



*The Rural City of*  
**MURRAY  
BRIDGE**

*Bridge to Opportunity*

# **AUDITED FINANCIAL STATEMENTS**

**For the year ending**

**30 JUNE, 2006**

# **Rural City Of Murray Bridge Annual Financial Statements**

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# Rural City Of Murray Bridge

## Operating Statement for the year ended 30 June 2006

|                                                                                          | Notes | 2005/2006 |                   | 2004/2005 |                   |
|------------------------------------------------------------------------------------------|-------|-----------|-------------------|-----------|-------------------|
|                                                                                          |       | \$        | \$                | \$        | \$                |
| <b>OPERATING REVENUE</b>                                                                 |       |           |                   |           |                   |
| Rates                                                                                    |       |           |                   |           |                   |
| - General                                                                                | 9.    | 9,710,425 |                   | 9,008,328 |                   |
| - Other                                                                                  | 9.    | 87,551    |                   | 98,278    |                   |
| Statutory Charges                                                                        | 10.   | 354,469   |                   | 333,856   |                   |
| User Charges                                                                             | 11.   | 1,162,113 |                   | 892,675   |                   |
| Operating Grants and Subsidies                                                           | 12.   | 6,812,409 |                   | 4,956,506 |                   |
| Investment Income                                                                        |       | 126,215   |                   | 80,178    |                   |
| Reimbursements                                                                           | 13.   | 583,409   |                   | 737,025   |                   |
| Gain on Disposal of Non - Current Assets                                                 |       | 116,492   |                   | 75,902    |                   |
| Commercial Activity Revenue                                                              |       | -         |                   | -         |                   |
| Other                                                                                    | 14.   | 472,427   |                   | 612,380   |                   |
| <b>TOTAL OPERATING REVENUE</b>                                                           |       |           | 19,425,510        |           | 16,795,128        |
| <b>OPERATING EXPENSES</b>                                                                |       |           |                   |           |                   |
| Employee Costs                                                                           | 3.    | 6,665,215 |                   | 6,145,959 |                   |
| Contractual Services                                                                     | 4.    | 4,165,071 |                   | 3,311,635 |                   |
| Material                                                                                 | 5.    | 1,782,574 |                   | 1,697,740 |                   |
| Financial Charges                                                                        | 6.    | 617,595   |                   | 345,917   |                   |
| Depreciation                                                                             | 7.    | 4,249,864 |                   | 3,444,493 |                   |
| Loss on Revaluations                                                                     |       | -         |                   | -         |                   |
| Loss on Disposal of Non - Current Assets                                                 |       | 56,442    |                   | -         |                   |
| Other                                                                                    | 8.    | 2,495,367 |                   | 2,447,417 |                   |
| <b>TOTAL OPERATING EXPENSE</b>                                                           |       |           | <u>20,032,128</u> |           | <u>17,393,161</u> |
| <b>Operating Surplus/(Deficit) before Capital Revenues</b>                               |       |           | (606,618)         |           | (598,033)         |
| <b>CAPITAL REVENUES</b>                                                                  |       |           |                   |           |                   |
| Capital Grants, Subsidies and Monetary Contributions                                     | 12.   |           | <u>1,331,420</u>  |           | <u>1,393,180</u>  |
| Physical resources received free of charge                                               |       |           |                   |           |                   |
| <b>Operating Surplus/(Deficit) after Capital revenues and before Extraordinary Items</b> |       |           | 724,802           |           | 795,147           |
| Extraordinary Items                                                                      |       |           | -                 |           | -                 |
| <b>Net Surplus/(Deficit) resulting from Operations</b>                                   |       |           | <u>724,802</u>    |           | <u>795,147</u>    |

# Rural City Of Murray Bridge

## Statement of Financial Position as at 30 June 2006

|                                                 | Notes | 2005/2006  |                   | 2004/2005  |                   |
|-------------------------------------------------|-------|------------|-------------------|------------|-------------------|
|                                                 |       | \$         | \$                | \$         | \$                |
| <b>CURRENT ASSETS</b>                           |       |            |                   |            |                   |
| Cash and Cash equivalents                       | 15.   | 6,345,474  |                   | 5,318,424  |                   |
| Trade and other receivables                     | 16.   | 2,117,913  |                   | 1,304,199  |                   |
| Inventories                                     | 17.   | 140,533    |                   | 100,384    |                   |
| Other                                           | 18.   | -          |                   | -          |                   |
| <b>TOTAL CURRENT ASSETS</b>                     |       |            | <u>8,603,920</u>  |            | <u>6,723,007</u>  |
| <b>CURRENT LIABILITIES</b>                      |       |            |                   |            |                   |
| Bank Overdraft                                  | 15.   | 142,326    |                   | 45,478     |                   |
| Trade and other payables                        | 19.   | 2,630,199  |                   | 2,281,160  |                   |
| Short term provisions                           | 20.   | 141,326    |                   | 120,759    |                   |
| Current portion of long term borrowings         | 21.   | 1,168,538  |                   | 996,253    |                   |
| Other                                           |       | -          |                   | -          |                   |
| <b>TOTAL CURRENT LIABILITIES</b>                |       |            | <u>4,082,389</u>  |            | <u>3,443,650</u>  |
| <b>Net Current Assets/(Current Liabilities)</b> |       |            | <u>4,521,531</u>  |            | <u>3,279,357</u>  |
| <b>NON - CURRENT ASSETS</b>                     |       |            |                   |            |                   |
| Trade and other receivables                     | 16.   | 27,870     |                   | 29,368     |                   |
| Land                                            | 22.   | 12,036,515 |                   | 12,288,515 |                   |
| Buildings                                       | 22.   | 18,446,681 |                   | 17,824,260 |                   |
| Infrastructure                                  | 22.   | 58,712,399 |                   | 57,313,629 |                   |
| Equipment                                       | 22.   | 4,006,590  |                   | 3,699,550  |                   |
| Furniture and Fittings                          | 22.   | 1,385,764  |                   | 1,161,524  |                   |
| Library Books                                   | 22.   | 246,157    |                   | 230,215    |                   |
| Intangible Assets                               | 22.   | 1,350,000  |                   | -          |                   |
| <b>TOTAL NON - CURRENT ASSETS</b>               |       |            | <u>96,211,976</u> |            | <u>92,547,061</u> |
| <b>NON - CURRENT LIABILITIES</b>                |       |            |                   |            |                   |
| Long term provisions                            | 20.   | 537,000    |                   | 532,000    |                   |
| Long term borrowings                            | 21.   | 13,606,692 |                   | 10,779,405 |                   |
| <b>TOTAL NON - CURRENT LIABILITIES</b>          |       |            | <u>14,143,692</u> |            | <u>11,311,405</u> |
| <b>NET ASSETS</b>                               |       |            | <u>86,589,815</u> |            | <u>84,515,013</u> |
| <b>EQUITY</b>                                   |       |            |                   |            |                   |
| Accumulated Surplus                             |       | 57,648,719 |                   | 56,513,309 |                   |
| Reserves                                        |       | 28,941,096 |                   | 28,001,704 |                   |
| <b>TOTAL EQUITY</b>                             |       |            | <u>86,589,815</u> |            | <u>84,515,013</u> |

