



# Financial statements

Year ending 30 June 2022

Natural environments – Kooyora State Park. *Image: Dave Thomas*

## TABLE OF CONTENTS

Certification of financial statements	3
<b>Financial Statements</b>	
Comprehensive Income Statement	6
Balance Sheet	7
Statement of Changes in Equity	8
Statement of Cash Flows	9
Statement of Capital Works	10
<b>Notes to the financial statements</b>	
<b>Note 1</b>	<b>11</b>
<b>Overview</b>	
<b>Note 2</b>	<b>12</b>
2.1 Performance against budget	
2.1.1 Income and expenditure	12
2.2.2 Capital works	13
2.2 Analysis of Council results by program	14
<b>Note 3</b>	<b>15</b>
<b>Funding for the delivery of our services</b>	
3.1 Rates and charges	15
3.2 Statutory fees and fines	15
3.3 User fees	16
3.4 Funding from other levels of government	16
3.5 Contributions	18
3.6 Reimbursements and subsidies	19
3.7 Net gain / (loss) on disposal of property, infrastructure, plant and equipment	19
3.8 Interest received	19
3.9 Other income	19
<b>Note 4</b>	<b>20</b>
<b>The cost of delivering services</b>	
4.1 Employee costs	20
4.2 Materials and services	20
4.3 Depreciation	22
4.4 Bad debts expense	22
4.5 Other expenses	22
<b>Note 5</b>	<b>23</b>
<b>Our financial position</b>	
5.1 Financial assets	23
5.2 Non-financial assets	25
5.3 Payables, trust funds and deposits and unearned income/revenue	27
5.4 Provisions	28
5.5 Financing arrangements	31
5.6 Commitments	32
5.7 Leases	33
<b>Note 6</b>	<b>35</b>
<b>Assets we manage</b>	
6.1 Non current assets classified as held for sale	35
6.2 Property, infrastructure, plant and equipment	36
6.3 Investments in associates, joint arrangements and subsidiaries	43
<b>Note 7</b>	<b>45</b>
<b>People and relationships</b>	
7.1 Council and key management remuneration	45
7.2 Related party disclosure	47
<b>Note 8</b>	<b>48</b>
<b>Managing uncertainties</b>	
8.1 Contingent assets and liabilities	48
8.2 Change in accounting standards	48
8.3 Financial instruments	49
8.4 Fair value measurement	51
8.5 Events occurring after balance date	52
<b>Note 9</b>	<b>53</b>
<b>Other matters</b>	
9.1 Reserves	53
9.2 Reconciliation of cash flows from operating activities to surplus / (deficit)	59
9.3 Superannuation	59
<b>Note 10</b>	<b>62</b>
<b>Change in accounting policy</b>	

## CERTIFICATION OF FINANCIAL STATEMENTS

In my opinion the accompanying financial statements have been prepared in accordance with the **Local Government Act 2020**, the **Local Government (Planning and Reporting) Regulations 2020**, Australian Accounting Standards and other mandatory professional reporting requirements.



Signed: ..... Date: **7 / September / 2022**  
**AMANDA KAYE WILSON, BBus (Acc), DipHR, CertWHS, PRINCIPAL ACCOUNTING OFFICER**  
**Wedderburn, Victoria 3518**

In our opinion the accompanying financial statements present fairly the financial transactions of the Loddon Shire Council for the year ended 30 June 2022 and the financial position of the Council as at that date.

At the date of signing, we are not aware of any circumstances that would render any particulars in the financial statements to be misleading or inaccurate.

We have been authorised by the Council and by the **Local Government (Planning and Reporting) Regulations 2020** to certify the financial statements in their final form.



Signed: ..... Date: **7 / September / 2022**  
**DANIEL ALLAN STRAUB, MAYOR**  
**Wedderburn, Victoria, 3518**



Signed: ..... Date: **7 / September / 2022**  
**NEIL EDWARD BEATTIE, COUNCILLOR**  
**Wedderburn, Victoria, 3518**



Signed: ..... Date: **7 / September / 2022**  
**LINCOLN WILLIAM FITZGERALD, BA (Nature Tourism), GAICD, CertTAA, CHIEF EXECUTIVE OFFICER**  
**Wedderburn, Victoria 3518**

# Independent Auditor's Report

## To the Councillors of Loddon Shire Council

<b>Opinion</b>	<p>I have audited the financial report of Loddon Shire Council (the council) which comprises the:</p> <ul style="list-style-type: none"> <li>• balance sheet as at 30 June 2022</li> <li>• comprehensive income statement for the year then ended</li> <li>• statement of changes in equity for the year then ended</li> <li>• statement of cash flows for the year then ended</li> <li>• statement of capital works for the year then ended</li> <li>• notes to the financial statements, including significant accounting policies</li> <li>• certification of financial statements.</li> </ul> <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the council as at 30 June 2022 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 4 of the <i>Local Government Act 2020</i>, the <i>Local Government (Planning and Reporting) Regulations 2020</i> and applicable Australian Accounting Standards.</p>
<b>Basis for Opinion</b>	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's <i>APES 110 Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
<b>Councillors' responsibilities for the financial report</b>	<p>The Councillors of the council are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, the <i>Local Government Act 2020</i> and the <i>Local Government (Planning and Reporting) Regulations 2020</i>, and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Councillors are responsible for assessing the council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

**Auditor's responsibilities for the audit of the financial report**

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the council's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Councillors
- conclude on the appropriateness of the Councillors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the council's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the council to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Councillors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



