

THE RURAL CITY OF MURRAY BRIDGE

General Purpose Financial Reports for the year ended 30 June 2010

TABLE OF CONTENTS

	<u>Page</u>
Principal Financial Statements	
Statement of Comprehensive Income	1
Balance Sheet	2
Statement of Changes in Equity	3
Cash Flow Statement	4
 Notes to, and forming part of, the Principal Financial Statements	
Note 1 - Significant Accounting Policies	5
Note 2 - Income	12
Note 3 - Expenses	15
Note 4 - Asset Disposal and Fair Value Adjustment	17
Note 5 - Current Assets	18
Note 6 - Non-Current Assets	19
Note 7 - Infrastructure, Property, Plant & Equipment	20
Note 8 - Liabilities	23
Note 9 - Reserves	24
Note 10 - Assets Subject to Restrictions	25
Note 11 - Reconciliation of Cash Flow Statement	26
Note 12 - Functions	27
Note 13 - Financial Instruments	28
Note 14 - Commitments for Expenditure	30
Note 15 - Financial Indicators	31
Note 16 - Uniform Presentation of Finances	32
Note 17 - Superannuation	33
Note 18 - Segment Reporting	34
Note 19 - Contingencies Assets & Liabilities not Recognised	35
 CEO Statement	36
Audit Report	37
Council Certificate of Audit Independence	38
Certificate of Auditor Independence	39

THE RURAL CITY OF MURRAY BRIDGE

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 June 2010

	Notes	2010 \$'000	2009 \$'000
INCOME			
Rates	2	13,814	12,252
Statutory charges	2	481	487
User charges	2	1,588	1,637
Grants, subsidies and contributions	2	8,115	7,689
Investment income	2	26	26
Reimbursements	2	3,052	3,618
Other income	2	819	646
Total Income		27,893	26,354
EXPENSES			
Employee costs	3	9,794	9,392
Materials, contracts & other expenses	3	10,814	9,560
Finance costs	3	600	827
Depreciation, amortisation & impairment	3	6,308	5,171
Total Expenses		27,376	24,950
OPERATING SURPLUS / (DEFICIT)		517	1,404
Asset disposal & fair value adjustments	4	5,177	37
Amounts received specifically for new or upgraded assets	2	2,271	1,759
Physical resources received free of charge	2	0	0
NET SURPLUS / (DEFICIT)		7,965	3,200
transferred to Equity Statement			
Other Comprehensive Income		0	0
Changes in revaluation surplus - infrastructure, property, plant & equipment	9	9,561	8,701
Total Other Comprehensive Income		9,561	8,701
TOTAL COMPREHENSIVE INCOME		17,526	11,901

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

THE RURAL CITY OF MURRAY BRIDGE

BALANCE SHEET as at 30 June 2010

	Notes	2010 \$'000	2009 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents	5	3,800	149
Trade & other receivables	5	4,543	1,673
Inventories	5	77	4,221
Total Current Assets		8,420	6,043
Non-current Assets			
Financial Assets	6	25	25
Infrastructure, Property, Plant & Equipment	7	120,055	107,055
Other Non-current Assets	6	1,350	1,803
Total Non-current Assets		121,430	108,883
Total Assets		129,850	114,926
LIABILITIES			
Current Liabilities			
Trade & Other Payables	8	3,264	5,209
Borrowings	8	849	812
Provisions	8	867	656
Total Current Liabilities		4,980	6,677
Non-current Liabilities			
Trade & Other Payables	8	89	87
Borrowings	8	9,768	10,788
Provisions	8	273	160
Total Non-current Liabilities		10,130	11,035
Total Liabilities		15,110	17,712
NET ASSETS		114,740	97,214
EQUITY			
Accumulated Surplus		68,982	60,261
Asset Revaluation Reserves	9	45,758	36,197
Other Reserves	9	0	756
TOTAL EQUITY		114,740	97,214

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

THE RURAL CITY OF MURRAY BRIDGE

STATEMENT OF CHANGES IN EQUITY for the year ended 30 June 2010

	Notes	Accumulated Surplus \$'000	Asset Revaluation Reserve \$'000	Available for sale Financial Assets \$'000	Other Reserves \$'000	TOTAL EQUITY \$'000
2010						
Balance at end of previous reporting period		60,261	36,197	-	756	97,214
Restated opening balance		60,261	36,197	-	756	97,214
Net Surplus / (Deficit) for Year		7,965				7,965
Other Comprehensive Income						
Gain on revaluation of infrastructure, property, plant & equipment			9,561			9,561
Transfers between reserves		756			(756)	-
Balance at end of period		68,982	45,758	-	-	114,740
2009						
Balance at end of previous reporting period		57,075	27,496		742	85,313
Restated opening balance		57,075	27,496	-	742	85,313
Net Surplus / (Deficit) for Year		3,200				3,200
Other Comprehensive Income						
Changes in revaluation surplus - infrastructure, property, plant & equipment			8,701			8,701
Transfers between reserves		(14)			14	-
Balance at end of period		60,261	36,197	-	756	97,214

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

THE RURAL CITY OF MURRAY BRIDGE

CASH FLOW STATEMENT for the year ended 30 June 2010

	2010	2009
	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
<u>Receipts</u>		
Operating receipts	25,960	28,690
Investment receipts	(309)	106
<u>Payments</u>		
Operating payments to suppliers & employees	(23,736)	(24,315)
Finance payments	420	(795)
Net Cash provided by (or used in) Operating Activities		
- Note 11	2,335	3,686
CASH FLOWS FROM INVESTING ACTIVITIES		
<u>Receipts</u>		
Amounts specifically for new or upgraded assets	2,271	1,759
Sale of replaced assets	297	129
Sale of surplus assets	9,674	
<u>Payments</u>		
Expenditure on renewal/replacement of assets	(4,040)	(2,586)
Expenditure on new/upgraded assets	(5,903)	(4,125)
Development of real estate for sale	-	
Net Cash provided by (or used in) Investing Activities	2,299	(4,823)
CASH FLOWS FROM FINANCING ACTIVITIES		
<u>Receipts</u>		
Proceeds from Borrowings	0	0
<u>Payments</u>		
Repayments of Borrowings	(983)	(760)
Net Cash provided by (or used in) Financing Activities	(983)	(760)
Net Increase (Decrease) in cash held	3,651	(1,897)
Cash & cash equivalents at beginning of period	149	2,046
Cash & cash equivalents at end of period	3,800	149

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

Rural City of Murray Bridge

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

Note 1 - SIGNIFICANT ACCOUNTING POLICIES

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

1 Basis of Preparation

1.1 Compliance with Australian Accounting Standards

This general purpose financial report has been prepared in accordance with Australian Accounting Standards as they apply to not-for-profit entities, other authoritative pronouncements of the Australian Accounting Standards Board, Interpretations and relevant South Australian legislation.