# Rural City Of Murray Bridge

## Statement of Changes in Equity for the year ended 30 June 2006

|                                           | Notes | 2005/2006         |    | 2004/2005         |    |
|-------------------------------------------|-------|-------------------|----|-------------------|----|
|                                           |       | \$                | \$ | \$                | \$ |
| <b>ACCUMULATED SURPLUS</b>                |       |                   |    |                   |    |
| Balance at beginning of period            |       | 56,513,309        |    | 57,072,175        |    |
| Net Surplus/(Deficit)                     |       | 724,802           |    | 795,147           |    |
| Transfer from reserves                    |       | 990,708           |    | 10,554            |    |
| Transfer to reserves                      |       | (580,100)         |    | (1,364,567)       |    |
| <b>Balance at end of period</b>           |       | <u>57,648,719</u> |    | <u>56,513,309</u> |    |
| <b>ASSET REVALUATION RESERVE</b>          |       |                   |    |                   |    |
| Balance at beginning of period            |       | 26,146,065        |    | 15,857,313        |    |
| Transfer to reserve Revaluation increment |       | 1,350,000         |    | 10,288,752        |    |
| Transfer from reserves                    |       | -                 |    | -                 |    |
| <b>Balance at end of period</b>           |       | <u>27,496,065</u> |    | <u>26,146,065</u> |    |
| <b>OTHER RESERVE</b>                      |       |                   |    |                   |    |
| Balance at beginning of period            |       | 1,855,639         |    | 501,626           |    |
| Transfer to reserve                       |       | 580,100           |    | 1,364,567         |    |
| Transfer from reserves                    |       | (990,708)         |    | (10,554)          |    |
| <b>Balance at end of period</b>           |       | <u>1,445,031</u>  |    | <u>1,855,639</u>  |    |
| <b>TOTAL EQUITY</b>                       |       | <u>86,589,815</u> |    | <u>84,515,013</u> |    |

# Rural City Of Murray Bridge

## Statement of Cash Flows for the year ended 30 June 2006

|                                                     | Notes      | 2005/2006<br>\$<br>Inflows<br>(Outflows) | 2004/2005<br>\$<br>Inflows<br>(Outflows) |
|-----------------------------------------------------|------------|------------------------------------------|------------------------------------------|
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>          |            |                                          |                                          |
| Receipts                                            |            | 18,676,549                               | 16,590,173                               |
| Payments                                            |            | (15,554,809)                             | (13,478,925)                             |
| <b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>    | <b>26.</b> | <b><u>3,121,740</u></b>                  | <b><u>3,111,248</u></b>                  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>         |            |                                          |                                          |
| <b>Receipts</b>                                     |            |                                          |                                          |
| Proceeds from borrowings                            |            | 4,225,613                                | 7,964,324                                |
| Community Group Loan Principal Repayments           |            | 8,227                                    | 4,776                                    |
| <b>Payments</b>                                     |            |                                          |                                          |
| Repayments of borrowings                            |            | (1,226,041)                              | (793,703)                                |
| Loan to Community Group                             |            | -                                        | (9,000)                                  |
| <b>NET CASH USED IN FINANCING ACTIVITIES</b>        |            | <b><u>3,007,799</u></b>                  | <b><u>7,166,397</u></b>                  |
| <b>CASH FLOWS FROM INVESTMENT ACTIVITIES</b>        |            |                                          |                                          |
| <b>Receipts</b>                                     |            |                                          |                                          |
| Capital Grants, Subsidies/Contribution              |            | 1,331,420                                | 1,393,180                                |
| Sale of Plant & Equipment                           |            | 768,899                                  | 773,676                                  |
| Sale of Land                                        |            | 364,954                                  | -                                        |
| <b>Payments</b>                                     |            |                                          |                                          |
| Purchase of Land                                    |            | -                                        | -                                        |
| Purchase of Buildings                               |            | (1,090,200)                              | (4,241,220)                              |
| Purchase of Infrastructure                          |            | (4,443,302)                              | (2,175,250)                              |
| Purchase of Plant & Equipment                       |            | (1,485,550)                              | (1,867,279)                              |
| Purchase of Furniture & Fittings                    |            | (378,214)                                | (239,964)                                |
| Purchase of Library Books                           |            | (77,481)                                 | (74,002)                                 |
| Purchase of P & G Improvements                      |            | (189,863)                                | (317,183)                                |
| <b>NET CASH FLOWS USED IN INVESTMENT ACTIVITIES</b> |            | <b><u>(5,199,337)</u></b>                | <b><u>(6,748,042)</u></b>                |
| <b>NET INCREASE (DECREASE) IN CASH HELD</b>         |            | <b>930,202</b>                           | <b>3,529,603</b>                         |
| <b>CASH AT BEGINNING OF REPORTING PERIOD</b>        |            | <b>5,272,946</b>                         | <b>1,743,343</b>                         |
| <b>CASH AT END OF REPORTING PERIOD</b>              |            | <b><u>6,203,148</u></b>                  | <b><u>5,272,946</u></b>                  |

This Statement should be read in conjunction with accompanying notes.

# Rural City Of Murray Bridge

## Financial Statement Notes for year ended 30 June 2006

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### 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 equivalents to International Financial Reporting Standards**

This general purpose financial report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS) as they apply to not-for-profit entities, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations (UIGs) and relevant South Australian legislation.

The financial report was authorised for issue by the Council by certificate under clause 11 of the Local Government (Financial Management) Regulation 1999.

##### 1.2 **Compliance with International Financial Reporting Standards**

AIFRS include certain specific provisions relating to not-for-profit entities that are not included in the International Financial Reporting Standards. In addition, Australian Accounting Standard AAS 27 *Financial reporting by Local Government* also applies. Except to the extent that these special provisions require, these financial statements comply with International Financial Reporting Standards.

The principal areas of non-compliance relate to the recognition of non-reciprocal revenues, the definition of value in use for the purposes of AASB 116 Impairments and the offsetting of revaluation increments and decrements within classes of assets, and are detailed more particularly below.

##### 1.3 **Application of AASB 1 *First-time Adoption of AIFRS***

These statements are the first the Rural City of Murray Bridge financial statements to be prepared in accordance with AIFRS and AASB1 *First-time Adoption of AIFRS* has been used in their preparation. Previous financial statements have been prepared in accordance with the former Australian Generally Accepted Accounting Principles (GAAP) which may differ in certain respects from AIFRS. When preparing these financial statements, Council has amended certain accounting and valuation methods applied in the AGAAP financial statements to comply with AIFRS. With the exception of financial instruments, where Council has taken the exemption available under AASB1 to only apply AASB 132 and AASB 139 from July 2005, the comparative figures have been restated to reflect these adjustments.

##### 1.4 **Historical Cost Convention**

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

##### 1.5 **Critical Accounting Estimates**

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

# Rural City Of Murray Bridge

## Financial Statement Notes for year ended 30 June 2006

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### 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 funds 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. *Revenue recognition*

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

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

### 4. *Cash Assets and other Financial Instruments*

Cash Assets include all amounts readily convertible to cash on hand at Councils option with an insignificant risk of changes in value with a maturity of three month 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 (as amended). 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.

### 5. *Inventories*

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

### 6. *Property, Plant & Equipment*

#### 6.1 *Transitional Provisions*

Council has elected not to recognise land under roads in accordance with the deferral arrangements available under AASB 1045.

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".

# Rural City Of Murray Bridge

## Financial Statement Notes for year ended 30 June 2006

### 6.2 Initial Recognition

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

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

### 6.3 Materiality

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds materiality thresholds established by Council for each type of asset. In determining (and in annually reviewing) such thresholds, regard is had to the nature of the asset and its estimated service life.

### 6.4 Subsequent Recognition

Certain asset classes are revalued on a regular basis such that the carrying values are not materially different from fair value. For infrastructure and other assets 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 costs to reflect the already consumed or expired future economic benefits of the asset.