Travis Derricott  
as delegate for the Auditor-General of Victoria

MELBOURNE  
19 September 2022

## COMPREHENSIVE INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 \$	2021 \$
<b>Income</b>			
Rates and charges	3.1	11,890,953	11,521,260
Statutory fees and fines	3.2	383,610	423,057
User fees	3.3	1,538,812	1,745,588
Grants - operating	3.4	15,211,241	14,011,856
Grants - capital	3.4	2,965,192	6,979,510
Contributions - monetary	3.5	273,925	81,375
Reimbursements and subsidies	3.6	859,314	805,709
Net gain (or loss) on disposal of property, infrastructure, plant and equipment	3.7	34,433	88,633
Interest received	3.8	263,296	279,462
Share of net profits of associates and joint ventures	6.3	14,446	13,233
Other income	3.9	-	32
<b>Total income</b>		<b>33,435,222</b>	<b>35,949,715</b>
<b>Expenses</b>			
Employee costs	4.1	12,857,975	13,516,241
Materials and services	4.2	8,971,351	9,415,750
Depreciation	4.3	9,270,237	9,959,894
Bad debts expense	4.4	40,478	2,891
Other expenses	4.5	292,978	304,449
<b>Total expenses</b>		<b>31,433,019</b>	<b>33,199,225</b>
<b>Surplus (or deficit) for year</b>		<b>2,002,203</b>	<b>2,750,490</b>
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified to surplus or deficit in future periods</i>			
Net asset revaluation increment/(decrement)	9.1(a)	(10,365,945)	(5,840,410)
Share of other comprehensive income of associates and joint ventures accounted for by the equity method	6.3	(4,075)	(3,886)
<b>Total other comprehensive income</b>		<b>(10,370,020)</b>	<b>(5,844,296)</b>
<b>Total comprehensive result</b>		<b>(8,367,817)</b>	<b>(3,093,806)</b>

The above Comprehensive Income Statement should be read with the accompanying notes.

## BALANCE SHEET AS AT 30 JUNE 2022

	Note	2022 \$	2021 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	5.1	3,727,157	20,262,389
Other financial assets	5.1	36,684,402	17,183,417
Trade and other receivables	5.1	1,063,989	1,350,744
Other assets	5.2	393,485	235,646
Inventories	5.2	-	24,120
Non-current assets classified as held for sale	6.1	311,958	222,784
<b>Total current assets</b>		<b>42,180,991</b>	<b>39,279,100</b>
<b>Non-current assets</b>			
Other financial assets	5.1	-	-
Other assets	5.2	100	100
Trade and other receivables	5.1	-	-
Investments in associates, joint ventures and subsidiaries	6.3	295,054	284,683
Intangible assets	5.2	2,713,090	2,674,570
Property, infrastructure, plant and equipment	6.2	343,749,861	356,110,941
<b>Total non-current assets</b>		<b>346,758,105</b>	<b>359,070,294</b>
<b>Total assets</b>		<b>388,939,096</b>	<b>398,349,394</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	5.3(a)	692,750	1,471,993
Trust funds and deposits	5.3(b)	367,782	365,171
Unearned income	5.3(c)	3,076,276	2,976,276
Provisions	5.4	2,841,411	2,940,884
<b>Total current liabilities</b>		<b>6,978,219</b>	<b>7,754,324</b>
<b>Non-current liabilities</b>			
Provisions	5.4	1,246,284	1,512,661
Lease liabilities	5.7	-	-
<b>Total non-current liabilities</b>		<b>1,246,284</b>	<b>1,512,661</b>
<b>Total liabilities</b>		<b>8,224,503</b>	<b>9,266,985</b>
<b>Net assets</b>		<b>380,714,592</b>	<b>389,082,409</b>
<b>Equity</b>			
Accumulated surplus		91,667,547	90,938,554
Reserves	9	289,047,045	298,143,855
<b>Total equity</b>		<b>380,714,592</b>	<b>389,082,409</b>

The above Balance Sheet should be read with the accompanying notes.

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2022

**2022**

	Note	Total 2022 \$	Accumulated surplus 2022 \$	Revaluation reserve 2022 \$	Other reserves 2022 \$
Balance at beginning of the financial year		389,082,409	90,938,554	272,598,734	25,545,121
Surplus/(deficit) for the year		2,002,203	2,002,203	-	-
Net asset revaluation increment/(decrement)	9.1(a)	(10,365,945)	-	(10,365,945)	-
Transfer to reserves	9.1(b)	-	(19,065,147)	-	19,065,147
Transfer from reserves	9.1(b)	-	17,796,012	-	(17,796,012)
Share of other comprehensive income		(4,075)	(4,075)	-	-
<b>Balance at end of financial year</b>		<b>380,714,592</b>	<b>91,667,547</b>	<b>262,232,789</b>	<b>26,814,256</b>

**2021**

	Note	Total 2021 \$	Accumulated surplus 2021 \$	Revaluation reserve 2021 \$	Other reserves 2021 \$
Balance at beginning of the financial year		392,176,215	90,918,332	278,439,144	22,818,739
Surplus/(deficit) for the year		2,750,490	2,750,490	-	-
Net asset revaluation increment/(decrement)	9.1(a)	(5,840,410)	-	(5,840,410)	-
Transfer to reserves	9.1(b)	-	(19,622,115)	-	19,622,115
Transfer from reserves	9.1(b)	-	16,895,733	-	(16,895,733)
Share of other comprehensive income		(3,886)	(3,886)	-	-
<b>Balance at end of financial year</b>		<b>389,082,409</b>	<b>90,938,554</b>	<b>272,598,734</b>	<b>25,545,121</b>