The financial report was authorised for issue by certificate under clause 11 of the Local Government (Financial Management) Regulations 1999 dated 25 January 2007.

1.2 Historical Cost Convention

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

1.3 Critical Accounting Estimates

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates, and requires management to exercise its judgement in applying Council's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are specifically referred to in the relevant sections of this Note.

1.4 Rounding

All amounts in the financial statements have been rounded to the nearest thousand dollars (\$'000).

2 The Local Government Reporting Entity

The Rural City of Murray Bridge is incorporated under the SA Local Government Act 1999 and has its principal place of business at 2 Seventh Street, Murray Bridge. These financial statements include the consolidated fund and all entities through which Council controls resources to carry on its functions. In the process of reporting on the Council as a single unit, all transactions and balances between activity areas and controlled entities have been eliminated.

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

3 Income recognition

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

Where grants, contributions and donations recognised as incomes during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the amounts subject to those undischarged conditions are disclosed in these notes. Also disclosed is the amount of grants, contributions and receivables recognised as incomes in a previous reporting period which were obtained in respect of the Council's operations for the current reporting period.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

Note 1 - Significant Accounting Policies (cont)

4 Cash, Cash Equivalents and other Financial Instruments

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

Receivables for rates and annual charges are secured over the subject land, and bear interest at rates determined in accordance with the Local Government Act 1999. Other receivables are generally unsecured and do not bear interest.

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

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

5 Inventories

Inventories held in respect of stores have been valued by using the weighted average cost on a continual basis, after adjustment for loss of service potential. Inventories held in respect of business undertakings have been valued at the lower of cost and net realisable value.

5.1 Real Estate Assets Developments

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

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

5.2 Other Real Estate held for resale

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

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

6 Infrastructure, Property, Plant & Equipment

6.1 Initial Recognition

All assets are initially recognised at cost.

All non-current assets purchased or constructed are capitalised as the expenditure is incurred and depreciated as soon as the asset is held "ready for use". Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition, including architects' fees and engineering design fees and all other costs incurred. The cost of non-current assets constructed by the Council includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overhead.

Rural City of Murray Bridge

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

Note 1 - Significant Accounting Policies (cont)

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

For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition.

6.2 Materiality

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds materiality thresholds established by Council for each type of asset. In determining (and in annually reviewing) such thresholds, regard is had to the nature of the asset and its estimated service life. Examples of capitalisation thresholds applied during the year are as follows. No capitalisation threshold is applied to the acquisition of land or interests in land.

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

6.3 Subsequent Recognition

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

6.4 Depreciation of Non-Current Assets

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

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

Plant, Furniture & Equipment	5 to 15 years
Building & Other Structures	10 to 80 years
Infrastructure	5 to 85 years
Other Assets - Library Books	1 to 5 Years

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

Note 1 - Significant Accounting Policies (cont)

6.5 Impairment

Assets that have an indefinite useful life are not subject to depreciation and are reviewed annually for impairment. Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount (which is the higher of the present value of future cash outflows or value in use).

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

Where an asset that has been revalued is subsequently impaired, the impairment is first offset against such amount as stands to the credit of that class of assets in Asset Revaluation Reserve, any excess being recognised as an expense.

6.6 Borrowing Costs

Borrowing costs in relation to qualifying assets (net of offsetting investment revenue) have been capitalised in accordance with AASB 123 "Borrowing Costs". The amounts of borrowing costs recognised as an expense or as part of the carrying amount of qualifying assets are disclosed in Note 3, and the amount (if any) of interest revenue offset against borrowing costs in Note 2.

7 Payables

7.1 Goods & Services

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

7.2 Payments Received in Advance & Deposits

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

8 Borrowings

Loans are carried at their principal amounts which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period to which it relates, and is recorded as part of "Payables". Interest free loans are carried at their nominal amounts; interest revenues foregone by the lender effectively being a reduction of interest expense in the period to which it relates.

9 Employee Benefits

9.1 Salaries, Wages & Compensated Absences

Liabilities for employees' entitlements to salaries, wages and compensated absences expected to be paid or settled within 12 months of reporting date are accrued at nominal amounts (including payroll based oncosts) measured in accordance with AASB 119.

Rural City of Murray Bridge

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

Note 1 - Significant Accounting Policies (cont)

Liabilities for employee benefits not expected to be paid or settled within 12 months are measured as the present value of the estimated future cash outflows (including payroll based oncosts) to be made in respect of services provided by employees up to the reporting date. Present values are calculated using government guaranteed securities rates with similar maturity terms.

Weighted average discount rate	7.48% (2009, 6.64%)
Weighted average settlement period	1.79 years (2009, 1.88 years)

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

9.2 Superannuation

The Council makes employer superannuation contributions in respect of its employees to the Local Government Superannuation Scheme. The Scheme has two types of membership, each of which is funded differently. No changes in accounting policy have occurred during either the current or previous reporting periods. Details of the accounting policies applied and Council's involvement with the schemes are reported in Note 17.

10 Construction Contracts

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

11 Joint Ventures and Associated Entities

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

12 Leases

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

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

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

13 GST Implications

In accordance with UIG Abstract 1031 "Accounting for the Goods & Services Tax" Receivables and Creditors include GST receivable and payable.

Rural City of Murray Bridge

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

Note 1 - Significant Accounting Policies (cont)

Except in relation to input taxed activities, revenues and operating expenditures exclude GST receivable and payable.

Non-current assets and capital expenditures include GST net of any recoupment.

Amounts included in the Statement of Cash Flows are disclosed on a gross basis.

14 Comparative Information

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

15 New Accounting Standards

Certain new accounting standards and UIG interpretations have been published that are not mandatory for the 30 June 2010 reporting period.