### 6.5 Depreciation of Non-Current Assets

Other than land, all 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.

|                                |                    |                |
|--------------------------------|--------------------|----------------|
| Bridges                        | - steel & concrete | 50 to 80 years |
|                                | - timber           | 30 to 40 years |
| Buildings                      |                    | 30 to 50 years |
| Main Drains                    |                    | 75 to 85 years |
| Plant and Equipment            |                    | 5 to 15 years  |
| Sealed Roads & Streets         | - Construction     | 20 to 40 years |
|                                | - bituminous seals | 7 to 10 years  |
| Unsealed roads                 |                    | 5 to 10 years  |
| Improvements to park & gardens |                    | 15 to 20 years |
| Motor Vehicles                 |                    | 5 to 10 years  |
| Library books                  |                    | 1 to 5 years   |

# Rural City Of Murray Bridge

## Financial Statement Notes for year ended 30 June 2006

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### 6.6 Impairment

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

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

### 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 date of the 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.

Liabilities for employees' benefits not expected to be paid or settled within 12 months are measured using a short hand method of calculation producing a result approximating the present value basis of measurement.

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 payments 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.

# Rural City Of Murray Bridge

## Financial Statement Notes for year ended 30 June 2006

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### **Accumulated Fund Members**

The accumulated fund receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings in accordance with Superannuation Guarantee Legislation (9% in 2005/06; 9% in 2004/05). 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.

### **Defined Benefits Member**

Council makes employer contribution to the defined benefits categories of the Scheme at rates determined by the Scheme's Trustee. 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 Fund's Defined Benefit 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.

### **10. Construction Contracts**

Construction works undertaken by Council for third parties 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 provision of services and facilities

### **12. GST Implication**

In accordance with UIG Abstract 1031 "Accounting for Goods & Services Tax"

- Receivables and Creditors include GST receivable and payable.
- Except in relation to input taxed activities, revenues and operating expenditures exclude GST receivable and payable.
- Non-current assets and capital expenditures include GST net of any recoupment.
- Amount included in Statement of Cash Flows are disclosed on a gross basis,

### **13. Comparative Information & Transition to AIFRS**

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

# Rural City Of Murray Bridge

## Financial Statement Notes for year ended 30 June 2006

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### 14. *New Accounting Standards*

Certain new accounting standards have been published that are not mandatory for the 30 June 2006 reporting period.

AASB 2005-8 Amendments to AASB 4, AASB 1023, AASB 139 & AASB 132

*AASB 7 Financial Instruments: Disclosures* and AASB 2005-10 Amendments to AASB 132, AASB 101, AASB 114, AASB 117, AASB 139, AASB 1023 & AASB 1038

AASB 2005-6 Amendments to AASB 121

AASB 2005-9 Amendments to AASB 4, AASB 1023, AASB 139 & AASB 132: *Financial guarantee contracts*

AASB 7 *Financial Instruments: Disclosures*:

AASB 2005-10 Amendments to AASB 132, AASB 101, AASB 114, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038: *consequential amendments arising as a result of the release of AASB 7*

AASB 2006-1 Amendments to AASB 12: *Clarification regarding monetary items forming part of the net investment in a foreign operation.*

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.

# Rural City Of Murray Bridge

## Financial Statement Notes for year ended 30 June 2006

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### 2. FUNCTIONS/ACTIVITIES OF THE COUNCIL

The activities relating to the Council's components reported on in Note 3 are as follows:

#### ADMINISTRATION

General and office operations not attributable to other specific activities, rates, general grants, human services, public functions, elections and elected members.

#### PUBLIC ORDER AND SAFETY

Dog control, fire protection, livestock impounding and general inspection.

#### HEALTH

Preventive services (immunisation), health inspections, other health services (community health).

#### SOCIAL SECURITY AND WELFARE

Aged home, senior citizens, other community organisations.

#### HOUSING AND COMMUNITY AMENITIES

Cemetery, public conveniences, sanitation and garbage, street cleaning, street lighting, town planning (development control), effluent drainage and other community projects.

#### PROTECTION OF THE ENVIRONMENT

Protection of the environment projects.

#### SPORT AND RECREATION

Halls, public library, parks and gardens, sport and recreation and swimming facilities.

#### MINING, MANUFACTURING AND CONSTRUCTION

Administration of building act and development act.

#### TRANSPORT AND COMMUNICATIONS

Road construction and maintenance, kerb and water table, footpaths, street trees, street furniture, traffic control, stormwater drainage, on-street parking control and bus services.

#### ECONOMIC AFFAIRS NEC

Tourism, visitor information centre and economic development.

#### OTHER PURPOSES NEC

Public debt transactions, plant operations, works depot, vandalism, asset management, geographical support, pest plants, other property, other services and private works.

# Rural City of Murray Bridge

## Financial Statement Notes for year ended 30 June 2006

### Note 2A

Expenses and revenues have been attributed to the following functions/activities descriptions of which are set out in Note 2

|          | Administration        |                       | Public Order & Safety |                       | Health                |                       | Social Security & Welfare |                       | Housing & Community Amenities |                       | Protection of Environment |                       |
|----------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|---------------------------|-----------------------|-------------------------------|-----------------------|---------------------------|-----------------------|
|          | 30/06/2006<br>\$'000s | 30/06/2005<br>\$'000s | 30/06/2006<br>\$'000s | 30/06/2005<br>\$'000s | 30/06/2006<br>\$'000s | 30/06/2005<br>\$'000s | 30/06/2006<br>\$'000s     | 30/06/2005<br>\$'000s | 30/06/2006<br>\$'000s         | 30/06/2005<br>\$'000s | 30/06/2006<br>\$'000s     | 30/06/2005<br>\$'000s |
| Expenses | 4,059                 | 3,906                 | 183                   | 149                   | 146                   | 142                   | 4,063                     | 3,066                 | 2,770                         | 2,209                 | 118                       | 73                    |
| Revenues |                       |                       |                       |                       |                       |                       |                           |                       |                               |                       |                           |                       |
| - Grants | 2,454                 | 2,372                 | -                     | -                     | -                     | -                     | 3,252                     | 2,908                 | 72                            | 42                    | 7                         | 85                    |
| - Others | 10,125                | 9,274                 | 135                   | 140                   | 47                    | 71                    | 954                       | 655                   | 340                           | 346                   | 60                        | 50                    |
| Total    | 12,579                | 11,646                | 135                   | 140                   | 47                    | 71                    | 4,206                     | 3,563                 | 412                           | 388                   | 67                        | 135                   |
| Equity   | 8,520                 | 7,740                 | (48)                  | (9)                   | (99)                  | (71)                  | 143                       | 497                   | (2,358)                       | (1,821)               | (51)                      | 62                    |