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 Inflows/ (outflows) \$	2021 Inflows/ (outflows) \$
<b>Cash flows from operating activities</b>			
Rates and charges		11,936,398	11,542,848
Statutory fees and fines		356,251	412,961
User fees		1,632,691	1,518,000
Grants - operating		15,326,794	13,715,848
Grants - capital		3,065,192	9,250,786
Contributions - monetary		273,925	81,375
Reimbursements and subsidies		859,314	875,205
Interest received		196,033	272,751
Net GST refund		1,268,707	1,449,161
Trust funds and deposits taken		2,611	8,791
Employee costs		(12,960,079)	(13,124,062)
Material and services		(11,623,720)	(10,477,527)
<b>Net cash provided by (used in) operating activities</b>	9.2	<b>10,334,117</b>	<b>15,526,137</b>
<b>Cash flows from investing activities</b>			
Payments for property, infrastructure, plant and equipment	6.2	(7,579,652)	(9,455,472)
Proceeds from sale of property, infrastructure, plant and equipment	3.7	211,938	1,046,295
Payments for intangible assets		(650)	-
Payments from / (for) investments		(19,500,985)	4,816,583
Repayment of loans and advances from community organisations		-	2,400
<b>Net cash provided by (used in) investing activities</b>		<b>(26,869,349)</b>	<b>(3,590,194)</b>
Net increase/(decrease) in cash and cash equivalents		(16,535,232)	11,935,943
Cash and cash equivalents at the beginning of the financial year		20,262,389	8,326,446
<b>Cash and cash equivalents at the end of the financial year</b>	5.1	<b>3,727,157</b>	<b>20,262,389</b>

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

## STATEMENT OF CAPITAL WORKS FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 \$	2021 \$
<b>Land and buildings</b>			
Land		840,934	-
Buildings - specialised		288,337	433,496
Work in progress		444,855	1,178,769
<b>Total buildings</b>		<b>1,574,126</b>	<b>1,612,265</b>
<b>Plant and fittings</b>			
Plant, machinery and equipment		749,230	1,344,845
Office furniture and equipment		90,326	114,858
<b>Total plant and equipment</b>		<b>839,556</b>	<b>1,459,703</b>
<b>Infrastructure</b>			
Roads		3,514,155	3,770,911
Bridges		920,762	1,102,159
Footpaths and cycleways		353,946	562,886
Kerb and channel		169,544	-
Drainage		207,563	202,930
Street furniture		-	17,480
Work in progress		-	727,138
<b>Total infrastructure</b>		<b>5,165,970</b>	<b>6,383,504</b>
<b>Intangible assets</b>			
Water rights		23,200	-
<b>Total intangible assets</b>		<b>23,200</b>	<b>-</b>
<b>Total capital works expenditure</b>			
		<b>7,602,852</b>	<b>9,455,472</b>
<b>Represented by:</b>			
New asset expenditure		1,697,932	1,361,445
Asset renewal expenditure		5,451,463	5,783,378
Asset expansion expenditure		332,338	198,842
Asset upgrade expenditure		121,119	2,111,807
<b>Total capital works expenditure</b>		<b>7,602,852</b>	<b>9,455,472</b>

The above statement of capital works should be read with the accompanying notes.

## NOTE 1 OVERVIEW

### Introduction

The Loddon Shire Council was established by an Order of the Governor in Council on 19 January 1995 and is a body corporate. The Council's main office is located at 41 High Street, Wedderburn.

### Statement of compliance

These financial statements are a general purpose financial report that consist of a Comprehensive Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows, Statement of Capital Works and Notes accompanying these financial statements. The general purpose financial report complies with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards (AAS), the *Local Government Act 2020*, and the *Local Government (Planning and Reporting) Regulations 2020*.

Council is a not-for-profit entity and therefore applies the additional AUS paragraphs applicable to a not-for-profit entity under the Australian Accounting Standards.

### Significant accounting policies

#### (a) Basis of accounting

The accrual basis of accounting has been used in the preparation of these financial statements, except for the cash flow information, whereby assets liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

The financial statements are based on the historical cost convention, going concern basis, currency and rounding as well as accrual accounting has been used, except for cash flow information, unless a different measurement basis is specifically disclosed in the notes to the financial statements.

Judgements, estimates and assumptions are required to be made about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated judgements are based on professional judgement derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The financial statements have been prepared on a going concern basis. The financial statements are in Australian dollars. The amounts presented in the financial statements have been rounded to the nearest dollar unless otherwise specified. Minor discrepancies in tables between totals and the sum of components due to rounding.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements and assumptions made by management in the application of AAS's that have significant effects on the financial statements and estimates relate to:

- the fair value of land, buildings, infrastructure, plant and equipment (refer to Note 6.2)
- the determination of depreciation for buildings, infrastructure, plant and equipment (refer to Note 6.2)
- the determination of employee provisions (refer to Note 5.4)
- the determination of landfill provisions (refer to Note 5.4)
- the determination of whether performance obligations are sufficiently specific as to determine whether an arrangement is within the scope of *AASB 15 Revenue from Contracts with Customers* or *AASB 1058 Income for Not-for-Profit Entities* (refer to Note 3)
- whether or not *AASB 1059 Service Concession Agreements: Grantors* is applicable
- other areas requiring judgements.

Unless otherwise stated, all accounting policies are consistent with those applied in the prior year. Where appropriate, comparative figures have been amended to accord with current presentation and disclosure has been made of any material changes to comparatives.

#### (b) Impact of COVID-19

During 2021/22 the COVID-19 pandemic continued to impact on Council's operations. Council has noted only minor interruptions and no impacts of a material nature on its financial operations.

