

Rural City of Murray Bridge

General Purpose Financial Reports for the year ended 30 June 2011

TABLE OF CONTENTS

	<u>Page</u>
Council Certificate	1
Principal Financial Statements	
Statement of Comprehensive Income	2
Balance Sheet	3
Statement of Changes in Equity	4
Cash Flow Statement	5
 Notes to, and forming part of, the Principal Financial Statements	
Note 1 - Significant Accounting Policies	N1
Note 2 - Income	N8
Note 3 - Expenses	N11
Note 4 - Asset Disposal and Fair Value Adjustments	N13
Note 5 - Current Assets	N14
Note 6 - Non-Current Assets	N15
Note 7 - Infrastructure, Property, Plant and Equipment	N16
Note 8 - Liabilities	N19
Note 9 - Reserves	N20
Note 10 - Assets Subject to Restrictions	N21
Note 11 - Reconciliation to Cash Flow Statement	N22
Note 12 - Functions	N23
Note 13 - Financial Instruments	N24
Note 14 - Commitments for Expenditure	N26
Note 15 - Financial Indicators	N27
Note 16 - Uniform Presentation of Finances	N28
Note 17 - Superannuation	N29
Note 18 - Segment Reporting	N30
Note 19 - Contingencies and Assets and Liabilities not recognised in the Balance Sheet	N31
 Audit Report	
Council Certificate of Audit Independence	
Audit Certificate of Audit Independence	

RURAL CITY OF MURRAY BRIDGE

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2011

CERTIFICATION OF FINANCIAL STATEMENTS

We have been authorised by the Rural City of Murray Bridge to certify the financial statements in their final form. In our opinion:

- the accompanying financial statements comply with the *Local Government Act 1999, Local Government (Financial Management) Regulations 2011* and Australian Accounting Standards.
- the financial statements present a true and fair view of the Rural City of Murray Bridge's financial position at 30 June 2011 and the results of its operations and cash flows for the financial year.
- internal controls implemented by the Rural City of Murray Bridge provide a reasonable assurance that the Council's financial records are complete, accurate and reliable and were effective throughout the financial year.
- the financial statements accurately reflect the Rural City of Murray Bridge's accounting and other records.



Peter Bond
ACTING CHIEF EXECUTIVE OFFICER



Allan Arbon OAM
MAYOR

Date: 25/10/2011

Rural City of Murray Bridge

STATEMENT OF COMPREHENSIVE INCOME for the year ended 30 June 2011

	Notes	2011 \$'000	2010 \$'000
INCOME			
Rates	2	15,084	13,814
Statutory charges	2	452	481
User charges	2	1,734	1,586
Grants, subsidies and contributions	2	8,213	8,115
Investment income	2	332	26
Reimbursements	2	388	3,052
Other income	2	413	819
Total Income		26,616	27,893
EXPENSES			
Employee costs	3	11,397	10,715
Materials, contracts and other expenses	3	10,212	9,693
Depreciation, amortisation and impairment	3	5,890	6,308
Finance costs	3	805	660
Total Expenses		28,304	27,376
OPERATING SURPLUS / (DEFICIT)		(1,688)	517
Asset disposal and fair value adjustments	4	193	5,177
Amounts received specifically for new or upgraded assets	2	762	2,271
Physical resources received free of charge	2	77	585
NET SURPLUS / (DEFICIT)		(656)	8,550
transferred to Equity Statement			
Other Comprehensive Income			
Changes in revaluation surplus - infrastructure, property, plant and equipment	9	1,021	9,561
Total Other Comprehensive Income		1,021	9,561
TOTAL COMPREHENSIVE INCOME		365	18,111

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

Rural City of Murray Bridge

BALANCE SHEET as at 30 June 2011

ASSETS	Notes	2011 \$'000	2010 \$'000
Current Assets			
Cash and Cash Equivalents	5	6,066	3,800
Trade and Other Receivables	5	3,180	4,543
Inventories	5	76	77
Total Current Assets		9,322	8,420
Non-current Assets			
Financial Assets	6	-	25
Infrastructure, Property, Plant and Equipment	7	127,793	129,338
Other Non-current Assets	6	3,970	1,350
Total Non-current Assets		131,763	130,713
Total Assets		141,085	139,133
LIABILITIES			
Current Liabilities			
Trade and Other Payables	8	2,923	3,264
Borrowings	8	1,231	849
Provisions	8	860	867
Total Current Liabilities		5,014	4,980
Non-current Liabilities			
Trade and Other Payables	8	-	89
Borrowings	8	11,338	9,768
Provisions	8	345	273
Total Non-current Liabilities		11,683	10,130
Total Liabilities		16,697	15,110
NET ASSETS		124,388	124,023
EQUITY			
Accumulated Surplus		77,609	78,265
Asset Revaluation Reserves	9	46,779	45,758
TOTAL EQUITY		124,388	124,023