|          | Sport & Recreation    |                       | Mining, Manufacturing & Construction |                       | Transport & Communications |                       | Economic Affairs NEC  |                       | Other Purposes NEC    |                       |
|----------|-----------------------|-----------------------|--------------------------------------|-----------------------|----------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|          | 30/06/2006<br>\$'000s | 30/06/2005<br>\$'000s | 30/06/2006<br>\$'000s                | 30/06/2005<br>\$'000s | 30/06/2006<br>\$'000s      | 30/06/2005<br>\$'000s | 30/06/2006<br>\$'000s | 30/06/2005<br>\$'000s | 30/06/2006<br>\$'000s | 30/06/2005<br>\$'000s |
| Expenses | 1,875                 | 2,004                 | 69                                   | 75                    | 4,987                      | 3,931                 | 288                   | 207                   | 1,474                 | 1,632                 |
| Revenues |                       |                       |                                      |                       |                            |                       |                       |                       |                       |                       |
| - Grants | 320                   | 339                   | -                                    | -                     | 2,029                      | 540                   | 9                     | 14                    | 1                     | -                     |
| - Others | 167                   | 184                   | 57                                   | 45                    | 220                        | 446                   | 18                    | 15                    | 490                   | 663                   |
| Total    | 487                   | 523                   | 57                                   | 45                    | 2,249                      | 986                   | 27                    | 29                    | 491                   | 663                   |
| Equity   | (1,388)               | (1,481)               | (12)                                 | (30)                  | (2,738)                    | (2,945)               | (261)                 | (178)                 | (983)                 | (969)                 |

| Total                 |                       |
|-----------------------|-----------------------|
| 30/06/2006<br>\$'000s | 30/06/2005<br>\$'000s |
| 20,032                | 17,394                |
| 8,144                 | 6,300                 |
| 12,613                | 11,889                |
| 20,757                | 18,189                |
| 725                   | 795                   |

Change In Equity resulting from Operations

# Rural City Of Murray Bridge

## Financial Statement Notes for year ended 30 June 2006

|                                                                                              | 2005/2006<br>\$  | 2004/2005<br>\$  |
|----------------------------------------------------------------------------------------------|------------------|------------------|
| <b>3. EMPLOYEE COSTS</b>                                                                     |                  |                  |
| Wages & Salaries                                                                             | 6,377,742        | 5,823,153        |
| Superannuation Expenses                                                                      | 594,748          | 498,104          |
| Leave Entitlement Provision                                                                  | 601,989          | 646,590          |
|                                                                                              | <u>7,574,479</u> | <u>6,967,847</u> |
| Less: Amounts Capitalised                                                                    |                  |                  |
| Non-Current Assets Constructed by Council                                                    | 909,264          | 821,888          |
|                                                                                              | <u>6,665,215</u> | <u>6,145,959</u> |
| Actual payments to Employees per Payment Summaries                                           | 7,209,449        | 5,960,215        |
| <b>4. CONTRACTUAL SERVICES</b>                                                               |                  |                  |
| Contractual services involve payments or liabilities for the external provision of services: |                  |                  |
| Plant & Machinery                                                                            | 24,613           | 39,436           |
| Contractors                                                                                  | 3,429,499        | 2,433,474        |
| Other                                                                                        | 457,624          | 578,265          |
| Operating Leases                                                                             | 253,335          | 260,460          |
|                                                                                              | <u>4,165,071</u> | <u>3,311,635</u> |
| <b>5. MATERIALS</b>                                                                          |                  |                  |
| Materials are payment or liability for physical goods including energy. They include:        |                  |                  |
| Energy                                                                                       |                  |                  |
| - electricity                                                                                | 425,923          | 373,274          |
| - fuel/lubricants                                                                            | 245,029          | 262,086          |
| Water                                                                                        | 72,687           | 64,220           |
| Road Repair Materials                                                                        | 285,457          | 553,518          |
| Other Materials                                                                              | 753,478          | 444,642          |
|                                                                                              | <u>1,782,574</u> | <u>1,697,740</u> |
| <b>6. FINANCIAL CHARGES</b>                                                                  |                  |                  |
| Finance Charges are the costs of financing councils activities and they include:             |                  |                  |
| Interest Payments                                                                            |                  |                  |
| LGFA                                                                                         | 617,379          | 330,689          |
| Banks                                                                                        | 216              | 15,228           |
|                                                                                              | <u>617,595</u>   | <u>345,917</u>   |

# Rural City Of Murray Bridge

## Financial Statement Notes for year ended 30 June 2006

|                                                                               | 2005/2006        | 2004/2005        |
|-------------------------------------------------------------------------------|------------------|------------------|
|                                                                               | \$               | \$               |
| <b>7. DEPRECIATION AND AMORTISATION EXPENSE</b>                               |                  |                  |
| Depreciation and amortisation expense for the year was charged in respect of: |                  |                  |
| Plant & Machinery                                                             | 423,493          | 388,969          |
| Office Equip, Furniture & Fittings                                            | 153,974          | 273,996          |
| Library                                                                       | 61,539           | 98,400           |
| Infrastructure                                                                | 3,119,253        | 2,262,000        |
| Buildings                                                                     | 376,463          | 328,140          |
| Other                                                                         | 115,142          | 92,988           |
|                                                                               | <u>4,249,864</u> | <u>3,444,493</u> |

## 8. OTHER EXPENSES

Other Expenses include all other expenses not included elsewhere. They include:

|                            |                  |                  |
|----------------------------|------------------|------------------|
| Insurances                 | 456,071          | 459,732          |
| Audit Fees                 | 7,200            | 9,675            |
| Levies paid to governments | 167,200          | 219,032          |
| Communications             | 121,482          | 106,611          |
| Members Expense            | 91,210           | 84,854           |
| Bad Debts                  | 51,977           | 12,181           |
| Legal Fees                 | 86,979           | 86,044           |
| Donations                  | 98,710           | 116,084          |
| Subscriptions              | 162,876          | 145,874          |
| Bank Fees                  | 34,113           | 42,963           |
| Rates Rebates              | 583,494          | 638,488          |
| Others                     | 634,055          | 525,879          |
|                            | <u>2,495,367</u> | <u>2,447,417</u> |

## 9. RATE INCOME

These are rates and charges charged against the property within the district as declared by Council.  
They are made up of:

|                 |                            |                  |                  |
|-----------------|----------------------------|------------------|------------------|
| General Rates   |                            | <u>9,710,425</u> | <u>9,008,328</u> |
| Special Rates - | Riverglen                  | 50,002           | 50,026           |
|                 | Woodlane                   | 26,999           | 27,072           |
| Separate Rate - | Garbage Collection Bins    | 10,550           | 21,180           |
|                 | Beautification Town Centre | -                | -                |
|                 |                            | <u>87,551</u>    | <u>98,278</u>    |