## NOTE 2

### 2.1 Performance against budget

The performance against budget notes compare Council's financial plan, expressed through its annual budget, with actual performance. The *Local Government (Planning and Reporting) Regulations 2020* requires explanation of any material variances. Management has adopted a materiality threshold of 20 percent and \$50,000 where further explanation is warranted. Explanations have not been provided for variations below the materiality threshold.

The budget figures detailed below are those adopted by Council on 24 June 2021.

These notes are prepared to meet the requirements of the *Local Government Act 2020* and the *Local Government (Planning and Reporting) Regulations 2020*.

#### 2.1.1 Income and expenditure

	Budget 2022 \$	Actual 2022 \$	Variance \$	Variance %	Ref
<b>Income</b>					
Rates and charges	11,841,819	11,890,953	(49,134)	0.4%	
Statutory fees and fines	279,467	383,610	(104,143)	37.3%	1
User fees	1,496,306	1,538,812	(42,506)	2.8%	
Grants - operating	6,350,499	15,211,241	(8,860,742)	139.5%	2
Grants - capital	2,387,726	2,965,192	(577,466)	24.2%	3
Contributions - monetary	-	273,925	(273,925)	100.0%	4
Reimbursements and subsidies	762,964	859,314	(96,350)	12.6%	
Interest earnings	300,000	263,296	36,704	-12.2%	
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	-	34,433	(34,433)	100.0%	
Share of net profits/(losses) of associates and joint ventures	-	14,446	(14,446)	100.0%	
Other income	-	-	-	100.0%	
<b>Total income</b>	<b>23,418,781</b>	<b>33,435,222</b>	<b>(10,016,441)</b>	<b>42.8%</b>	
<b>Expenses</b>					
Employee costs	13,649,014	12,857,975	791,039	-5.8%	
Materials and services	10,519,882	8,971,351	1,548,531	-14.7%	
Depreciation	9,908,459	9,270,237	638,222	-6.4%	
Bad and doubtful debts	-	40,478	(40,478)	100.0%	
Other expenses	336,449	292,978	43,471	-12.9%	
<b>Total expenses</b>	<b>34,413,804</b>	<b>31,433,019</b>	<b>2,980,785</b>	<b>-8.7%</b>	
<b>Surplus/(deficit) for the year</b>	<b>(10,995,023)</b>	<b>2,002,203</b>	<b>(12,997,226)</b>	<b>-118.2%</b>	

#### (i) Explanation of material variations

- 1 The increase in statutory fees and fines relate mainly to the additional income received for planning services.
- 2 Operating grants had a financial position higher than budget mainly due to the upfront payments from the grants commission with 50% of 20/21 income received upfront and 75% of 21/22 income received upfront.
- 3 Capital grant income was higher than budgeted due to additional road and infrastructure program grants that were received during 2021/22.
- 4 There was no contributions included within the 2021/22 budget, however these commitments were carried forward from 2020/21, resulting in a variation.

**NOTE 2 (CONTINUED)****2.1 Performance against budget (continued)****2.1.2 Capital works**

	<b>Budget 2022 \$</b>	<b>Actual 2022 \$</b>	<b>Variance \$</b>	<b>Variance %</b>	<b>Ref</b>
<b>Property</b>					
Land	-	835,176	(835,176)	100.0%	5
Land improvements	5,000	136,491	(131,491)	2629.8%	5
<b>Total land</b>	<b>5,000</b>	<b>971,667</b>	<b>(966,667)</b>	<b>19333.3%</b>	
Buildings	-	70,247	(70,247)	100.0%	5
Building improvements	272,500	171,592	100,908	-37.0%	5
<b>Total buildings</b>	<b>272,500</b>	<b>241,839</b>	<b>30,661</b>	<b>-11.3%</b>	
<b>Total property</b>	<b>277,500</b>	<b>1,213,506</b>	<b>(936,006)</b>	<b>337.3%</b>	
<b>Plant and equipment</b>					
Plant, machinery and equipment	1,427,920	749,230	678,690	-47.5%	6
Office furniture and equipment	175,000	90,326	84,674	-48.4%	7
<b>Total plant and equipment</b>	<b>1,602,920</b>	<b>839,556</b>	<b>763,364</b>	<b>-47.6%</b>	
<b>Infrastructure</b>					
Roads	2,922,503	3,514,153	(591,650)	20.2%	8
Bridges	146,701	920,762	(774,061)	527.6%	8
Footpaths and cycleways	240,814	523,490	(282,676)	117.4%	8
Drainage	350,000	207,563	142,437	-40.7%	8
Recreation, leisure and community facilities	1,330,000	197,719	1,132,281	-85.1%	8
Parks, open space and streetscapes	50,000	162,903	(112,903)	225.8%	8
Water rights	-	23,200	(23,200)	0.0%	9
<b>Total infrastructure</b>	<b>5,040,018</b>	<b>5,549,790</b>	<b>(509,772)</b>	<b>10.1%</b>	
<b>Total capital works expenditure</b>	<b>6,920,438</b>	<b>7,602,852</b>	<b>(682,414)</b>	<b>9.9%</b>	
<b>Represented by:</b>					
New asset expenditure	1,602,920	1,697,932	(95,012)	5.9%	
Asset renewal expenditure	3,987,518	5,451,463	(1,463,945)	36.7%	
Asset expansion expenditure	100,000	332,338	(232,338)	100.0%	
Asset upgrade expenditure	1,230,000	121,119	1,108,881	-90.2%	
<b>Total capital works expenditure</b>	<b>6,920,438</b>	<b>7,602,852</b>	<b>(682,414)</b>	<b>9.9%</b>	

**(i) Explanation of material variations**

- 5 The total capital works program for the year was originally budgeted at \$278K. This was increased to \$2.4M by the end of 2021/22 due to a large amount of carry over incomplete works and only \$1.2M delivered.
- 6 The replacement program has faced significant delivery wait times due to the ongoing impact of COVID-19.
- 7 The decrease in spend is a result of lower capital purchases with a \$3,000 capitalisation threshold.
- 8 The capital works program for the 2021/22 was originally budgeted at \$5.0M. This was increased to \$22.0M by the end of 2021/22 due to a large amount of carry over incomplete works and new grants throughout the year. Major items that were not delivered and have been carried over to 2022/23 includes Donaldson Park aPvilion \$3.3M, Pyramid Hill Community Centre of \$2.6M, footpaths of \$0.73M, Pyramid Hill streetscape of \$1.47M and road construction works of \$1.2M.
- 9 Water right movements are not budgeted and the actual reflects the adjusted need of water allocations.