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

Rural City of Murray Bridge

STATEMENT OF CHANGES IN EQUITY for the year ended 30 June 2011

	Notes	Accumulated Surplus \$'000	Asset Revaluation Reserve \$'000	Available for sale Financial Assets \$'000	Other Reserves \$'000	TOTAL EQUITY \$'000
2011						
Balance at end of previous reporting period		78,265	45,758	-	-	124,023
Restated opening balance		78,265	45,758	-	-	124,023
Net Surplus / (Deficit) for Year		(656)				(656)
Other Comprehensive Income						
Gain on revaluation of infrastructure, property, plant and equipment	7		1,021			1,021
Transfers between reserves		-			-	-
Balance at end of period		77,609	46,779	-	-	124,388
2010						
Balance at end of previous reporting period		60,261	36,197		756	97,214
Prior period adjustment - assets not previously recognised or disposed		8,698				8,698
Restated opening balance		68,959	36,197		756	105,912
Net Surplus / (Deficit) for Year		8,550				8,550
Other Comprehensive Income						
Changes in revaluation surplus - infrastructure, property, plant and equipment			9,561			9,561
Transfers between reserves		756			(756)	-
Balance at end of period		78,265	45,758	-	-	124,023

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

Rural City of Murray Bridge

CASH FLOW STATEMENT for the year ended 30 June 2011

	Notes	2011 \$'000	2010 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
<u>Receipts</u>			
Operating receipts		29,155	25,960
Investment receipts		611	(309)
<u>Payments</u>			
Operating payments to suppliers and employees		(22,639)	(23,736)
Finance payments		(1,901)	420
Net Cash provided by (or used in) Operating Activities		5,226	2,335
CASH FLOWS FROM INVESTING ACTIVITIES			
<u>Receipts</u>			
Amounts specifically for new or upgraded assets		762	2,271
Sale of replaced assets		296	297
Sale of surplus assets		109	9,674
<u>Payments</u>			
Expenditure on renewal/replacement of assets		(4,378)	(4,040)
Expenditure on new/upgraded assets		(1,701)	(5,903)
Net Cash provided by (or used in) Investing Activities		(4,912)	2,299
CASH FLOWS FROM FINANCING ACTIVITIES			
<u>Receipts</u>			
Proceeds from Borrowings		2,800	
<u>Payments</u>			
Repayments of Borrowings		(848)	(983)
Net Cash provided by (or used in) Financing Activities		1,952	(983)
Net Increase (Decrease) in cash held		2,266	3,651
Cash and cash equivalents at beginning of period		3,800	149
Cash and cash equivalents at end of period	11	6,066	3,800

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 2011

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 14 of the Local Government (Financial Management) Regulations 2011 dated 1 May 2011.

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 2011

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 and 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 2011

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 and 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.

Buildings	\$10,000
Infrastructure	\$10,000
Plant and Vehicles	\$1,000
Equipment	\$1,000
Furniture and Fittings	\$1,000
Other – 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.

For asset classes buildings, infrastructure, equipment, furniture and fittings and other – library / artworks depreciation is recognised on a straight-line basis. For the asset class plant and vehicles depreciation is recognised on a straight line bases with a minimum written down value. The useful life periods for each class of asset are shown below. The useful life for all assets have been estimated based on the best information available to Council, and extreme care should be used in interpreting financial information based on these estimates.

Buildings	10 to 80 years
Infrastructure	15 to 100 years
Plant and Vehicles	3 to 15 years
Equipment	3 to 15 years
Furniture and Fittings	3 to 15 years
Other – Library/Artworks	5 to 100 years

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

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 and Services

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

7.2 Payments Received in Advance and Deposits

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

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 and Compensated Absences

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

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	8.30% (2010, 7.48%)
Weighted average settlement period	1.91 years (2010, 1.79 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

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 Pending Accounting Standards

Certain new accounting standards and UIG interpretations have been published that are not mandatory for the 30 June 2011 reporting period and have not been used in preparing these reports.