AASB 1	First-time Adoption of Australian Accounting Standards
AASB 5	Non-current Assets Held for Sale and Discontinued Operations
AASB 7	Financial Instruments: Disclosures
AASB 9	Financial Instruments
AASB 101	Presentation of Financial Statements
AASB 107	Statement of Cash Flows
AASB 108	Accounting Policies, Changes in Accounting Estimates and Errors
AASB 110	Events after the Reporting Period
AASB 117	Leases
AASB 118	Revenue
AASB 119	Employee Benefits
AASB 132	Financial Instruments: Presentation
AASB 136	Impairment of Assets
AASB 137	Provisions, Contingent Liabilities and Contingent Assets
AASB 139	Financial Instruments: Recognition and Measurement
AASB 1031	Financial Instruments: Recognition and Measurement
AASB 2009-11	Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]
AASB 2009-12	Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]
AASB 2009-13	Amendments to Australian Accounting Standards arising from Interpretation 19 [AASB 1]
AASB 2010-1	Amendments to Australian Accounting Standards – Limited Exemption from Comparative AASB 7 Disclosures for First-time Adopters [AASB 1 & AASB 7]
Interpretation 4	Determining whether an Arrangement contains a Lease
Interpretation 14	AASB 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

(Standards not affecting local government have been excluded from the above list.)

Council is of the view that none of the above new standards or interpretations will affect any of the amounts recognised in the financial statements, but that they may impact certain information otherwise disclosed.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

Note 1 - Significant Accounting Policies (cont)

The Australian Accounting Standards Board is currently reviewing AASB 1004 Contributions. It is anticipated that the changes resulting from this review may have a material effect on the timing of the recognition of grants and contributions, but the financial consequences cannot be estimated until a revised accounting standard is issued.

THE RURAL CITY OF MURRAY BRIDGE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

Note 2 - INCOME

	Notes	2010 \$'000	2009 \$'000
RATES REVENUES			
<u>General Rates</u>		13,372	12,396
Less: Mandatory rebates		(378)	(311)
Less: Discretionary rebates, remissions & write offs		(231)	(383)
		<u>12,763</u>	<u>11,701</u>
<u>Other Rates</u> (including service charges)			
Natural Resource Management levy		150	120
Waste collection		618	167
Riverglen CWMS		64	62
Woodlane CWMS		44	41
		<u>876</u>	<u>390</u>
<u>Other Charges</u>			
Penalties for late payment		102	136
Legal & other costs recovered		73	24
		<u>175</u>	<u>161</u>
		<u>13,814</u>	<u>12,252</u>
STATUTORY CHARGES			
Development Act fees		309	315
Animal registration fees & fines		130	136
Parking fines / expiation fees		15	8
Health Act		27	27
		<u>481</u>	<u>487</u>
USER CHARGES			
Admission charges - pools		87	85
Aged Home Rentals		1,252	1,263
Cemetery Fees		89	111
Property Rentals & Hire		127	153
Sundry		31	25
		<u>1,586</u>	<u>1,637</u>
INVESTMENT INCOME			
Interest on investments			
Local Government Finance Authority		26	26
		<u>26</u>	<u>26</u>

THE RURAL CITY OF MURRAY BRIDGE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

NOTE 2 - INCOME (continued)

	Notes	2010 \$'000	2009 \$'000
REIMBURSEMENTS			
- for private works		2,710	2,998
- for Insurance		29	52
- for workers compensation insurance		22	18
- other		291	549
		<u>3,052</u>	<u>3,618</u>
OTHER INCOME			
Workers Compensation Bonus		103	123
LGFA Bonus		16	69
Donations		39	27
Developer Contributions		0	40
Sundry		661	387
		<u>819</u>	<u>646</u>
GRANTS, SUBSIDIES, CONTRIBUTIONS			
Amounts received specifically for new or upgraded assets		2,271	1,759
Other grants, subsidies and contributions		7,291	6,921
Individually significant item - additional Grants Commission payment	see below	824	768
		<u>10,386</u>	<u>9,448</u>
<i>The functions to which these grants relate are shown in Note 2.</i>			
Sources of grants:			
Commonwealth government		7,807	3,468
State government		2,579	5,980
Other		0	0
		<u>10,386</u>	<u>9,448</u>
Individually Significant Item			
Additional Grants Commission payment		824	768

THE RURAL CITY OF MURRAY BRIDGE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

NOTE 2 - INCOME (continued)

	2010	2009
Notes	\$'000	\$'000
Conditions over grants & contributions		
<i>Grants and contributions which were obtained on the condition that they be expended for specified purposes or in a future period, but which are not yet expended in accordance with those conditions, are as follows:</i>		
<i>Unexpended at the close of the previous reporting period</i>	0	0
<i>Less: expended during the current period from revenues recognised in previous reporting periods</i>	0	0
<i>Roads Infrastructure</i>	0	0
<i>Heritage & Cultural Services</i>	0	0
<i>Subtotal</i>	<u>0</u>	<u>0</u>
<i>Plus: amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions</i>	317	
<i>Roads Infrastructure</i>	317	
<i>Heritage & Cultural Services</i>		
<i>Subtotal</i>	<u>317</u>	<u>0</u>
<i>Unexpended at the close of this reporting period</i>	<u>317</u>	<u>0</u>
 <i>Net increase (decrease) in assets subject to conditions in the current reporting period</i>	 <u>317</u>	 <u>0</u>

PHYSICAL RESOURCES RECEIVED FREE OF CHARGE

Land & Improvements	0	0
Roads, Bridges & Footpaths	0	0
Stormwater Drainage	0	0
	0	0
	<u>0</u>	<u>0</u>
TOTAL PHYSICAL RESOURCES RECEIVED	<u>0</u>	<u>0</u>

THE RURAL CITY OF MURRAY BRIDGE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

Note 3 - EXPENSES

	Notes	2010 \$'000	2009 \$'000
EMPLOYEE COSTS			
Salaries and Wages		8,606	8,481
Employee leave expense		1,022	752
Superannuation - defined contribution plan contributions	18	815	801
Workers' Compensation Insurance		474	428
Less: Capitalised and distributed costs		(1,123)	(1,070)
Total Operating Employee Costs		9,794	9,392
Total Number of Employees			
<i>(Full time equivalent at end of reporting period)</i>			
MATERIALS, CONTRACTS & OTHER EXPENSES			
<u>Prescribed Expenses</u>			
Auditor's Remuneration			
- Auditing the financial reports		13	15
Bad and Doubtful Debts		0	4
Elected members' expenses		203	190
Operating Lease Rentals - cancellable leases		225	242
Subtotal - Prescribed Expenses		441	452
<u>Other Materials, Contracts & Expenses</u>			
Contractors		5,883	4,230
Other contractual services		342	134
Parts, accessories & consumables		587	456
Materials		640	1,277
Energy		437	484
Water		114	62
Contributions & donations		185	152
Levies paid to government - NRM levy		136	110
- Other Levies		60	55
Insurance		424	438
Fuel/Lubricants		377	498
Subscriptions/licences		120	190
Communication charges		141	145
Bank charges		39	39
Sundry		688	838
Subtotal - Other Materials, Contracts & Expenses		10,173	9,108
		10,614	9,560