## NOTE 2 (CONTINUED)

### 2.2 Analysis of Council results by program

Council delivers its functions and activities through the following programs:

#### 2.2.1 Programs

##### **A sustainable built and natural environment**

**Infrastructure:** We will implement financially and environmentally sustainable infrastructure that supports our social and economic needs.

**Environment:** We will work with our partners to preserve and protect our local environment. We will support our community to respond to the impacts of climate change.

##### **A growing and vibrant community**

**Population:** We will promote population growth to support a growing and diverse community.

**Community:** We will support a connected and inclusive community that provides opportunities for current and new community members at all ages, abilities, and stages of their life.

**Youth:** We will support our youth to access pathways for education and employment and the ability to connect and actively engage with their community.

##### **A diverse and expanding economy**

**Tourism:** We will promote our unique tourism opportunities and support our local tourism industry to increase visitation to our area.

**Economy:** We will support established businesses and seek to attract new businesses to grow our local economy.

##### **A supported and accessible community**

**Services:** We will deliver our core services and advocate for access to other services for our community that support the health, wellbeing and liveability of our community.

**Communication:** We will listen to our community about how they wish to communicate with us and implement effective communication methods to achieve this. We will provide our community with opportunities to engage with us.

#### 2.2.2 Summary of income, expenses, assets and capital expenses by program

##### 2022 - Updated Council Plan

	Income \$	Expenses \$	Surplus / (Deficit) \$	Grants included in income \$	Total assets \$
Sustainable built and natural environment	5,534,698	3,945,574	1,589,124	3,338,206	338,949,869
Growing and vibrant community	592,635	1,382,673	(790,038)	134,160	-
Diverse and expanding economy	1,015,660	971,524	44,136	337,844	311,958
Supported and accessible community	26,292,229	25,133,248	1,158,981	14,366,223	49,677,269
<b>Total</b>	<b>33,435,222</b>	<b>31,433,019</b>	<b>2,002,203</b>	<b>18,176,433</b>	<b>388,939,096</b>

##### 2021 - Previous Council Plan

	Income \$	Expenses \$	Surplus / (Deficit) \$	Grants included in income \$	Total assets \$
Economic development and tourism	761,287	1,436,970	(675,683)	112,709	5,923,551
Leadership	1,095,213	4,408,989	(3,313,776)	1,092,908	39,081,333
Works and infrastructure	8,709,289	6,139,035	2,570,254	7,879,855	298,998,293
Good management	17,005,296	14,253,502	2,751,794	6,222,261	6,005,886
Environment	2,329,926	1,761,854	568,072	330,543	13,071,158
Community services and recreation	6,048,704	5,198,875	849,829	5,353,090	35,269,173
<b>Total</b>	<b>35,949,715</b>	<b>33,199,225</b>	<b>2,750,490</b>	<b>20,991,366</b>	<b>398,349,394</b>

## NOTE 3 FUNDING FOR THE DELIVERY OF OUR SERVICES

### 3.1 Rates and charges

Council uses Capital Improved Value (C.I.V.) as the basis of valuation of all properties within the municipal district. The C.I.V. of a property includes the value of the land and all improvements on the land.

The valuation base used to calculate general rates for 2021/22 was \$2,672,413,100. The valuation base used in 2020/21 was \$2,390,287,700.

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
General rates	2,506,374	2,506,891
Rural production rates	6,205,467	6,074,324
Municipal charges	1,318,915	1,276,081
Kerbside recycling charges	476,727	432,071
Garbage charges	1,336,289	1,203,059
Interest on rates and charges	47,181	28,834
<b>Total rates and garbage charges</b>	<b>11,890,953</b>	<b>11,521,260</b>

The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2021, and the valuation was first applied in the rating year commencing 1 July 2021.

Annual rates and charges are recognised as revenues when Council issues annual rates notices. Supplementary rates are recognised when a valuation and reassessment is completed and a supplementary rates notice issued.

### 3.2 Statutory fees and fines

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<b>Statutory fees and fines</b>		
Rates and property	12,164	12,932
Risk management	6,099	6,282
Building regulation	76,676	83,229
Local laws and animal management	82,769	83,622
Public health	58,973	60,460
Strategic and statutory planning	146,929	176,532
<b>Total statutory fees and fines</b>	<b>383,610</b>	<b>423,057</b>

Statutory fees and fines (including building permits and local laws fines) are recognised as revenue when the service has been provided, the payment is received, or when the penalty has been applied, whichever occurs first.