- AASB 1 First-time Adoption of Australian Accounting Standards
- AASB 3 Business Combinations
- AASB 5 Non-current Assets Held for Sale and Discontinued Operations
- AASB 7 Financial Instruments: Disclosures
- AASB 8 Operating Segments
- 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 118 Revenue
- AASB 119 Employee Benefits
- AASB 132 Financial Instruments: Presentation
- AASB 137 Provisions, Contingent Liabilities and Contingent Assets
- AASB 139 Financial Instruments: Recognition and Measurement
- AASB 140 Investment Property
- AASB 1031 Materiality
- 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 and 1038 and Interpretations 10 and 12]
- AASB 2009-12 Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 1023 and 1032 and Interpretations 2, 4, 16, 1039 and 1052]
- AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASBs 3, 7, 121, 128, 131, 132 and 139]
- AASB 2010-5 Amendments to Australian Accounting Standards [AASBs 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 and 1038 and Interpretations 112, 115, 127, 132 and 1042]
- AASB 2010-6 Amendments to Australian Accounting Standards [AASBs 1 and 7]
- AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 [AASBs 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023, and 1038 and Interpretations 2, 5, 10, 12, 19, and 127]
- 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.)

Rural City of Murray Bridge

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

Note 1 - Significant Accounting Policies (cont)

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.

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.

Rural City of Murray Bridge

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2011

Note 2 - INCOME

	Notes	2011 \$'000	2010 \$'000
RATES REVENUES			
<u>General Rates</u>		14,426	13,372
Less: Mandatory rebates		(328)	(378)
Less: Discretionary rebates, remissions & write offs		(347)	(231)
		<u>13,751</u>	<u>12,763</u>
<u>Other Rates</u> (including service charges)			
Natural Resource Management levy		193	150
Waste collection		839	618
Community wastewater management systems		121	108
		<u>1,153</u>	<u>876</u>
<u>Other Charges</u>			
Penalties for late payment		151	102
Legal & other costs recovered		29	73
		<u>180</u>	<u>175</u>
		<u>15,084</u>	<u>13,814</u>
STATUTORY CHARGES			
Development Act fees		236	309
Animal registration fees & fines		142	130
Parking fines / expiation fees		20	15
Sundry		54	27
		<u>452</u>	<u>481</u>
USER CHARGES			
Cemetery/crematoria fees		97	89
Admission charges - pools		80	87
Aged Home Rentals		1,334	1,252
Hall & equipment hire		21	127
Sales - general		23	0
Sundry		179	31
		<u>1,734</u>	<u>1,586</u>
INVESTMENT INCOME			
Interest on investments			
Local Government Finance Authority		332	26
		<u>332</u>	<u>26</u>

Rural City of Murray Bridge

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2011

NOTE 2 - INCOME (continued)

	Notes	2011 \$'000	2010 \$'000
REIMBURSEMENTS			
- for private works		128	2,710
- by joint undertakings		26	0
- other		234	342
		<u>388</u>	<u>3,052</u>
OTHER INCOME			
Insurance & other recoupments - infrastructure, property, plant & equipment		33	0
Rebates received		224	119
Sundry		156	700
		<u>413</u>	<u>819</u>
GRANTS, SUBSIDIES, CONTRIBUTIONS			
Amounts received specifically for new or upgraded assets		762	2,271
Other grants, subsidies and contributions		7,342	7,291
Individually significant item - additional Grants Commission payment	see below	871	824
		<u>8,975</u>	<u>10,386</u>
<i>The functions to which these grants relate are shown in Note 2.</i>			
Sources of grants			
Commonwealth government		4,617	7,807
State government		4,044	2,579
Other		314	0
		<u>8,975</u>	<u>10,386</u>

Individually Significant Item

On 28 June 2010, Council received payment of the first instalment of the 2010/11 Grant Commission (FAG) grant. Similarly, on 27 June 2011 Council received payment of the first instalment of the 2011/12 grant. It is not known when the timing of these grant payments will be restored to normal schedule, but this will materially adversely affect Council's operating results as these amounts are recognised as income upon receipt.