THE RURAL CITY OF MURRAY BRIDGE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

Note 3 - EXPENSES (cont)

	Notes	2010 \$'000	2009 \$'000
FINANCE COSTS			
Interest on overdraft and short-term drawdown		63	0
Interest on Loans		597	827
		<u>660</u>	<u>827</u>
DEPRECIATION, AMORTISATION & IMPAIRMENT			
Depreciation			
Land		0	0
Buildings & Other Structures		1,141	291
Infrastructure, Property, Plant & Equipment		3,973	3,680
Plant & Equipment		821	891
Furniture & Fittings		333	273
Other - Library materials		40	36
		<u>6,308</u>	<u>5,171</u>

THE RURAL CITY OF MURRAY BRIDGE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

Note 4 - ASSET DISPOSAL & FAIR VALUE ADJUSTMENTS

	Notes	2010 \$'000	2009 \$'000
INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT			
<i>Assets renewed or directly replaced</i>			
Proceeds from disposal		297	129
Less: Carrying amount of assets sold		163	92
Gain (Loss) on disposal		134	37
<i>Assets surplus to requirements</i>			
Proceeds from disposal		9,674	0
Less: Carrying amount of assets sold		4,631	0
Gain (Loss) on disposal		5,043	0
NET GAIN (LOSS) ON DISPOSAL OR REVALUATION OF ASSETS		5,177	37

THE RURAL CITY OF MURRAY BRIDGE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

Note 5 - CURRENT ASSETS

	2010	2009
	\$'000	\$'000
CASH & EQUIVALENT ASSETS		
Cash on Hand and at Bank	573	87
Deposits at Call	3,227	63
	<u>3,800</u>	<u>149</u>
TRADE & OTHER RECEIVABLES		
Rates - General & Other	1,135	980
Accrued Revenues	489	154
Debtors - general	2,883	586
Prepayments	40	3
Total	4,547	1,723
Less: Allowance for Doubtful Debts	4	50
	<u>4,543</u>	<u>1,673</u>
INVENTORIES		
Stores & Materials	3	2
Real Estate Developments	74	4,219
	<u>77</u>	<u>4,221</u>

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

Real Estate Developments

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

Residential

Industrial & Commercial

Total Real Estate for Resale

74	4,219
<u>74</u>	<u>4,219</u>

Represented by:

Acquisition Costs

74	4,219
<u>74</u>	<u>4,219</u>

Less: Allowance for Under-Recovery

Total Real Estate for Resale

74	4,219
<u>74</u>	<u>4,219</u>

THE RURAL CITY OF MURRAY BRIDGE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

Note 6 - NON-CURRENT ASSETS

	Notes	2010 \$'000	2009 \$'000
FINANCIAL ASSETS			
Receivables			
Rates & General		<u>25</u>	<u>25</u>
		25	25
Less: Allowance for Doubtful Debts		<u>25</u>	<u>25</u>
		25	25
 OTHER NON-CURRENT ASSETS			
Capital Works-in-Progress		0	453
Licenses		<u>1,350</u>	<u>1,350</u>
		<u>1,350</u>	<u>1,803</u>

THE RURAL CITY OF MURRAY BRIDGE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT for the year ended 30 June 2010

	2009 \$'000				2010 \$'000			
	AT FAIR VALUE	AT COST	ACCUM DEPN	CARRYING AMOUNT	AT FAIR VALUE	AT COST	ACCUM DEPN	CARRYING AMOUNT
Land	0	12,472	0	12,472	21,391	0	0	21,391
Buildings & Other Structures	48,648	605	20,941	28,312	48,648	5,458	22,082	32,024
Infrastructure, Property, Plant & E	903	72,934	13,741	60,096	903	76,385	17,714	59,584
Plant & Equipment	8,902	11	5,586	3,327	8,902	1,807	6,407	4,302
Furniture & Fittings	2,811	656	980	2,487	2,811	846	1,313	2,344
Other - Library materials	0	427	66	361	0	1,889	1,279	410
TOTAL PROPERTY, PLANT & EQUIPMENT	61,264	87,105	41,314	107,055	82,655	86,195	48,795	120,055
2009 Totals		102,418	5,059	97,359	61,264	87,105	41,314	107,055

This Note continues on the following pages.

THE RURAL CITY OF MURRAY BRIDGE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT for the year ended 30 June 2010

	2009	CARRYING AMOUNT MOVEMENTS DURING YEAR							2010
	\$'000	\$'000							\$'000
	CARRYING AMOUNT	Additions		Disposals	Depreciation	Impairment	Transfers	Net Revaluation	CARRYING AMOUNT
New/Upgrade	Renewals								
Land	12,472	0	0	4,632	0	0	4,092	9,459	21,391
Buildings & Other Structures	28,312	4,365	35	0	1,141	0	453	0	32,024
Infrastructure, Property, Plant & E	60,096	783	2,779	0	3,973	0	0	101	59,584
Plant & Equipment	3,327	565	994	163	821	0	197	203	4,302
Furniture & Fittings	2,487	190	0	0	333	0	0	0	2,344
Other - Library materials	361	0	89	0	40	0	0	0	410
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT	107,055	5,903	3,897	(4,796)	(6,308)	0	4,742	9,561	120,055
2009 Totals	97,359	4,125	2,733	(92)	(5,171)	0	0	9,701	107,055

This Note continues on the following pages.