**NOTE 3 FUNDING FOR THE DELIVERY OF OUR SERVICES (Continued)****3.3 User fees**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<b>User fees</b>		
Caravan parks	635,256	552,685
Loddon Discovery Tours	675	7,389
Tourism	2,350	3,564
Aged care services	478,471	507,726
Seniors	1,897	-
Emergency management	3,675	11,202
Preschools	56,866	19,062
Corporate governance	6,328	-
Financial services	949	1,076
Human resources and development	51,371	41,221
Risk management	-	2,188
Council engineering and technical services	50,072	52,619
Building regulation	1,162	3,593
Local laws and animal management	472	2,112
Building and property management	37,475	65,302
Gravel pits	34,155	173,488
Parks and townships	102	13,838
Roads	13,278	-
Waste management	61,314	190,765
Other	6,654	6,597
<b>Rent received</b>		
Elderly persons units	56,755	55,941
Economic development	39,535	35,220
<b>Total user fees</b>	<b>1,538,812</b>	<b>1,745,588</b>
<b>User fees by timing of revenue recognition</b>		
User fees recognised over time	-	-
User fees recognised at a point in time	1,538,812	1,745,588
<b>Total user fees</b>	<b>1,538,812</b>	<b>1,745,588</b>

User fees are recognised as revenue at a point in time, or over time, when (or as) the performance obligation is satisfied. Recognition is based on the underlying contractual terms.

**3.4 Funding from other levels of government**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Grants were received in respect of the following:		
<b>Summary of grants</b>		
Commonwealth funded grants	14,595,172	11,787,331
State funded grants	3,581,261	9,204,035
<b>Total grants received</b>	<b>18,176,433</b>	<b>20,991,366</b>

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<b>(a) Operating grants</b>		
<b>Recurrent - Commonwealth Government:</b>		
Financial Assistance Grant - general purpose grant	7,020,658	5,666,426
Financial Assistance Grant - local roads	5,186,788	3,733,180
<b>Total operating Commonwealth Government grants</b>	<b>12,207,446</b>	<b>9,399,606</b>

## NOTE 3 FUNDING FOR THE DELIVERY OF OUR SERVICES (Continued)

### 3.4 Funding from other levels of government (continued)

	2022 \$	2021 \$
<b>Recurrent - State Government:</b>		
Aged care services	916,875	857,189
Seniors	6,700	51,453
Maternal and child health	277,885	262,045
Early years	161,029	74,607
Preschools	549,334	477,417
Youth	12,250	24,500
Rates and property	45,599	44,595
Roads	75,000	75,000
Waste management	27,252	-
Other	33,514	31,152
<b>Non recurrent - State Government:</b>		
Administration and management	(85,550)	1,092,908
Economic development	210,000	-
Aged services	-	82,434
Community wellbeing projects	94,044	-
Community support	36,106	155,370
Emergency management	30,000	75,000
Grants and community planning	100,000	50,000
Early years	119,936	153,635
Preschools	69,968	113,164
Human resources and development	2,601	147,000
Project and contract management	296,000	564,500
Local laws and animal management	-	250,000
Waste management	-	8,280
Other	25,252	22,001
<b>Total operating State Government grants</b>	<b>3,003,795</b>	<b>4,612,250</b>
<b>Total operating grants</b>	<b>15,211,241</b>	<b>14,011,856</b>
<b>(b) Capital grants</b>		
<b>Recurrent - Commonwealth Government:</b>		
Roads to Recovery	2,387,726	2,387,725
<b>Total capital Commonwealth Government grants</b>	<b>2,387,726</b>	<b>2,387,725</b>
<b>Recurrent - State Government:</b>		
Caravan parks	127,844	90,710
Waste management	-	50,000
<b>Non recurrent - State Government:</b>		
Grants and community planning	90,000	-
Information technology	-	98,470
Project and contract management	359,622	4,095,725
Waste management	-	256,880
Waterways management	-	-
<b>Total capital State Government grants</b>	<b>577,466</b>	<b>4,591,785</b>
<b>Total capital grants</b>	<b>2,965,192</b>	<b>6,979,510</b>

## NOTE 3 FUNDING FOR THE DELIVERY OF OUR SERVICES (Continued)

### 3.4 Funding from other levels of government (continued)

#### (c) Unspent grants received on condition that they be spent in a specific manner

	2022 \$	2021 \$
<b>Operating</b>		
<b>Balance at start of year</b>	<b>7,350,767</b>	<b>6,722,845</b>
Received during the financial year and remained unspent at balance date	5,539,277	5,809,742
Received in prior years and spent during the financial year	(5,752,227)	(5,181,820)
<b>Balance at year end</b>	<b>7,137,817</b>	<b>7,350,767</b>
<b>Capital</b>		
<b>Balance at start of year</b>	<b>3,509,637</b>	<b>1,286,702</b>
Received during the financial year and remained unspent at balance date	3,933,445	3,561,471
Received in prior years and spent during the financial year	(3,244,464)	(1,338,536)
<b>Balance at year end</b>	<b>4,198,618</b>	<b>3,509,637</b>

#### (d) Recognition of grant income

Before recognising funding from government grants as revenue Council assesses whether there is a contract that is enforceable and has sufficiently specific performance obligations in accordance with *AASB 15 Revenue from Contracts with Customers*. When both these conditions are satisfied, Council:

- identifies each performance obligation relating to revenue under the contract/agreement
- determines the transaction price
- recognises a contract liability for its obligations under the agreement
- recognises revenue as it satisfies its performance obligations, at the time or over time when services are rendered.

Where the contract is not enforceable and/or does not have sufficiently specific performance obligations, the Council applies *AASB 1058 Income for Not-for-Profit Entities*.

Grant revenue with sufficiently specific performance obligations is recognised over time as the performance obligations specified in the underlying agreement are met. Where performance obligations are not sufficiently specific, grants are recognised on the earlier of receipt or when an unconditional right to receipt has been established. Grants relating to capital projects are generally recognised progressively as the capital project is completed. The following table provides a summary of the accounting framework under which grants are recognised.