871

824

Rurai City of Murray Bridge

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2011

NOTE 2 - INCOME (continued)

	Notes	2011 \$'000	2010 \$'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>			
Unexpended at the close of the previous reporting period		371	0
Less: expended during the current period from revenues recognised in previous reporting periods			
Roads Infrastructure		(371)	0
Subtotal		(371)	
Plus: amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions			
Roads Infrastructure		0	371
Subtotal			371
Unexpended at the close of this reporting period			371
Net increase (decrease) in assets subject to conditions in the current reporting period		(371)	371
PHYSICAL RESOURCES RECEIVED FREE OF CHARGE			
Library Materials		77	0
Road Infrastructure		0	585
TOTAL PHYSICAL RESOURCES RECEIVED		77	585

Rural City of Murray Bridge

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2011

Note 3 - EXPENSES

	Notes	2011 \$'000	2010 \$'000
EMPLOYEE COSTS			
Salaries and Wages		8,674	8,606
Employee leave expense		1,371	1,022
Superannuation - defined contribution plan contributions	17	630	622
Superannuation - defined benefit plan contributions	17	279	193
Workers' Compensation Insurance		469	474
Other		138	-
Less: Capitalised and distributed costs		(164)	(202)
Total Operating Employee Costs		11,397	10,715
Total Number of Employees		170	158
<i>(Full time equivalent at end of reporting period)</i>			
MATERIALS, CONTRACTS AND OTHER EXPENSES			
<u>Prescribed Expenses</u>			
Auditor's Remuneration			
- Auditing the financial reports		16	13
Bad and Doubtful Debts		4	-
Elected members' expenses		238	203
Election expenses		49	-
Operating Lease Rentals - cancellable leases		389	225
Subtotal - Prescribed Expenses		696	441
<u>Other Materials, Contracts and Expenses</u>			
Contractors		4,583	4,898
Energy		577	437
Legal Expenses		255	342
Levies paid to government - NRM levy		187	136
- Other Levies		98	60
Parts, accessories and consumables		378	587
Professional services		535	643
Sundry		3,647	3,070
Less: Capitalised and distributed costs		(744)	(921)
Subtotal - Other Materials, Contracts and Expenses		9,516	9,252
		10,212	9,693

Rural City of Murray Bridge

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2011

Note 3 - EXPENSES (cont)

	Notes	2011 \$'000	2010 \$'000
DEPRECIATION, AMORTISATION AND IMPAIRMENT			
Depreciation			
Buildings		780	1,141
Infrastructure		4,167	3,973
Plant and Vehicles		492	821
Equipment		107	-
Furniture and Fittings		303	333
Other assets		41	40
		<u>5,890</u>	<u>6,308</u>
FINANCE COSTS			
Interest on overdraft and short-term drawdown		-	63
Interest on Loans		805	597
		<u>805</u>	<u>660</u>

Rural City of Murray Bridge

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2011

Note 4 - ASSET DISPOSAL AND FAIR VALUE ADJUSTMENTS

	Notes	2011 \$'000	2010 \$'000
INFRASTRUCTURE, PROPERTY, PLANT AND EQUIPMENT			
<i>Assets renewed or directly replaced</i>			
Proceeds from disposal		296	297
Less: Carrying amount of assets sold		203	163
Gain (Loss) on disposal		<u>93</u>	<u>134</u>
<i>Assets surplus to requirements</i>			
Proceeds from disposal		109	9,674
Less: Carrying amount of assets sold		-	4,631
Less: Other amounts relating to the sale of surplus assets		9	-
Gain (Loss) on disposal		<u>100</u>	<u>5,043</u>
NET GAIN (LOSS) ON DISPOSAL OR REVALUATION OF ASSETS		<u>193</u>	<u>5,177</u>

Rural City of Murray Bridge

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2011

Note 5 - CURRENT ASSETS

	Notes	2011 \$'000	2010 \$'000
CASH AND EQUIVALENT ASSETS			
Cash on Hand and at Bank		609	573
Deposits at Call		<u>5,457</u>	<u>3,227</u>
		<u>6,066</u>	<u>3,800</u>
TRADE AND OTHER RECEIVABLES			
Rates - General and Other		1,602	1,135
Accrued Revenues		210	489
Debtors - general		1,117	2,776
GST Recoupment		201	107
Prepayments		54	40
Total		3,184	4,547
Less: Allowance for Doubtful Debts		<u>4</u>	<u>4</u>
		<u>3,180</u>	<u>4,543</u>
<i>Amounts included in receivables that are not expected to be received within 12 months of reporting date.</i>		0	0
INVENTORIES			
Stores and Materials		2	3
Real Estate Developments	6	<u>74</u>	<u>74</u>
		<u>76</u>	<u>77</u>
<i>Amounts included in inventories that are not expected to be received within 12 months of reporting date.</i>		0	0

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.