Rural City of Murray Bridge

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

Note 7 (cont) – INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

Valuation of Assets

Non current assets, other than receivables, land held for resale, land under roads and investments are valued as follows:

Land

- Basis of valuation: written down current replacement cost
- Date of valuation: 30 June 2010
- Valuer: Office of the Valuer General

Buildings and Structures, Bridges, Jetties and Wharves, Playground Equipment

- Basis of valuation: written down current replacement cost
- Date of valuation: 30 June 2008. Valuation was received and adopted in 2009.
- Valuer: Martin Oldfield, B.Bus (Prop), Certified Practicing Valuer, Maloney Field Services

Infrastructure

Roads, Kerb & Gutter, Footpaths

- Basis of valuation: written down current replacement cost
- Date of valuation: 30 June 2005
- Valuer: Graham L. Martin, B.Bus (Prop), Certified Practicing Valuer, Maloney Field Services

Stormwater Drainage

- Basis of valuation: written down current replacement cost
- Date of valuation: 30 June 2009
- Valuer: Council valuation

Plant, Furniture & Equipment

- Basis of valuation: written down current replacement cost
- Date of valuation: 30 June 2008
- Valuer: Martin Oldfield, B.Bus (Prop), Certified Practicing Valuer, Maloney Field Services

Library Books and Materials

- Basis of valuation: written down current replacement cost
- Date of valuation: 30 June 2009
- Valuer: Council valuation

THE RURAL CITY OF MURRAY BRIDGE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

Note 8 - LIABILITIES

		2010 \$'000		2009 \$'000	
	Notes	Current	Non-current	Current	Non-current
TRADE & OTHER PAYABLES					
Goods & Services		-1	0	1,763	0
Payments received in advance		880	0	2,166	0
Accrued expenses - employee entitlements		883	89	852	87
Accrued expenses - other		1,502	0	423	0
GST payable		0	0	6	0
		<u>3,264</u>	<u>89</u>	<u>5,209</u>	<u>87</u>
BORROWINGS					
Loans - LGFA		0	0	0	0
Cash Advance - LGFA		0	0	0	171
Loans		<u>849</u>	<u>9,768</u>	<u>812</u>	<u>10,617</u>
		<u>849</u>	<u>9,768</u>	<u>812</u>	<u>10,788</u>
<i>All interest bearing liabilities are secured over the future revenues of the Council.</i>					
PROVISIONS					
Employee entitlements (including oncosts)		<u>867</u>	<u>273</u>	<u>656</u>	<u>160</u>
		<u>867</u>	<u>273</u>	<u>656</u>	<u>160</u>

THE RURAL CITY OF MURRAY BRIDGE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

Note 9 - RESERVES

ASSET REVALUATION RESERVE	1/7/2009	Net Increments (Decrements)	Transfers, Impairments	30/6/2010
Notes	\$'000	\$'000	\$'000	\$'000
Land	3,426	9,458	0	12,884
Buildings & Other Structures	14,272	0	0	14,272
Infrastructure	16,522	0	-101	16,421
Plant & Equipment	1,224	204	0	1,428
Furniture & Fittings	664	0	0	664
Other Assets (Library)	89	0	0	89
TOTAL	36,197	9,662	-101	45,758
2009 Totals	27,496	8,701	0	36,197

OTHER RESERVES	1/7/2009	Transfers to Reserve	Transfers from Reserve	30/6/2010
Hannaford Estate Reserve	2	0	2	0
Lerwin Capital Reserve	94	0	94	0
Employee Entitlements Reserve	244	0	244	0
Riverglen Special Rate Reserve	41	0	41	0
Development Reserve	319	0	319	0
(Asset Replacement)				
Asset Revaluation Fees Fund	10	0	10	0
Art Gallery Gift Fund	1	0	1	0
HACCS	20	0	20	0
Murray Mallee Aged Taskforce	17	0	17	0
Town Hall	5	0	5	0
Rousehouse	3	0	3	0
TOTAL OTHER RESERVES	756	0	756	0
2009 Totals	742	14	0	756

PURPOSES OF RESERVES

Asset Revaluation Reserve

The asset revaluation reserve is used to record increments and decrements arising from changes in fair value of non-current assets (less any subsequent impairment losses, where applicable).

THE RURAL CITY OF MURRAY BRIDGE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

Note 10 - ASSETS SUBJECT TO RESTRICTIONS

The uses of the following assets are restricted, wholly or partially, by legislation or other externally imposed requirements. The assets are required to be utilised for the purposes for which control was transferred to Council, or for which the revenues were originally obtained.

	Notes	2010 \$'000	2009 \$'000
CASH & FINANCIAL ASSETS			
Unexpended amounts received from Federal Government		317	485
Open Space Contributions		504	282
Developer Contributions		228	384
Zsolt Telkesi Scholarship		69	0
		<u>1,118</u>	<u>1,131</u>
TOTAL ASSETS SUBJECT TO EXTERNALLY IMPOSED RESTRICTIONS		<u>1,118</u>	<u>1,131</u>

The following liabilities, included in Note 8, may be discharged from restricted assets in the first instance.

<i>Payables</i>	8	<u>732</u>	<u>648</u>
		<u>732</u>	<u>648</u>

THE RURAL CITY OF MURRAY BRIDGE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

Note 11 - RECONCILIATION TO CASH FLOW STATEMENT

(a) Reconciliation of Cash

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

	Notes	2010 \$'000	2009 \$'000
Total cash & equivalent assets	5	3,800	149
Balances per Cash Flow Statement		<u>3,800</u>	<u>149</u>

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

Net Surplus (Deficit)	7,965	3,200
Non-cash items in Income Statement		
Depreciation, amortisation & impairment	6,308	5,171
Net increase (decrease) in unpaid employee benefits	357	43
Change in allowances for under-recovery	-46	0
Grants for capital acquisitions treated as Investing Activity	-2,271	-1,759
Net (Gain) Loss on Disposals	<u>-5,177</u>	<u>-37</u>
	7,136	6,618
Add (Less): Changes in Net Current Assets		
Net (Increase) decrease in receivables	-2,824	452
Net (increase) decrease in inventories	-1	-4,219
Net increase (decrease) in trade & other payables	<u>-1,977</u>	<u>835</u>
Net Cash provided by (or used in) operations	<u>2,335</u>	<u>3,686</u>

(c) Non-Cash Financing and Investing Activities

Acquisition of assets by means of:

- Physical resources received free of charge	3	0	0
- Non-cash grants & contributions			
Amounts recognised in Income Statement		<u>0</u>	<u>0</u>
- Finance Leases		0	
- Land taken over for non-payment of Rates		<u>0</u>	<u>0</u>

(d) Financing Arrangements

Unrestricted access was available at balance date to the following lines of credit:

Bank Overdrafts	500	500
Better Business Loan	0	2,500
Corporate Credit Cards	50	50
Cash Advance Facilities	<u>5,000</u>	<u>5,000</u>

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Council also has immediate access to a short-term draw-down facility, and variable interest rate borrowings under a cash advance facility, both from the Local Government Finance Authority of SA.