# Rural City Of Murray Bridge

## Financial Statement Notes for year ended 30 June 2006

|                                                                                                                  | 2005/2006<br>\$  | 2004/2005<br>\$  |
|------------------------------------------------------------------------------------------------------------------|------------------|------------------|
| <b>10. STATUTORY CHARGES</b>                                                                                     |                  |                  |
| These are fees and charges from regulatory services. They include:                                               |                  |                  |
| Dog Act                                                                                                          | 109,880          | 110,374          |
| Parking Regulations                                                                                              | 9,983            | -                |
| Development Act                                                                                                  | 200,458          | 181,395          |
| Health Act                                                                                                       | 31,603           | 42,087           |
| Other                                                                                                            | 2,545            | -                |
|                                                                                                                  | <u>354,469</u>   | <u>333,856</u>   |
| <b>11. USER CHARGES</b>                                                                                          |                  |                  |
| User Charges are revenues from sale of goods and services or rent of property facilities. They include:          |                  |                  |
| Aged Home Rentals                                                                                                | 882,815          | 606,710          |
| Cemetery Fees                                                                                                    | 86,814           | 75,051           |
| Swimming Pool                                                                                                    | 54,735           | 51,713           |
| Property, Rentals & Hire                                                                                         | 39,587           | 57,244           |
| Others                                                                                                           | 98,162           | 101,957          |
|                                                                                                                  | <u>1,162,113</u> | <u>892,675</u>   |
| <b>12. GRANTS &amp; SUBSIDIES</b>                                                                                |                  |                  |
| These include all general and specific purpose grants from all Commonwealth and State Governments. They include: |                  |                  |
| <b>Operating Grants</b>                                                                                          |                  |                  |
| General Purpose Grants                                                                                           | 2,396,900        | 2,362,182        |
| Road Grants                                                                                                      | 411,991          | 343,442          |
| Roads to Recovery                                                                                                | 564,526          | -                |
| Stormwater Damage Reimbursement                                                                                  | 285,087          | -                |
| Library Grants                                                                                                   | 50,294           | 46,405           |
| Nursing Home Operating Grants                                                                                    | 2,733,888        | 1,906,140        |
| Aged & Related Service Grants                                                                                    | 260,162          | 223,930          |
| Crime Prevention                                                                                                 | 35,000           | 35,000           |
| Other Grants                                                                                                     | 74,561           | 39,407           |
|                                                                                                                  | <u>6,812,409</u> | <u>4,956,506</u> |
| <b>Capital Grants</b>                                                                                            |                  |                  |
| Road Grants                                                                                                      | 88,561           | 34,265           |
| Parks & Gardens Grants                                                                                           | 175,860          | -                |
| Stormwater Drainage Grant                                                                                        | 679,208          | 161,824          |
| Library Book Purchase Grant                                                                                      | 67,511           | 66,000           |
| Lerwin Expansion Grant                                                                                           | 257,000          | 828,000          |
| Art Gallery Development Grant                                                                                    | -                | 189,350          |
| Environmental Projects Grant                                                                                     | 6,530            | 85,000           |
| Other Capital Grants                                                                                             | 56,750           | 28,741           |
|                                                                                                                  | <u>1,331,420</u> | <u>1,393,180</u> |

# Rural City Of Murray Bridge

## Financial Statement Notes for year ended 30 June 2006

|                                                                                                      | 2005/2006      | 2004/2005      |
|------------------------------------------------------------------------------------------------------|----------------|----------------|
|                                                                                                      | \$             | \$             |
| <b>13. REIMBURSEMENTS</b>                                                                            |                |                |
| These are amounts received by council as payment for work done acting as an agent for third parties. |                |                |
| They include:                                                                                        |                |                |
| Reimbursement for Road works                                                                         |                | -              |
| Private Works                                                                                        | 391,131        | 383,996        |
| Insurance Reimbursement                                                                              | 83,724         | 65,392         |
| Workers Compensation Reimbursement                                                                   | 29,637         | 16,940         |
| Home Help Project Reimbursement                                                                      | -              | 4,889          |
| Rates Charges                                                                                        | 78,917         | 65,118         |
| Other                                                                                                | -              | 200,690        |
|                                                                                                      | <u>583,409</u> | <u>737,025</u> |

### 14. OTHER INCOME

These are revenues not included elsewhere. They include:

|                            |                |                |
|----------------------------|----------------|----------------|
| Workers Compensation Bonus | 137,037        | 63,309         |
| LGFA Bonus                 | 10,788         | 14,770         |
| Donations                  | 36,202         | 44,496         |
| Developers Contribution    | 173,715        | 390,102        |
| Others                     | 114,685        | 99,703         |
|                            | <u>472,427</u> | <u>612,380</u> |

### 15. CASH AND CASH EQUIVALENTS

Cash at the end of the reporting period as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

|                                     |                  |                  |
|-------------------------------------|------------------|------------------|
| Cash at Bank and on Hand            | 693,642          | 798,099          |
| Deposits At Call                    | 5,651,832        | 4,520,325        |
| Balance                             | 6,345,474        | 5,318,424        |
| Less: Bank Overdraft                | 142,326          | 45,478           |
| Balances per Statement of Cash Flow | <u>6,203,148</u> | <u>5,272,946</u> |

The following grants are unspent as at the 30 June 2006 due to Council resolution or external requirements

|                                        |                |               |
|----------------------------------------|----------------|---------------|
| Nursing Home operational grant         | 43,225         | 50,000        |
| Stormwater study no complete           | -              | 13,060        |
| HACC's Capital grant                   | -              | 5,000         |
| Roads to Recovery (additional funding) | 309,260        | -             |
| Youth Grant                            | 24,000         | -             |
| HACC's Operational grant               | 19,500         | 15,000        |
|                                        | <u>395,985</u> | <u>83,060</u> |

# Rural City Of Murray Bridge

## Financial Statement Notes for year ended 30 June 2006

|                                                                                | 2005/2006<br>\$  | 2004/2005<br>\$  |
|--------------------------------------------------------------------------------|------------------|------------------|
| <b>16. TRADE AND OTHER RECEIVABLES</b>                                         |                  |                  |
| <b>Current</b>                                                                 |                  |                  |
| Rates Receivable                                                               | 520,360          | 450,182          |
| Loans & Advances                                                               | 3,000            | 9,727            |
| Other Debtors                                                                  | 634,708          | 342,231          |
| Accrued Income                                                                 | 265,141          | 25,273           |
| Prepayments                                                                    | 529,284          | 385,310          |
| ATO for GST Payments                                                           | 215,420          | 185,476          |
|                                                                                | <u>2,167,913</u> | <u>1,398,199</u> |
| Less Provision for Doubtful Debts                                              | <u>50,000</u>    | <u>94,000</u>    |
|                                                                                | <u>2,117,913</u> | <u>1,304,199</u> |
| <b>Non Current</b>                                                             |                  |                  |
| These include loans and advances to sporting clubs and other community groups. |                  |                  |
| Loans & Advances                                                               | 27,870           | 29,370           |
| Less Provision for Doubtful Debts                                              | -                | -                |
|                                                                                | <u>27,870</u>    | <u>29,370</u>    |
| <b>17. INVENTORIES</b>                                                         |                  |                  |
| <b>Current</b>                                                                 |                  |                  |
| Stores Fuel                                                                    | 2,072            | 1,084            |
| Other Stores                                                                   | 138,461          | 99,300           |
|                                                                                | <u>140,533</u>   | <u>100,384</u>   |
| <b>18. TRADE AND OTHER PAYABLES</b>                                            |                  |                  |
| <b>Current</b>                                                                 |                  |                  |
| Creditors                                                                      | 1,657,485        | 1,229,496        |
| Accrued Expenses - Other                                                       | 352,210          | 513,598          |
| Accrued Expenses - Employee                                                    | 619,614          | 535,339          |
| Amounts Received in Advance                                                    | 890              | 2,727            |
|                                                                                | <u>2,630,199</u> | <u>2,281,160</u> |
| <b>19. PROVISIONS</b>                                                          |                  |                  |
| <b>Short term provisions</b>                                                   |                  |                  |
| Employee benefits                                                              | 141,326          | 120,759          |
|                                                                                | <u>141,326</u>   | <u>120,759</u>   |
| <b>Long term provisions</b>                                                    |                  |                  |
| Employee benefits                                                              | 537,000          | 532,000          |
|                                                                                | <u>537,000</u>   | <u>532,000</u>   |