	2022 \$	2021 \$
<b>Income recognised under AASB 1058 Income of Not-for-Profit Entities</b>		
General purpose	12,288,338	9,425,711
Specific purpose grants to acquire non-financial assets	2,195,821	2,542,517
Other specific purpose grants	11,500	11,220
<b>Revenue recognised under AASB 15 Revenue from Contracts with Customers</b>		
Specific purpose grants	3,680,774	9,011,918
<b>Total grants recognised in income statement</b>	<b>18,176,433</b>	<b>20,991,366</b>

### 3.5 Contributions

	2022 \$	2021 \$
Contributions - operating - monetary	9,948	70,000
Contributions - capital - monetary	263,977	11,375
<b>Total contributions</b>	<b>273,925</b>	<b>81,375</b>

Monetary and non monetary contributions are recognised as revenue at their fair value when Council obtains control over the contributed asset.

**NOTE 3 FUNDING FOR THE DELIVERY OF OUR SERVICES (Continued)****3.6 Reimbursements and subsidies**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Council administration	55,000	47,925
Aged care services	12,860	-
Grants and community planning	17,753	-
Risk management	85,395	41,998
Swimming pools	-	11,300
Plant and fleet	121,338	140,970
Department of Transport routine maintenance contract	566,968	563,516
Other	-	-
<b>Total reimbursements and subsidies</b>	<b>859,314</b>	<b>805,709</b>

Reimbursements and subsidies are recognised as revenue when the service has been provided or Council has otherwise earned the income.

**3.7 Net gain (or loss) on disposal of property, infrastructure, plant and equipment**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Proceeds from sale	211,938	1,046,295
Written down value of assets disposed	(177,505)	(957,662)
<b>Total net gain (or loss) on disposal of property, infrastructure, plant and equipment</b>	<b>34,433</b>	<b>88,633</b>

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

**3.8 Interest received**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Interest on investments	216,115	250,628
Rates interest	47,181	28,834
<b>Total interest received</b>	<b>263,296</b>	<b>279,462</b>

**3.9 Other income**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Reversal of impairment of assets	-	32
<b>Total other income</b>	<b>-</b>	<b>32</b>

## NOTE 4 THE COST OF DELIVERING SERVICES

### 4.1 (a) Employee costs

	2022 \$	2021 \$
Salaries and wages	10,184,666	11,114,023
Annual leave and long service leave	1,298,849	915,838
Superannuation	1,127,908	1,116,829
Fringe benefits	84,049	57,163
Workcover	162,503	312,388
<b>Total employee costs</b>	<b>12,857,975</b>	<b>13,516,241</b>

### (b) Superannuation

Council made contributions to the following funds:

	2022 \$	2021 \$
<b>Defined benefit fund</b>		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	94,428	71,017
<b>Total defined benefit fund</b>	<b>94,428</b>	<b>71,017</b>

Employer contributions payable at reporting date is NIL.

	2022 \$	2021 \$
<b>Accumulation funds</b>		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	492,304	539,760
Employer contributions - Australian Super	94,595	100,840
Employer contributions - VicSuper	58,185	58,111
Employer contributions - Hesta	47,946	39,443
Employer contributions - Cbus	47,057	51,558
Employer contributions - other funds	293,393	256,100
<b>Total accumulated funds</b>	<b>1,033,480</b>	<b>1,045,812</b>

Employer contributions payable at reporting date is NIL.

Refer to Note 9.3 for further information relating to Council's superannuation obligations.

### 4.2 Materials and services

	2022 \$	2021 \$
<b>Major contracts</b>		
Caravan parks	222,292	173,291
Swimming pools	529,900	238,482
Building and property maintenance	229,310	150,378
Waste management operations	1,209,526	1,009,321
Other contracts	73,051	12,231
Valuations	65,335	15,126
<b>Other materials and services</b>		
Cleaning	1,674	3,962
Insurance	516,998	474,203
Administration and management	343,910	490,470
Economic development	163,589	106,075
Council administration	162,865	193,653
Library services	205,661	206,563

**NOTE 4 THE COST OF DELIVERING SERVICES (Continued)****4.2 Materials and services (continued)**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Media	83,730	38,567
Caravan parks	151,208	138,740
Tourism	82,147	70,218
Aged care services	272,089	229,864
Elderly persons units	51,389	29,206
Seniors	25,072	13,006
Community wellbeing	27,536	-
Community support	265,158	310,485
Grants and community planning	564,597	686,456
Emergency management	30,511	-
Municipal health and wellbeing	45,156	52,851
Swimming pools	109,856	100,949
Early years	77,865	41,980
Preschools	92,867	79,995
Corporate governance	-	92,514
Financial services	43,886	44,536
Customer service	32,697	50,419
Information technology	137,599	87,059
Human resources and management	280,333	165,432
Risk management	159,874	77,025
Council engineering and technical services	63,504	128,595
Project and contract management	7,193	74,759
Building regulation	34,491	13,147
Local laws and animal management	31,987	200,968
Public health	42,637	61,256
Building and property maintenance	354,867	256,191
Plant and fleet	212,964	1,044,234
Gravel pits	(15,402)	(6,782)
Parks and townships	189,064	158,956
Roads	193,591	307,433
Department of Transport routine maintenance contract	158,349	41,930
Waste management	11,651	423,367
Waterways management	21,998	26,900
Software	668,941	728,095
Utilities	548,608	491,984
Other	189,227	81,660
<b>Total materials and services</b>	<b>8,971,351</b>	<b>9,415,750</b>

Expenses are recognised as they are incurred and reported in the financial year to which they relate.