THE RURAL CITY OF MURRAY BRIDGE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

Note 12 - FUNCTIONS

INCOMES, EXPENSES AND ASSETS HAVE BEEN DIRECTLY ATTRIBUTED TO THE FOLLOWING FUNCTIONS & ACTIVITIES										
	INCOME		EXPENSES		OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)	
	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	2010	2009	2010	2009
	2010	2009	2010	2009	2010	2009	\$'000	\$'000	\$'000	\$'000
Administration	15,986	15,645	4,349	5,278	11,637	10,367	2,655	2,636	129,850	114,926
Public Order & Safety	139	153	206	191	67	38	0	0	0	0
Health	58	65	203	214	145	149	0	0	0	0
Social Security & Welfare	5,427	5,883	5,211	5,599	216	284	4,110	4,173	0	0
Housing & Community Amenities	2,024	1,175	4,565	4,257	2,541	3,082	291	144	0	0
Protection of Environment		182	18	266	16	84		34	0	0
Sport & Recreation	1,472	407	2,614	2,542	1,142	2,135	1,280	228	0	0
Mining Manufacturing & Construction	59	99	91	111	32	12			0	0
Transport & Communication	2,019	1,609	1,369	1,515	650	94	2,005	2,083	0	0
Economic Affairs NEC	42	345	407	737	365	392	45	7	0	0
Other Purposes	667	791	8,345	4,240	7,678	3,449		143	0	0
TOTALS	27,893	26,354	27,376	24,950	517	1,404	10,386	9,448	129,850	114,926

Excludes net gain (loss) on disposal or revaluation of assets, net gain (loss) from joint ventures & associated entities, amounts received specifically for new or upgraded assets and physical resources received free of charge.

THE RURAL CITY OF MURRAY BRIDGE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

Note 13 - FINANCIAL INSTRUMENTS

Recognised Financial Instruments

Bank, Deposits at Call, Short Term Deposits	Accounting Policy: Carried at lower of cost and net realisable value; interest is recognised when earned. Terms & conditions: Deposits are returning fixed interest rates between 0.25% and 4.5% (2009: 0.25% and 7.0%). Carrying amount: approximates fair value due to the short term to maturity.
Receivables - Rates & Associated Charges (including legals & penalties for late payment)	Accounting Policy: Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable. Terms & conditions: Secured over the subject land, arrears attract interest of 7% (2009: 6.96%) Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State. Carrying amount: approximates fair value (after deduction of any allowance).
Receivables - Fees & other charges	Accounting Policy: Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable. Terms & conditions: Unsecured, and do not bear interest. Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries. Carrying amount: approximates fair value (after deduction of any allowance).
Receivables - other levels of government	Accounting Policy: Carried at nominal value. Terms & conditions: Amounts due have been calculated in accordance with the terms and conditions of the respective programs following advice of approvals, and do not bear interest. All amounts are due by Departments and Agencies of the Governments of the Commonwealth & State. Carrying amount: approximates fair value.
Receivables - Retirement Home Contributions	Accounting Policy: Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable. Terms & conditions: Amounts due have been calculated in accordance with the terms and conditions of the respective legislation. Carrying amount: approximates fair value (after deduction of any allowance).
Liabilities - Creditors and Accruals	Accounting Policy: Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Council. Terms & conditions: Liabilities are normally settled on 30 day terms. Carrying amount: approximates fair value.
Liabilities - Retirement Home Contributions	Accounting Policy: To avoid inconvenience when complying with the separate audit requirements imposed by the relevant legislation, amounts are carried at nominal values. Terms & conditions: Pursuant to Commonwealth legislation certain intending residents are required to contribute amounts on an interest free basis. The amounts are subject to certain deductions as prescribed by the legislation, the balance being repaid on termination of tenancy. Carrying amount: approximates fair value for short tenancies; may be non-materially over-stated for longer tenancies.
Liabilities - Interest Bearing Borrowings	Accounting Policy: Carried at the principal amounts. Interest is charged as an expense as it accrues. Terms & conditions: secured over future revenues, loans are repayable by equal 6 monthly instalments of principal & interest; interest is charged at fixed rates between 4.8% and 6.95% (2009: 4.8% and 6.95%) Carrying amount: approximates fair value.
Liabilities - Finance Leases	Accounting Policy: accounted for in accordance with AASB 117.

THE RURAL CITY OF MURRAY BRIDGE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

Note 13 (cont) - FINANCIAL INSTRUMENTS

Liquidity Analysis

2010	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Liabilities					
Payables	879	0	0	879	879
Current Borrowings	849	0	0	849	0
Non-Current Borrowings		4,883	4,885	9,768	10,617
Total	1,728	4,883	4,885	11,496	11,496

2009	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Liabilities					
Payables	3,934	0	0	3,934	3,934
Current Borrowings	812	0	0	812	0
Non-Current Borrowings	0	4,907	5,881	10,788	11,600
Total	4,746	4,907	5,881	15,534	15,534

The following interest rates were applicable to Council's borrowings at balance date:

	30 June 2010		30 June 2009	
	Weighted Average Interest Rate	Carrying Value	Weighted Average Interest Rate	Carrying Value
	%	\$'000	%	\$'000
Overdraft	6.75	0	6.75	0
Other Variable Rates	6.48	10,617	6.48	11,600
Fixed Interest Rates	0	879	0	3,934
		11,496		15,534

Net Fair Value

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

Risk Exposures

Credit Risk represents the loss that would be recognised if counterparties fail to perform as contracted. The maximum credit risk on financial assets of the Council is the carrying amount, net of any allowance for doubtful debts. All Council investments are made with the SA Local Government Finance Authority and are guaranteed by the SA Government. Except as detailed in Notes 5 & 6 in relation to individual classes of receivables, exposure is concentrated within the Council's boundaries, and there is no material exposure to any individual debtor.

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

Liquidity Risk is the risk that Council will encounter difficulty in meeting obligations with financial liabilities. In accordance with the model Treasury Policy (LGA Information Paper 15), liabilities have a range of maturity dates based on cash inflows. Council also has available a range of bank overdraft and short-term draw down facilities that it can access.

Interest Rate Risk is the risk that future cash flows will fluctuate because of changes in market interest rates. Council has a balance of both fixed and variable interest rate borrowings and investments. Cash flow fluctuations are managed holistically in seeking to minimise interest costs over the longer term in a risk averse manner.