# Rural City Of Murray Bridge

## Financial Statement Notes for year ended 30 June 2006

|                                                        | 2005/2006<br>\$   | 2004/2005<br>\$   |
|--------------------------------------------------------|-------------------|-------------------|
| <b>20. LOANS</b>                                       |                   |                   |
| <b>Current portion of long term borrowings</b>         |                   |                   |
| LGFA - Debentures                                      | 1,168,538         | 969,111           |
| Finance Leases                                         | -                 | 27,142            |
|                                                        | <u>1,168,538</u>  | <u>996,253</u>    |
| <b>Long term borrowings</b>                            |                   |                   |
| LGFA - Debentures                                      | 11,049,018        | 8,874,883         |
| LGFA - Cash Advance                                    | 2,557,674         | 1,904,522         |
|                                                        | <u>13,606,692</u> | <u>10,779,405</u> |
| <b>21. PROPERTY, PLANT &amp; EQUIPMENT</b>             |                   |                   |
| <b>Land</b>                                            |                   |                   |
| At Independent Valuation at 30 June 2005               | 12,036,515        | 12,288,515        |
| Plus purchases at cost                                 |                   |                   |
|                                                        | <u>12,036,515</u> | <u>12,288,515</u> |
| <b>Buildings</b>                                       |                   |                   |
| At Independent Valuation at 30 June 2005               | 17,824,260        | 17,824,260        |
| Plus purchases at cost                                 | 998,884           |                   |
| Less Accumulated Depreciation                          | 376,463           |                   |
|                                                        | <u>18,446,681</u> | <u>17,824,260</u> |
| <b>Infrastructure</b>                                  |                   |                   |
| At Independent Valuation at 30 June 2005               | 57,313,629        | 57,313,629        |
| Plus purchases at cost                                 | 4,633,165         |                   |
| Less Accumulated Depreciation                          | 3,234,395         |                   |
|                                                        | <u>58,712,399</u> | <u>57,313,629</u> |
| <b>Plant &amp; Equipment</b>                           |                   |                   |
| At Independent Valuation at 30 June 2005               | 2,847,403         | 3,699,550         |
| Plus purchases at cost                                 | 1,552,336         |                   |
| Less Accumulated Depreciation                          | 393,149           |                   |
|                                                        | <u>4,006,590</u>  | <u>3,699,550</u>  |
| <b>Office Equipment &amp; Furniture &amp; Fittings</b> |                   |                   |
| At Independent Valuation at 30 June 2005               | 1,161,524         | 1,161,524         |
| Plus purchases at cost                                 | 378,214           |                   |
| Less Accumulated Depreciation                          | 153,974           |                   |
|                                                        | <u>1,385,764</u>  | <u>1,161,524</u>  |
| <b>Library</b>                                         |                   |                   |
| At valuation plus cost                                 | 1,179,321         | 1,179,321         |
| Plus purchases at cost                                 | 400,923           | 323,442           |
| Less Accumulated Depreciation                          | 1,334,087         | 1,272,548         |
|                                                        | <u>246,157</u>    | <u>230,215</u>    |

# Rural City Of Murray Bridge

## Financial Statement Notes for year ended 30 June 2006

|                                                   | 2005/2006        | 2004/2005 |
|---------------------------------------------------|------------------|-----------|
|                                                   | \$               | \$        |
| <b>Intangible Assets (Aged Care Bed Licences)</b> |                  |           |
| At Council Valuation at 30 June 2006              | 1,350,000        | -         |
| Plus purchases at cost                            |                  |           |
| Less Accumulated Depreciation                     |                  |           |
|                                                   | <u>1,350,000</u> | <u>-</u>  |

Independent valuation undertaken by Graham L Martin B.Bus (Prop) AAPI Certified Practicing Valuer of Maloney Field Services as at the 30th June 2005 and in accordance with AAS27 Accounting Standard for all assets other than Infrastructure assets (Roads, footpaths & Kerb and gutter) which is at Council Valuation.

### 22. SUPERANNUATION

The council contributes in respect of its employees to a defined benefit superannuation plan established in respect of all municipalities in the State. In accordance with statutory requirements, the Council contributes to the Local Government Superannuation Scheme ("the scheme") amounts determined by the plan actuary. As such, assets accumulated in the scheme to meet members' benefits as they accrue. If the assets of the scheme were insufficient to satisfy benefits payable to its beneficiaries, the Council would be required to meet its share of the deficiency. The audited general-purpose financial report of the scheme as at 30 June 2005, which was not subject to any audit qualification, indicates that the assets of the scheme are sufficient to meet the accrued benefits. No liability of the Council has been recognised as at the reporting date in respect of superannuation benefits for its employees.

The general-purpose financial report of the scheme discloses that the most recent actuarial assessment of the plan was undertaken as at 30 June 2002 by LC Brett, BSc., FIA, FIAA and that the actuary indicated that without improvements to benefit conditions, or other unanticipated events, current Council contribution rates for contributory member are sufficient to meet members' benefits as they accrue.

The amount of superannuation contributions paid by the Council during the year was: \$ 594,748 (2004/2005 \$ 498,104).

### 23. CAPITAL COMMITMENTS

At the reporting date, the Council had the following obligations under non-cancellable contracts (these are not recognised as a liability):

|                                                |          |                |
|------------------------------------------------|----------|----------------|
| Not longer than one year                       | -        | 980,000        |
| Longer than 1 year but not longer than 2 years | -        | -              |
| Longer than 2 year but not longer than 5 years | -        | -              |
| Longer than 5 years                            | -        | -              |
|                                                | <u>-</u> | <u>980,000</u> |

# Rural City Of Murray Bridge

## Financial Statement Notes for year ended 30 June 2006

|                                                                                                                                                                                                                   | 2005/2006<br>\$ | 2004/2005<br>\$ |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|-----------------|
| <b>24. FINANCE LEASE COMMITMENTS</b>                                                                                                                                                                              |                 |                 |
| At the reporting date, the Council had the following obligations under finance leases (the sum of which is recognised as a liability after deduction of future lease finance charges included in the obligation): |                 |                 |
| Not longer than one year                                                                                                                                                                                          | -               | 28,227          |
| Longer than 1 year but not longer than 2 years                                                                                                                                                                    | -               | -               |
| Longer than 2 year but not longer than 5 years                                                                                                                                                                    | -               | -               |
| Longer than 5 years                                                                                                                                                                                               | -               | -               |
| Minimum lease payments                                                                                                                                                                                            | -               | 28,227          |
| Less future finance charges                                                                                                                                                                                       | -               | 1,085           |
| Lease Liability                                                                                                                                                                                                   | -               | 27,142          |
| <b>25. OPERATING LEASE COMMITMENTS</b>                                                                                                                                                                            |                 |                 |
| At the reporting date, the Council had the following obligations under non-cancellable operating leases (these are not recognised as a liability):                                                                |                 |                 |
| Not longer than one year                                                                                                                                                                                          | 56,694          | 84,275          |
| Longer than 1 year but not longer than 2 years                                                                                                                                                                    | 56,765          | 56,694          |
| Longer than 2 year but not longer than 5 years                                                                                                                                                                    | -               | 56,765          |
| Longer than 5 years                                                                                                                                                                                               | -               | -               |
|                                                                                                                                                                                                                   | 113,459         | 197,734         |
| <b>26. RECONCILIATION OF NET CASH USED IN OPERATING ACTIVITIES TO CHANGE IN NET ASSETS RESULTING FROM OPERATIONS</b>                                                                                              |                 |                 |
| Change in Net Assets resulting from Operations                                                                                                                                                                    | 724,802         | 795,147         |
| Items not involving cash:                                                                                                                                                                                         |                 |                 |
| Depreciation                                                                                                                                                                                                      | 4,249,864       | 3,444,493       |
| Loss (Gain) on Disposal                                                                                                                                                                                           | (60,050)        | (75,902)        |
| Bad and Provision for Doubtful Debts                                                                                                                                                                              | (44,000)        | 12,000          |
| Capital Grants                                                                                                                                                                                                    | (1,331,420)     | (1,393,180)     |
| Changes in Operating Assets & Liabilities                                                                                                                                                                         |                 |                 |
| Decrease (Increase) in Receivables                                                                                                                                                                                | (632,469)       | 320,049         |
| Increase (Decrease) in Creditors                                                                                                                                                                                  | 289,294         | 16,060          |
| Increase (Decrease) in Provisions                                                                                                                                                                                 | 109,842         | 222,581         |
| Decrease (Increase) in Inventories                                                                                                                                                                                | (40,149)        | -               |
| Decrease (Increase) in Prepayments                                                                                                                                                                                | (143,974)       | (230,000)       |
|                                                                                                                                                                                                                   | 3,121,740       | 3,111,248       |