Rural City of Murray Bridge

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2011

Note 6 - NON-CURRENT ASSETS

	Notes	2011 \$'000	2010 \$'000
FINANCIAL ASSETS			
Receivables			
Rates and General		-	25
TOTAL FINANCIAL ASSETS		<u>-</u>	<u>25</u>
OTHER NON-CURRENT ASSETS			
Inventories			
Capital Works-in-Progress		2,620	-
Other		<u>1,350</u>	<u>1,350</u>
		<u>3,970</u>	<u>1,350</u>
<i>Real Estate Developments - Current and Non-Current</i> <i>(Valued at the lower of cost and net realisable value)</i>			
Industrial and Commercial		<u>74</u>	<u>74</u>
Total Real Estate for Resale		<u>74</u>	<u>74</u>
<i>Represented by:</i>			
Acquisition Costs		<u>74</u>	<u>74</u>
Total Real Estate for Resale		<u>74</u>	<u>74</u>
Apportionment of Real Estate Developments			
Current Assets		<u>74</u>	<u>74</u>
		<u>74</u>	<u>74</u>

Rural City of Murray Bridge

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2011

	2010 \$'000				2011 \$'000			
	AT FAIR VALUE	AT COST	ACCUM DEPN	CARRYING AMOUNT	AT FAIR VALUE	AT COST	ACCUM DEPN	CARRYING AMOUNT
Note 7 - INFRASTRUCTURE, PROPERTY, PLANT AND EQUIPMENT								
Land	22,992	-	-	22,992	22,992	-	-	22,992
Buildings	50,223	5,458	(22,082)	33,599	40,255	5,555	(18,117)	27,693
Infrastructure	7,022	76,395	(17,714)	65,703	7,022	86,069	(25,235)	67,856
Plant and Vehicles	7,689	1,970	(5,357)	4,302	4,209	738	(112)	4,835
Equipment	-	-	-	-	1,555	563	(449)	1,669
Furniture and Fittings	2,799	846	(1,313)	2,332	3,217	862	(1,798)	2,281
Other assets	-	1,689	(1,279)	410	-	1,788	(1,321)	467
TOTAL PROPERTY, PLANT AND EQUIPMENT	90,725	86,358	(47,745)	129,338	79,250	95,575	(47,032)	127,793
Comparatives	61,264	87,105	(41,314)	107,055	90,725	86,358	(47,745)	129,338

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 2011

	CARRYING AMOUNT MOVEMENTS DURING YEAR								2011 \$'000
	2010 \$'000	Additions		Disposals	Depreciation	Impairment	Transfers	Net Revaluation	
		New/Upgrade	Renewals						
Note 7 - INFRASTRUCTURE, PROPERTY, PLANT AND EQUIPMENT									
Land	22,992	-	-	-	-	-	-	-	22,992
Buildings	33,599	31	65	-	(780)	-	(5,222)	-	27,693
Infrastructure	65,703	866	1,155	-	(4,167)	-	4,299	-	67,856
Plant and Vehicles	4,302	202	536	(203)	(492)	-	(531)	1,021	4,835
Equipment	-	502	61	-	(107)	-	1,213	-	1,669
Furniture and Fittings	2,332	16	-	-	(303)	-	236	-	2,281
Other assets	410	93	-	-	(41)	-	5	-	467
TOTAL INFRASTRUCTURE, PROPERTY, PLANT AND EQUIPMENT	129,338	1,710	1,817	(203)	(5,890)	-	-	1,021	127,793
Comparatives	107,055	15,186	3,897	(4,795)	(6,308)	-	4,742	9,561	129,338

This Note continues on the following pages

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 2011

Note 7 (cont) – INFRASTRUCTURE, PROPERTY, PLANT AND 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: Market Value
- Date of valuation: 30 June 2010
- Valuer: Office of the Valuer General

Buildings

- 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 and 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

Structures, Bridges, Car Parks, Jetties

- 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

Plant and Vehicles

- Basis of valuation: Fair Value
- Date of valuation: 30 June 2011
- Valuer: Doug Whelan, AAPI, MAVA, Certified Practicing Valuer, (Plant and Machinery) VASA Valuers QLD.

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

Furniture and Fittings

- 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

Other - Library Books and Artwork

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

Rural City of Murray Bridge

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2011

Note 8 - LIABILITIES

		2011 \$'000		2010 \$'000	
TRADE AND OTHER PAYABLES	Notes	Current	Non-current	Current	Non-current
Goods and Services		261	-	(1)	-
Payments received in advance		981	-	803	-
Accrued expenses - employee entitlements		1,143	-	883	89
Accrued expenses - other		406	-	1,502	-
Deposits, Retentions and Bonds		117	-	77	-
Other		15	-	-	-
		<u>2,923</u>	<u>-</u>	<u>3,264</u>	<u>89</u>

Amounts included in trade and other payables that are not expected to be settled within 12 months of reporting date.