THE RURAL CITY OF MURRAY BRIDGE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

Note 14 - COMMITMENTS FOR EXPENDITURE

	2010 Notes \$'000	2009 \$'000
Capital Commitments		
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Buildings	3,234	0
	<u>3,234</u>	<u>0</u>
These expenditures are payable:		
Not later than one year	1,458	0
Later than one year and not later than 5 years	1,778	0
Later than 5 years	0	0
	<u>3,234</u>	<u>0</u>
Other Expenditure Commitments		
Other expenditure committed for (excluding inventories) at the reporting date but not recognised in the financial statements as liabilities:		
Audit Services	24	0
	<u>24</u>	<u>0</u>
These expenditures are payable:		
Not later than one year	12	0
Later than one year and not later than 5 years	12	0
Later than 5 years	0	0
	<u>24</u>	<u>0</u>

THE RURAL CITY OF MURRAY BRIDGE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

Note 15 - FINANCIAL INDICATORS

These Financial Indicators have been calculated in accordance with *Information Paper 9 - Local Government Financial Indicators* prepared as part of the LGA Financial Sustainability Program for the Local Government Association of South Australia. Detailed methods of calculation are set out in the SA Model Statements.

	2010	2009	2008
Operating Surplus	517	1,404	(919)

Being the operating surplus (deficit) before capital amounts.

Adjusted Operating Surplus	1,285	636	(919)
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In June 2009 the Commonwealth Government made an advance payment approximately equal to one quarter of the 2009/10 Financial Assistance Grant (see Note 2). This income has materially distorted the amount of the Operating Result for both the 2008/09 and 2010/11 reporting periods. The Adjusted Operating Surplus and Adjusted Operating Surplus Ratio adjust for this distortion.

Operating Surplus Ratio

<u>Operating Surplus</u>	4%	12%	(8%)
Rates - general & other less NRM levy			

Adjusted Operating Surplus Ratio	9%	5%	(8%)
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This ratio expresses the operating surplus as a percentage of general and other rates, net of NRM levy.

Net Financial Liabilities

	6,742	15,865	13,398
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Net Financial Liabilities are defined as total liabilities less financial assets (excluding equity accounted investments in Council businesses).

Net Financial Liabilities Ratio

<u>Net Financial Liabilities</u>	24%	60%	61%
Total Operating Revenue less NRM levy			

Interest Cover Ratio

<u>Net Interest Expense</u>	7.4%	7.6%	2.7%
Total Operating Revenue less NRM levy less Investment Income			

Asset Sustainability Ratio

<u>Net Asset Renewals</u>	59%	48%	136%
Depreciation Expense			

Net asset renewals expenditure is defined as net capital expenditure on the renewal and replacement of existing assets, and excludes new capital expenditure on the acquisition of additional assets.

Asset Consumption Ratio

<u>Carrying value of depreciable assets</u>	67%	70%	94%
Gross value of depreciable assets			

Total carrying value of depreciable assets divided by total reported value of depreciable assets before accumulated depreciation.

THE RURAL CITY OF MURRAY BRIDGE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

Note 16 - UNIFORM PRESENTATION OF FINANCES

The following is a high level summary of both operating and capital investment activities of the Council prepared on a simplified Uniform Presentation Framework basis.

All Councils in South Australia have agreed to summarise annual budgets and long-term financial plans on the same basis.

The arrangements ensure that all Councils provide a common 'core' of financial information, which enables meaningful comparisons of each Council's finances

	2010 \$'000	2009 \$'000
Income	27,893	26,354
less Expenses	<u>27,376</u>	<u>24,950</u>
	517	1,404
less Net Outlays on Existing Assets		
Capital Expenditure on renewal and replacement of Existing Assets	4,040	2,586
less Depreciation, Amortisation and Impairment	6,308	5,171
less Proceeds from Sale of Replaced Assets	<u>297</u>	<u>129</u>
	(2,565)	(2,714)
less Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets (Including investment property & real estate developments)	5,903	4,125
less Amounts received specifically for New and Upgraded Assets	2,271	1,759
less Proceeds from Sale of Surplus Assets (Including investment property and real estate developments)	<u>9,674</u>	<u>0</u>
	(6,042)	2,366
Net Lending / (Borrowing) for Financial Year	<u>9,124</u>	<u>1,752</u>

Rural City of Murray Bridge

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

Note 17 – SUPERANNUATION

The Council makes employer superannuation contributions in respect of its employees to the Local Government Superannuation Scheme. The Scheme has two types of membership, each of which is funded differently. Permanent and contract employees of the South Australian Local Government sector have the option to contribute to Marketlink and/or Salarylink. All other employees (including casuals) have all contributions allocated to Marketlink.

Marketlink (Accumulation Fund) Members

Marketlink receives both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of employee earnings in accordance with superannuation guarantee legislation (9% in 2009/10 for Marketlink members and 3% for Salarylink members; 9% and 3% respectively in 2008/09). No further liability accrues to the employer as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Salarylink (Defined Benefit) Members

Salarylink is a defined benefit scheme where the benefit payable is based on a formula determined by the member's contribution rate, number of years of contribution and final average salary. Council makes employer contributions to Salarylink as determined by the Scheme's Trustee based on advice from the Scheme's Actuary. The rate is currently 6% (8% in 2008/2009) of "superannuation" salary. Given that Employer contributions are based on a fixed percentage of employee earnings in accordance with superannuation guarantee legislation, the remaining 3% for Salarylink members is allocated to their Marketlink account. Employees also make member contributions to the Fund. As such, assets accumulate in the Fund to meet the member's benefits, as defined in the Trust Deed, as they accrue.

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

The most recent full actuarial investigation conducted by the Scheme's actuary, L C Brett, BSc., FIA, FIAA, of Brett and Watson Pty Ltd as at 30 June 2009, the Trustee has determined that the current funding arrangements are adequate for the expected Defined Benefit Plan liabilities. However, future financial and economic circumstances may require changes to Council's contribution rates at some future time.

Rural City of Murray Bridge

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

Note 18 - SEGMENT REPORTING

The Rural City of Murray Bridge operates a Nursing Home in the City being * Lerwin Nursing Home. This segment report has been produced to comply with the requirements of the Commonwealth Government, a major funding source.

