	2010/11	748	175	138
	2009/10	706	178	170
Welfare	2010/11	3,956	6,048	641
	2009/10	4,388	5,102	689
Nursing homes/aged care	2010/11	344	394	138
	2009/10	373	359	170
Housing	2010/11	272	-	138
	2009/10	274	-	170
Community amenities	2010/11	-	-	138
	2009/10	-	-	170
Water	2010/11	-	7,375	99,020
	2009/10	18	8,965	98,452
Sewerage	2010/11	399	404	99,020
	2009/10	368	448	98,452
Household garbage/protection of the environment	2010/11	3,498	7,540	-
	2009/10	3,291	5,040	-
Other protection of the environment/biodiversity	2010/11	4,367	2,184	156,154
	2009/10	4,076	287	149,119
Community and regional development	2010/11	1,292	305	138
	2009/10	1,663	625	170
Recreation facilities and services	2010/11	8,411	3,445	102,408
	2009/10	7,021	1,902	74,629
Cultural facilities and services	2010/11	791	29	138
	2009/10	700	458	170
Road, bridge and street infrastructure	2010/11	13,267	1,271	210,053
	2009/10	13,175	2,731	205,797
Road, plant, parking and other road transport	2010/11	501	660	677
	2009/10	565	240	719
Other economic affairs	2010/11	236	4	138
	2009/10	252	41	170
Other purpose	2010/11	625	1,222	-
	2009/10	33	351	-
Total	2010/11	54,798	63,819	696,694
	2009/10	53,950	55,030	652,891

Notes to and forming part of the financial statements

for the financial year ended 30 June 2011

49 *Functions/activities of the council (continued)*

(b) Reconciliation of Assets from Note 49 with Statement of Financial Position at 30 June:

	2011 \$'000	2010 \$'000
Current assets	29,017	25,145
Non-current assets	667,677	627,746
	696,694	652,891

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

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

Other purpose

Unallocatable private works and other.

Notes to and forming part of the financial statements

for the financial year ended 30 June 2011



Tasmanian Audit Office

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INDEPENDENT AUDITOR'S REPORT

To the Aldermen of Glenorchy City Council

GLENORCHY CITY COUNCIL

Financial Report for the Year Ended 30 June 2011

I have audited the accompanying financial report of Glenorchy City Council (Council), which comprises the statement of financial position as at 30 June 2011, the statements of comprehensive income, changes in equity and cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the General Manager's statement.

Auditor's Opinion

In my opinion Council's financial report:

- (a) presents fairly, in all material respects, its financial position as at 30 June 2011, and 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.

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 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

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Notes to and forming part of the financial statements

for the financial year ended 30 June 2011

internal control relevant to the General Manager's preparation and fair presentation of the financial report 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 Manager, as well as evaluating the overall presentation of the financial report.

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.

TASMANIAN AUDIT OFFICE



E R De Santi
DEPUTY AUDITOR-GENERAL
Delegate of the Auditor-General

HOBART
7 September 2011

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