BORROWINGS

Loans	1,231	11,338	849	9,768
	<u>1,231</u>	<u>11,338</u>	<u>849</u>	<u>9,768</u>

All interest bearing liabilities are secured over the future revenues of the Council.

PROVISIONS

Employee entitlements (including oncosts)	860	345	867	273
	<u>860</u>	<u>345</u>	<u>867</u>	<u>273</u>

Amounts included in provisions that are not expected to be settled within 12 months of reporting date.

Rural City of Murray Bridge

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2011

Note 9 - RESERVES

ASSET REVALUATION RESERVE	1/7/2010	Net Increments (Decrements)	Transfers, Impairments	30/6/2011
Notes	\$'000	\$'000	\$'000	\$'000
Land	12,884	0	0	12,884
Buildings	14,272	0	0	14,272
Infrastructure	16,421	0	0	16,421
Plant and Vehicles	1,428	1,021	0	2,449
Equipment	0	0	0	0
Furniture and Fittings	664	0	0	664
Other assets	89	0	0	89
TOTAL	45,758	1,021		46,779
<i>Comparatives</i>	<i>36,197</i>	<i>9,662</i>	<i>(101)</i>	<i>45,758</i>

OTHER RESERVES	1/7/2010	Transfers to Reserve	Transfers from Reserve	30/6/2011
Development Reserve	0	0	0	0
TOTAL OTHER RESERVES				0
<i>Comparatives</i>	<i>756</i>	<i>0</i>	<i>(756)</i>	<i>0</i>

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).

Rural City of Murray Bridge

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2011

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	2011 \$'000	2010 \$'000
CASH & FINANCIAL ASSETS			
Unexpended amounts received from Federal Government		0	317
Open Space Contributions		607	504
Developer Contributions		280	228
Zsolt Telkesi Scholarship		67	69
TOTAL ASSETS SUBJECT TO EXTERNALLY IMPOSED RESTRICTIONS		954	1,118

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

<i>Payables</i>	8	<u>887</u>	<u>732</u>
		<u>887</u>	<u>732</u>

A narrative description providing a short summary of the nature of each restriction should be shown here. See the explanatory comments for further information.

Rural City of Murray Bridge

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2011

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	2011 \$'000	2010 \$'000
Total cash and equivalent assets	5	6,066	3,800
Balances per Cash Flow Statement		<u>6,066</u>	<u>3,800</u>

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

Net Surplus (Deficit)	(656)	8,550
Non-cash items in Income Statement		
Depreciation, amortisation and impairment	5,890	6,308
Net increase (decrease) in unpaid employee benefits	236	357
Change in allowances for under-recovery	-	(46)
Non-cash asset acquisitions	(77)	-
Grants for capital acquisitions treated as Investing Activity	(762)	(2,271)
Net (Gain) Loss on Disposals	(193)	(5,177)
	<u>4,438</u>	<u>7,721</u>
Add (Less): Changes in Net Current Assets		
Net (increase) decrease in receivables	1,388	(2,824)
Net (increase) decrease in inventories	1	(1)
Net increase (decrease) in trade and other payables	(601)	(1,977)
Net Cash provided by (or used in) operations	<u>5,226</u>	<u>2,920</u>

(c) Non-Cash Financing and Investing Activities

Acquisition of assets by means of:

- Physical resources received free of charge	2	77	585
<i>Amounts recognised in Income Statement</i>		<u>77</u>	<u>585</u>
		<u>77</u>	<u>585</u>

(d) Financing Arrangements

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

Bank Overdrafts	500	500
Cash Advance Facilities	5,000	5,000
Corporate Credit Cards	50	50

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.

Rural City of Murray Bridge

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2011

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 AND NON-CURRENT)
ACTUAL	ACTUAL		ACTUAL	ACTUAL	ACTUAL	ACTUAL		2011	2010	
2011	2010	\$'000	2011	2010	2011	2010	\$'000	\$'000	\$'000	2010
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
18,661	15,986		4,934	4,349	13,727	11,637	70	141,085	139,133	
324	139		1,068	206	(744)	(67)	137	-	-	
-	58		2,101	203	(2,101)	(145)	-	-	-	
5,470	5,427		5,002	5,211	468	216	4,037	4,110	-	
521	2,024		1,017	4,565	(496)	(2,541)	322	291	-	
-	-		129	16	(129)	(16)	-	-	-	
122	1,472		394	2,614	(272)	(1,142)	-	1,280	-	
128	59		309	91	(181)	(32)	-	-	-	
1,140	2,019		3,619	1,369	(2,479)	650	4,032	2,005	-	
-	42		87	407	(87)	(365)	-	45	-	
250	667		9,644	8,345	(9,394)	(7,678)	63	-	-	
26,616	27,893		28,304	27,376	(1,688)	517	8,661	10,386	141,085	139,133
TOTALS										