BUSINESS SEGMENTS		2010 Total Council \$'000	2010 * Lerwin Nursing Home \$'000	2010 Council Other \$'000
Operating Income	Notes			
User charges	2	1,588	1,253	335
Operating Grants, subsidies and contributions	2	8,115	3,795	4,320
Investment income	2	26	1	25
Reimbursements	2	3,052	-	3,052
Other income	2	15,114	25	15,089
		27,895	5,074	22,821
Operating Expenses				
Operating Costs	3	21,161	4,882	16,279
Depreciation	3	6,308	194	6,114
		27,469	5,076	22,393
OPERATING SURPLUS / (DEFICIT)		426	(2)	428
Capital Revenues		2,271	-	
NET SURPLUS / (DEFICIT)		2,697	(2)	428
Assets				
Current Assets	5	8,420	315	8,105
Infrastructure, Property, Plant & Equipment	7	120,055	7,809	112,246
Other Non-current Assets	6	1,375	1,350	25
		129,850	9,474	120,376
Liabilities				
Current Liabilities	8	4,980	150	4,830
Non-Current Liabilities	8	10,130	1,896	8,234
		15,110	2,046	13,064
NET ASSETS		114,740	7,428	107,312

* NOTE: References to "Lerwin Nursing Home" in this GPFR document refers to the Residential Aged care service known as Lerwin Nursing Home NAPS ID 1605 and these references relate to the residential aged care service only.

Rural City of Murray Bridge

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2010

Note 19 - CONTINGENCIES & ASSETS & LIABILITIES NOT RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION

The following assets and liabilities do not qualify for recognition in the Statement of Financial Position but knowledge of those items is considered relevant to user of the financial report in making and evaluating decisions about the allocation of scarce resources.

1. LAND UNDER ROADS

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

At reporting date, Council controlled 992 km of road reserves of average width 7.4 metres.

2. POTENTIAL INSURANCE LOSSES

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

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

Council has recognised the potential losses arising from claims known at reporting date based on average historical net cost (including insurance excess) of similar types of claims. Other potential claims not reported to Council may have existed at reporting date.

3. BANK GUARANTEES

Council has guaranteed certain loans and other banking facilities advanced to community organisations and sporting bodies, amounting to \$0 (2009: \$0) at reporting date.

Council does not expect to incur any loss arising from these guarantees.

4. LEGAL EXPENSES

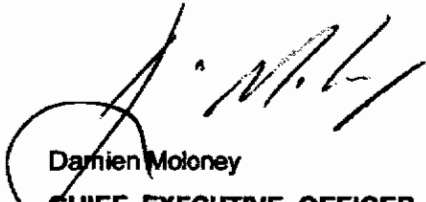
Council is the planning consent authority for its area under the Development Act 1993 (as amended). Pursuant to that Act, certain persons aggrieved by a planning decision of the Council may appeal. It is normal practice that parties bear their own legal costs. At the date of these reports, Council had notice of 2 appeals against planning decisions made prior to reporting date. All known costs have been recognised, but the amount of further costs cannot be known until the appeals are determined.

RURAL CITY OF MURRAY BRIDGE

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2010

STATEMENT BY CHIEF EXECUTIVE OFFICER

I, Damien Moloney, the person for the time being occupying the position of Chief Executive Officer of the Rural City of Murray Bridge, do hereby state that the Financial Statements of the Council for the year ended 30 June 2010 are to the best of my knowledge presented fairly, and in accordance with accounting procedures which have been maintained in accordance with the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 1999* made under that Act.



Damien Moloney

CHIEF EXECUTIVE OFFICER

Dated this 1st day of November 2010

ADOPTION STATEMENT

Laid before the Rural City of Murray Bridge and adopted on the 1st day of NOV 2010.



Allan Arbon OAM

MAYOR

INDEPENDENT AUDIT REPORT
TO THE MAYOR AND MEMBERS OF
THE RURAL CITY OF MURRAY BRIDGE

Report on the financial report

We have audited the accompanying financial report of the Rural City of Murray Bridge, which comprises the balance sheet as at 30 June 2010 and the statement of comprehensive income, statement of changes in equity, cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the Chief Executive Officer's statement.

Chief Executive Officer's responsibility for the financial report

The Chief Executive Officer is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Local Government Act 1999 and Local Government (Financial Management) Regulations 1999. This responsibility includes establishing and maintaining internal control 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

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from 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 judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of Australian professional ethical pronouncements.

Chartered Accountants

A member of Bentleys, an association of independent accounting firms in Australia.
The member firms of the Bentleys association are affiliated only and not in partnership.

Liability limited by a scheme approved under Professional Standards Legislation.

Auditor's Opinion

In our opinion the financial report of the Rural City of Murray Bridge is properly drawn up:

- A. to give a true and fair view of
 - i. the Council's state of affairs as at 30 June 2010 and its operating results and cash flows for the year ended on that date; and
 - ii. the other matters required by the Local Government Act 1999 to be dealt with in the financial report
- B. according to the Local Government Act 1999 together with the Local Government (Financial Management) Regulations 1999; and
- C. According to Australian Accounting Standards and mandatory professional reporting requirements.

Bentley

Bentleys (SA) Partnership

D J Francis

D J FRANCIS
PARTNER

Dated at Adelaide this 2nd day of November, 2010

RURAL CITY OF MURRAY BRIDGE
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2010

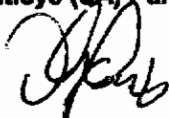
STATEMENT BY AUDITOR

I confirm that, for the audit of the financial statements of The Rural City of Murray Bridge for the year ended 30 June 2010, I have maintained my independence in accordance with the requirements of APES 110 – Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board, in accordance with the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 1999* made under that Act.

This statement is prepared in accordance with the requirements of Regulation 16A (4) *Local Government (Financial Management) Regulations 1999*.



Bentleys (SA) Partnership



DJ FRANCIS

PARTNER

Dated this 25th day of October 2010

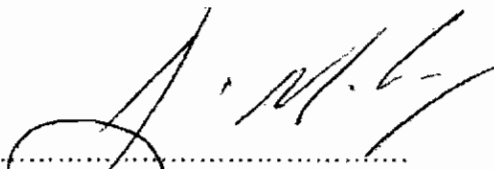
RURAL CITY OF MURRAY BRIDGE

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2010

CERTIFICATION OF AUDITOR INDEPENDENCE

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of The Rural City of Murray Bridge for the year ended 30 June 2010, the Council's Auditor, Bentleys, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 1999* made under that Act.

This statement is prepared in accordance with the requirements of Regulation 16A(2) *Local Government (Financial Management) Regulations 1999*.


.....
Damien Moloney
CHIEF EXECUTIVE OFFICER
.....
Michele Bennetts
**PRESIDING MEMBER
AUDIT COMMITTEE**

Date: 4/11/10