# Rural City Of Murray Bridge

## Financial Statement Notes for year ended 30 June 2006

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|                                                                                     | 2005/2006 | 2004/2005 |
|-------------------------------------------------------------------------------------|-----------|-----------|
|                                                                                     | \$        | \$        |
| <b>27. FINANCING ARRANGEMENTS</b>                                                   |           |           |
| Unrestricted access was available at balance date to the following lines of credit: |           |           |
| Bank Overdrafts                                                                     | 500,000   | 500,000   |
| Better Business Loan                                                                | 2,500,000 | 2,500,000 |
| Corporate Credit Cards                                                              | 50,000    | 50,000    |
| LGFA - Cash Advance                                                                 | 2,300,000 | 3,050,000 |

# Rural City Of Murray Bridge

## Financial Statement Notes for year ended 30 June 2006

### 28. FINANCIAL INSTRUMENTS DISCLOSURE

#### (a) Interest Rate Risk Exposure

The council's exposure to interest risk and the effective weighted average interest rate for classes of financial assets and financial liabilities is set out below. Exposure arises predominantly from assets and a liability is set out below. Exposures arise predominantly from assets and liabilities at variable interest rates as council intends to hold fixed rate assets and liabilities to maturity.

|                              | <u>Weighted<br/>Average<br/>Interest<br/>Rate</u> | <u>Floating<br/>Interest<br/>Rate</u> | <u>Fixed Interest Rates</u> |                         |                     | <u>Non<br/>Interest<br/>Bearing</u> | <u>Total</u> |
|------------------------------|---------------------------------------------------|---------------------------------------|-----------------------------|-------------------------|---------------------|-------------------------------------|--------------|
|                              |                                                   |                                       | <u>1 year or<br/>less</u>   | <u>1 to 5<br/>Years</u> | <u>&gt; 5 years</u> |                                     |              |
| <b>2005/2006</b>             |                                                   |                                       |                             |                         |                     |                                     |              |
| <b>Financial Assets</b>      |                                                   |                                       |                             |                         |                     |                                     |              |
| Cash                         | 0.25%                                             | 691,942                               |                             |                         |                     | 1,700                               | 693,642      |
| Deposits                     | 5.75%                                             | 5,651,832                             |                             |                         |                     |                                     | 5,651,832    |
| Receivables                  | 0.30%                                             |                                       | 3,000                       | 3,000                   | 24,870              | 2,114,913                           | 2,145,783    |
|                              |                                                   | 6,343,774                             | 3,000                       | 3,000                   | 24,870              | 2,116,613                           | 8,491,257    |
| <b>Financial Liabilities</b> |                                                   |                                       |                             |                         |                     |                                     |              |
| Overdraft                    | 6.75%                                             | 142,326                               |                             |                         |                     |                                     | 142,326      |
| Borrowing - Debentures       | 6.48%                                             |                                       | 1,168,538                   | 4,984,922               | 8,621,770           |                                     | 14,775,230   |
| Lease Liabilities            | 7.74%                                             |                                       | -                           |                         |                     |                                     | -            |
| Creditors & Accruals         |                                                   |                                       |                             |                         |                     | 2,630,199                           | 2,630,199    |
|                              |                                                   | 142,326                               | 1,168,538                   | 4,984,922               | 8,621,770           | 2,630,199                           | 17,547,755   |
| <b>2004/2005</b>             |                                                   |                                       |                             |                         |                     |                                     |              |
| <b>Financial Assets</b>      |                                                   |                                       |                             |                         |                     |                                     |              |
| Cash                         | 0.25%                                             | 796,599                               |                             |                         |                     | 1,500                               | 798,099      |
| Deposits                     | 5.25%                                             | 4,520,325                             |                             |                         |                     |                                     | 4,520,325    |
| Receivables                  | 0.30%                                             |                                       | 9,727                       | 4,500                   | 24,870              | 1,294,472                           | 1,333,569    |
|                              |                                                   | 5,316,924                             | 9,727                       | 4,500                   | 24,870              | 1,295,972                           | 6,651,993    |
| <b>Financial Liabilities</b> |                                                   |                                       |                             |                         |                     |                                     |              |
| Overdraft                    | 6.25%                                             | 45,478                                |                             |                         |                     |                                     | 45,478       |
| Borrowing - Debentures       | 6.32%                                             |                                       | 969,111                     | 4,954,407               | 5,824,998           |                                     | 11,748,516   |
| Lease Liabilities            | 7.74%                                             |                                       | 27,142                      | -                       |                     |                                     | 27,142       |
| Creditors & Accruals         |                                                   |                                       |                             |                         |                     | 2,281,160                           | 2,281,160    |
|                              |                                                   | 45,478                                | 996,253                     | 4,954,407               | 5,824,998           | 2,281,160                           | 14,102,296   |

#### (b) Credit Risk Exposures

Credit risk represents the loss that would be recognised if other parties failed to perform as contracted.

The credit risk on financial assets, excluding investments, of the council which have been recognised in the Statement of Financial Position, is the carrying amount, net of any provision for doubtful debt.

The Council does not have significant exposure to any concentration of credit risk.

The net fair value of other monetary assets and financial liabilities is based on market prices where a market exists or be discounting expected future values by the current interest rates for assets and liabilities with similar risk properties.

Cash flows are discounted using standard valuation techniques and the applicable market yield having regard to the timing of cash flows. The carrying amount of bank term deposits, accounts receivable, accounts payable and bank loans approximate fair value.

#### (c) Net Fair Value of Financial Assets and Liabilities

The net fair Value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities approximates their carrying value.

Due to the nature of the financial instruments held by council, the costs associated with their settlement would not be material and therefore have not been considered.