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

Rural City of Murray Bridge

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2011

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 and conditions: Deposits are returning fixed interest rates between 4.5% and 4.75% (2010: 0.25% and 4.5%). Carrying amount: approximates fair value due to the short term to maturity.
Receivables - Rates and 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 and conditions: Secured over the subject land, arrears attract interest of 9% (2010: 7%). 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 and 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 and 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 and 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 and 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 and 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 and 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 and conditions: secured over future revenues, borrowings are repayable by equal 6 monthly installments of principal and interest; interest is charged at fixed rates between 4.8% and 6.95% (2010: 4.8% and 6.95%). Carrying amount: approximates fair value.
Liabilities - Finance Leases	Accounting Policy: accounted for in accordance with AASB 117.

Rural City of Murray Bridge

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2011

Note 13 (cont) - FINANCIAL INSTRUMENTS

Liquidity Analysis

2011	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets					
Cash and Equivalents	6,066			6,066	6,066
Receivables	1,582			1,582	1,582
Other Financial Assets				-	-
Total	7,648	-	-	7,648	7,648
Financial Liabilities					
Payables	1,374			1,374	1,374
Current Borrowings	1,231			1,231	1,231
Non-Current Borrowings		5,759	5,579	11,338	11,338
Total	2,605	5,759	5,579	13,943	13,943

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

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

	30 June 2011		30 June 2010	
	Weighted Average Interest Rate	Carrying Value	Weighted Average Interest Rate	Carrying Value
	%	\$'000	%	\$'000
Overdraft	0	-	0	-
Other Variable Rates	0	-	0	-
Fixed Interest Rates	6.25	13,943	6.48	11,496
		13,943		11,496

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 and 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.

Rural City of Murray Bridge

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2011

Note 14 - COMMITMENTS FOR EXPENDITURE

	Notes	2011 \$'000	2010 \$'000
Capital Commitments			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
Buildings		3,242	3,234
Infrastructure		4,910	0
		<u>8,152</u>	<u>3,234</u>
These expenditures are payable:			
Not later than one year		5,642	1,456
Later than one year and not later than 5 years		2,510	1,778
Later than 5 years		0	0
		<u>8,152</u>	<u>3,234</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	12		24
Employee Remuneration Contracts		8,767	2,076
		<u>8,779</u>	<u>2,100</u>
These expenditures are payable:			
Not later than one year		2,248	480
Later than one year and not later than 5 years		6,531	1,620
Later than 5 years		0	0
		<u>8,779</u>	<u>2,100</u>

Rural City of Murray Bridge

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2011

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.

	2011	2010	2009
Operating Surplus	\$'000 (1,688)	517	1,404
<i>Being the operating surplus (deficit) before capital amounts.</i>			

Adjusted Operating Surplus	(1,735)	461	636
-----------------------------------	---------	-----	-----

In each of June 2009, 2010 and 2010 the Commonwealth Government made an advance payment of one quarterly payment of the Financial Assistance Grant (see Note 2). Accordingly there were five "quarterly" payments in 2009, and four payments in each of 2010 and 2011. The Adjusted Operating Surplus and Adjusted Operating Surplus Ratio adjust for this distortion.

Operating Surplus Ratio			
<u>Operating Surplus</u>	(11%)	4%	12%
Rates - general and other less NRM levy			

Adjusted Operating Surplus Ratio	(12%)	3%	5%
---	-------	----	----

This ratio expresses the operating surplus as a percentage of general and other rates, net of NRM levy.

Net Financial Liabilities	\$'000 7,451	6,742	15,865
----------------------------------	--------------	-------	--------

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>	28%	24%	60%
Total Operating Revenue less NRM levy			

Interest Cover Ratio			
<u>Net Interest Expense</u>	1.8%	2.3%	3.1%
Total Operating Revenue less NRM levy less Investment Income			

Asset Sustainability Ratio			
<u>Net Asset Renewals</u>	69%	59%	48%
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>	69%	69%	70%
Gross value of depreciable assets			