# Rural City Of Murray Bridge

## Financial Statement Notes for year ended 30 June 2006

### 29. COMPARISON OF BUDGET AND ACTUAL RESULTS (OPERATING)

|                                                                                          | Actual 2005/2006 |            | Budget 2005/2006 |             |
|------------------------------------------------------------------------------------------|------------------|------------|------------------|-------------|
|                                                                                          | \$               | \$         | \$               | \$          |
| <b>OPERATING REVENUE</b>                                                                 |                  |            |                  |             |
| Rates                                                                                    |                  |            |                  |             |
| - General                                                                                | 9,710,425        |            | 9,670,750        |             |
| - Other                                                                                  | 87,551           |            | 81,000           |             |
| Statutory Charges                                                                        | 354,469          |            | 322,600          |             |
| User Charges                                                                             | 1,162,113        |            | 1,049,789        |             |
| Operating Grants and Subsidies                                                           | 6,812,409        |            | 6,431,293        |             |
| Investment Income                                                                        | 126,215          |            | 236,592          |             |
| Reimbursements                                                                           | 583,409          |            | 365,490          |             |
| Gain on Disposal of Non - Current Assets                                                 | 116,492          |            | -                |             |
| Commercial Activity Revenue                                                              | -                |            | -                |             |
| Other                                                                                    | 472,427          |            | 163,000          |             |
| <b>TOTAL OPERATING REVENUE</b>                                                           |                  | 19,425,510 |                  | 18,320,514  |
| <b>OPERATING EXPENSES</b>                                                                |                  |            |                  |             |
| Employee Costs                                                                           | 6,665,215        |            | 6,671,372        |             |
| Contractual Services                                                                     | 4,165,071        |            | 3,891,059        |             |
| Material                                                                                 | 1,782,574        |            | 1,699,840        |             |
| Financial Charges                                                                        | 617,595          |            | 615,069          |             |
| Depreciation                                                                             | 4,249,864        |            | 3,317,160        |             |
| Loss on Revaluations                                                                     | -                |            | -                |             |
| Loss on Disposal of Non - Current Assets                                                 | 56,442           |            | -                |             |
| Other                                                                                    | 2,495,367        |            | 3,586,905        |             |
| <b>TOTAL OPERATING EXPENSE</b>                                                           |                  | 20,032,128 |                  | 19,781,405  |
| <b>Operating Surplus/(Deficit) before Capital Revenues</b>                               |                  | (606,618)  |                  | (1,460,891) |
| <b>CAPITAL REVENUES</b>                                                                  |                  |            |                  |             |
| Capital Grants, Subsidies and Monetary Contributions                                     |                  | 1,331,420  |                  | 2,538,958   |
| Physical resources received free of charge                                               |                  |            |                  |             |
| <b>Operating Surplus/(Deficit) after Capital revenues and before Extraordinary Items</b> |                  | 724,802    |                  | 1,078,067   |
| Extraordinary Items                                                                      |                  | -          |                  | -           |
| <b>Net Surplus/(Deficit) resulting from Operations</b>                                   |                  | 724,802    |                  | 1,078,067   |

# Rural City Of Murray Bridge

## Financial Statement Notes for year ended 30 June 2006

### 30. 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                                          | Total<br>Council<br>2005/2006<br>\$ | Nursing<br>Home<br>2005/2006<br>\$ | Other<br>2005/2006<br>\$ |
|------------------------------------------------------------|-------------------------------------|------------------------------------|--------------------------|
| <b>OPERATING REVENUE</b>                                   |                                     |                                    |                          |
| Operating Grants and Subsidies                             | 6,812,409                           | 2,733,889                          | 4,078,520                |
| User Charges                                               | 1,162,113                           | 882,990                            | 279,123                  |
| Reimbursements                                             | 583,409                             | 16,374                             | 567,035                  |
| Investment Income                                          | 126,215                             | 45,994                             | 80,221                   |
| Other Revenue                                              | 10,741,364                          | 16,295                             | 10,725,069               |
| <b>TOTAL OPERATING REVENUE</b>                             | <u>19,425,510</u>                   | <u>3,695,542</u>                   | <u>15,729,968</u>        |
| <b>OPERATING EXPENSES</b>                                  |                                     |                                    |                          |
| Operating Costs                                            | 15,782,264                          | 3,545,264                          | 12,237,000               |
| Depreciation                                               | 4,249,864                           | 191,264                            | 4,058,600                |
| <b>TOTAL OPERATING EXPENSE</b>                             | <u>20,032,128</u>                   | <u>3,736,528</u>                   | <u>16,295,600</u>        |
| <b>Operating Surplus/(Deficit) before Capital Revenues</b> | <u>(606,618)</u>                    | <u>(40,986)</u>                    | <u>(565,632)</u>         |
| <b>CAPITAL REVENUES</b>                                    |                                     |                                    |                          |
| Capital Grants, Subsidies and Monetary Contributions       | 1,331,420                           | 257,000                            | 1,074,420                |
| <b>Net Surplus/(Deficit) resulting from Operations</b>     | <u>724,802</u>                      | <u>216,014</u>                     | <u>508,788</u>           |
| <b>ASSETS</b>                                              |                                     |                                    |                          |
| Current Assets                                             | 8,603,920                           | 589,117                            | 8,014,803                |
| Non-Current Assets                                         | 94,861,976                          | 6,490,622                          | 88,371,354               |
| Intangible Assets                                          | 1,350,000                           | 1,350,000                          | -                        |
| <b>TOTAL ASSETS</b>                                        | <u>104,815,896</u>                  | <u>8,429,739</u>                   | <u>96,386,157</u>        |
| <b>LIABILITIES</b>                                         |                                     |                                    |                          |
| Current Liabilities                                        | 4,082,389                           | 672,098                            | 3,410,291                |
| Non-Current Liabilities                                    | 14,143,692                          | 2,869,547                          | 11,274,145               |
| <b>TOTAL LIABILITIES</b>                                   | <u>18,226,081</u>                   | <u>3,541,645</u>                   | <u>14,684,436</u>        |
| <b>NET ASSETS</b>                                          | <u>86,589,815</u>                   | <u>4,888,094</u>                   | <u>81,701,721</u>        |

## Rural City Of Murray Bridge

### Financial Statement Notes for year ended 30 June 2006

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#### CHIEF EXECUTIVE OFFICER'S STATEMENT

I, DAVID JOHN ALTMANN, 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 for the council for the 2005/2006 financial year 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.



Signed \_\_\_\_\_

20/11/2006.

Date \_\_\_\_\_

#### ADOPTION STATEMENT

Laid before the RURAL CITY OF MURRAY BRIDGE COUNCIL

and adopted on the 21/11/2006



Signed \_\_\_\_\_

21/11/2006

Date \_\_\_\_\_



# **INDEPENDENT AUDIT REPORT TO THE MAYOR AND COUNCILLORS OF THE RURAL CITY OF MURRAY BRIDGE**

## **Scope**

I have audited the financial statements of the Rural City of Murray Bridge for the financial year ended **30 June 2006** as set out on pages **1 - 24**.

The Chief Executive Officer is responsible for the preparation and presentation of the financial statements and the information contained therein. I have conducted an independent audit of the financial statements in order to express an opinion on them.

The audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial statements are free of material misstatement. The procedures included an examination, on a test basis, of evidence supporting the amounts and other disclosure in the financial statements, and the evaluation of accounting policies and significant accounting estimates.

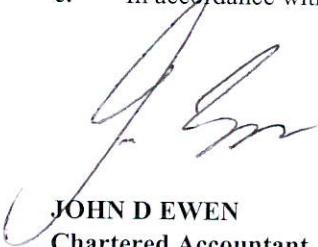
These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with Australian Accounting Concepts and Standards and the Local Government Act 1999, so as to present a view of equity which is consistent with my understanding of its financial position and the results of its operations.

The audit opinion expressed in this report has been formed on the above basis.

## **Audit Opinion**

In my opinion, the financial statements of the Rural City of Murray Bridge are properly drawn up:

- a. So as to give a true and fair view of:
  - (i) The Council's state of affairs as at 30 June 2006 and its operating result for the year ended on that date; and
  - (ii) The other matters required by chapter 8 of the Local Government Act 1999 and the Local Government Act 1999 to be dealt with in the accounts;
- b. In accordance with the provisions of the local government Act 1999 and the Local Government (Financial Management) Regulations 1999; and
- c. In accordance with Statement of Accounting Concepts and applicable Accounting Standards.

  
**JOHN D EWEN**  
Chartered Accountant  
Auditor

*20 November 2006*  
**Adelaide**