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

Rural City of Murray Bridge

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2011

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

	2011 \$'000	2010 \$'000
Income	26,616	27,893
less Expenses	<u>28,304</u>	<u>27,376</u>
Operating Surplus / (Deficit)	(1,688)	517
less Net Outlays on Existing Assets		
Capital Expenditure on renewal and replacement of Existing Assets	4,369	4,040
less Depreciation, Amortisation and Impairment	5,890	6,308
less Proceeds from Sale of Replaced Assets	<u>296</u>	<u>297</u>
	(1,817)	(2,565)
less Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets (including investment property & real estate developments)	1,701	5,903
less Amounts received specifically for New and Upgraded Assets	762	2,271
less Proceeds from Sale of Surplus Assets (including investment property and real estate developments)	<u>100</u>	<u>9,674</u>
	839	(6,042)
Net Lending / (Borrowing) for Financial Year	(710)	9,124

COALFACE SA COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2011

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 2010/11 for Marketlink members and 3% for Salarylink members; 9% and 3% respectively in 2009/10). 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% (6% in 2009/10) 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 2011

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		2011 Total Council \$'000	2011 * Lerwin Nursing Home \$'000	2011 Council Other \$'000
Operating Income	Notes			
Rates	2	15,084	-	15,084
Statutory charges	2	452	-	452
User charges	2	1,734	1,334	400
Grants, subsidies and contributions	2	8,213	4,032	4,181
Investment income	2	332	16	316
Reimbursements	2	388	5	383
Other income	2	413	51	362
		26,616	5,438	21,178
Operating Expenses				
Employee costs	3	11,397	3,624	7,773
Materials, contracts and other expenses	3	10,212	1,472	8,740
Depreciation, amortisation and impairment	3	5,890	179	5,711
Finance costs	3	805	148	657
		28,304	5,423	22,881
OPERATING SURPLUS / (DEFICIT)		(1,688)	15	(1,703)
Capital Revenues		1,032	-	1,032
NET SURPLUS / (DEFICIT)		(656)	15	(671)
Assets				
Current Assets	5	9,322	354	8,968
Infrastructure, Property, Plant and Equipment	7	127,793	6,344	121,449
Other Non-current Assets	6	3,970	1,350	2,620
		141,085	8,048	133,037
Liabilities				
Current Liabilities	8	5,014	857	4,157
Non-Current Liabilities	8	11,683	1,830	9,853
		16,697	2,687	14,010
NET ASSETS		124,388	5,361	119,027

* **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 2011

Note 19 - CONTINGENCIES AND ASSETS AND LIABILITIES NOT RECOGNISED IN THE BALANCE SHEET

The following assets and liabilities do not qualify for recognition in the Balance Sheet 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.

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.

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 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.

BANK GUARANTEES

Council has guaranteed certain loans and other banking facilities advanced to community organisations and sporting bodies, amounting to \$220,000 (2010: \$220,000) at reporting date.

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

LEGAL EXPENSES

At reporting date, Council had \$110,000 in contingent liabilities relating to current legal matters in progress, made up of possible damages not exceeding \$50,000 and possible adverse costs not exceeding \$60,000.

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

Bentleys (SA) Pty Ltd
64 Greenhill Road
Wayville SA 5034
PO Box 903
Unley SA 5061
ABN 39 582 939 963
T +61 8 8373 1266
F +61 8 8373 0228
admin@adel.bentleys.com.au
bentleys.com.au

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 2011 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.

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 2011 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.



Bentleys (SA) Partnership



D J FRANCIS
PARTNER

Dated at Adelaide this 10th day of *October*, 2011

RURAL CITY OF MURRAY BRIDGE

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2011

CERTIFICATION OF AUDITOR INDEPENDENCE

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Rural City of Murray Bridge's for the year ended 30 June 2011, the Council's Auditor, Bentley's (SA) Partnership, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

This statement is prepared in accordance with the requirements of Regulation 22(3) *Local Government (Financial Management) Regulations 2011*.



.....
Damien Moloney
CHIEF EXECUTIVE OFFICER



.....
Michele Bennetts
**PRESIDING MEMBER
AUDIT COMMITTEE**

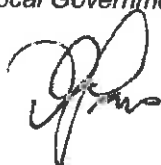
Date: 29/09/2011

RURAL CITY OF MURRAY BRIDGE
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2011

STATEMENT BY AUDITOR

I confirm that, for the audit of the financial statements of Rural City of Murray Bridge for the year ended 30 June 2011, 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 2011* made under that Act.

This statement is prepared in accordance with the requirements of Regulation 22 (5) *Local Government (Financial Management) Regulations 2011*.



DJ FRANCIS

Bentley's (SA) Partnership

Dated this 29th day of September 2011