**NOTE 4 THE COST OF DELIVERING SERVICES (Continued)****4.3 Depreciation**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Roads	5,735,048	6,479,294
Buildings	1,504,207	1,504,207
Plant and equipment	886,211	932,651
Bridges	486,245	391,248
Urban drains	224,057	212,151
Furniture and equipment	125,220	131,077
Footpaths	158,066	158,342
Kerb and channel	108,243	97,374
Landfills	10,163	25,640
Street furniture	31,629	26,685
Quarries	1,148	1,225
<b>Total depreciation</b>	<b>9,270,237</b>	<b>9,959,894</b>

Refer to Note 5.2 (c) and 6.2 for a more detailed breakdown of depreciation charges and accounting policy.

**4.4 Bad and doubtful debts**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Rates debtors	34,668	1,189
Sundry debtors	5,810	1,702
<b>Total bad debts expense</b>	<b>40,478</b>	<b>2,891</b>

**Movement in provisions for doubtful debts**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Balance at beginning of the year	122,528	127,248
New provisions recognised during the year	40,743	8,090
Amounts already provided for and written off as uncollectible	(11,818)	(8,001)
Amounts provided for but recovered during the year	(265)	(4,809)
<b>Balance at end of year</b>	<b>151,188</b>	<b>122,528</b>

Provision for doubtful debt is recognised based on an expected credit loss model. This model considers both historic and forward looking information in determining the level of impairment.

**4.5 Other expenses**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Councillors' allowances	210,005	228,869
Auditors' remuneration - Internal Audit	37,264	34,980
Auditors' remuneration - VAGO - Audit of the financial statements, performance statement and grant acquittals	45,709	40,600
<b>Total other expenses</b>	<b>292,978</b>	<b>304,449</b>

## NOTE 5 OUR FINANCIAL POSITION

### 5.1 Financial assets

#### (a) Cash and cash equivalents

	2022 \$	2021 \$
Cash on hand	2,450	2,578
Cash at bank (CEO's advance account)	4,000	4,000
Cash at bank (general account)	3,720,707	14,255,811
Term deposits (less than 90 days)	-	6,000,000
<b>Cash and cash equivalents</b>	<b>3,727,157</b>	<b>20,262,389</b>

#### (b) Other financial assets

	2022 \$	2021 \$
Term deposits (current)	36,500,000	17,000,000
Cash at bank (trust account)	184,402	183,417
Term deposits (non-current)	-	-
<b>Total other financial assets</b>	<b>36,684,402</b>	<b>17,183,417</b>

Council's other financial assets are subject to a number of internal and external restrictions that limit amounts available for discretionary or future use. These include:

	2022 \$	2021 \$
<b>Restricted funds</b>		
Trust funds (Note 5.3)	367,782	365,171
<b>Total restricted funds</b>	<b>367,782</b>	<b>365,171</b>
<b>Total unrestricted funds</b>	<b>36,316,620</b>	<b>16,818,246</b>

#### Intended allocations

Although not externally restricted the intended allocations above have been allocated for specific future purposes by Council.

	2022 \$	2021 \$
Unspent grants (refer to Note 9.1)	11,336,434	10,860,404
Long service leave (refer to Note 5.4)	1,999,063	2,032,984
<b>Total restricted and intended allocation funds</b>	<b>13,335,497</b>	<b>12,893,388</b>

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

Other financial assets are valued at fair value, at balance date. Term deposits are measured at original cost. Any unrealised gains and losses on holdings at balance date are recognised as either revenue or expense.

Other financial assets include term deposits and those with original maturity dates of three to 12 months are classified as current, whilst term deposits with maturity dates greater than 12 months are classified as non-current.

**NOTE 5 OUR FINANCIAL POSITION (Continued)****5.1 Financial assets (continued)****(c) Trade and other receivables**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
<i>Statutory receivables</i>		
Rates debtors	208,520	253,965
LESS provision for doubtful debts	(81,642)	(22,405)
	<b>126,878</b>	<b>231,560</b>
<i>Non statutory receivables</i>		
Sundry debtors	718,994	815,776
Other debtors	107,209	107,524
LESS provision for doubtful debts	(69,546)	(100,123)
Net receivable GST	180,454	296,007
Loans and advances to community organisations	-	-
	<b>937,111</b>	<b>1,119,184</b>
<b>Total current</b>	<b>1,063,989</b>	<b>1,350,744</b>
<b>Non-current</b>		
<i>Non statutory receivables</i>		
Loans and advances to community organisations	-	-
<b>Total non-current</b>	-	-
<b>Total trade and other receivables</b>	<b>1,063,989</b>	<b>1,350,744</b>

Short term receivables are carried at invoice amount. A provision for doubtful debts is recognised when there is objective evidence that an impairment has occurred. Long term receivables are carried at amortised cost using effective interest rate method.

**(i) Ageing of receivables**

The ageing of the Council's trade and other receivables (excluding statutory receivables) that are not impaired was:

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Current (not yet due)	484,070	606,678
Past due by up to 30 days	19,342	91,836
Past due between 31 and 180 days	31,530	102,426
Past due between 181 and 365 days	977	14,836
Past due over 365 days	290,284	107,524
<b>Total trade and other receivables</b>	<b>826,203</b>	<b>923,300</b>

**NOTE 5 OUR FINANCIAL POSITION (Continued)****5.1 Financial assets (continued)****(c) Trade and other receivables (continued)****(ii) Ageing of individually impaired receivables**

At balance date, other debtors representing financial assets with a nominal value of \$69,546 (2021: \$100,123) were impaired. The amount of the provision raised against these debtors was \$69,546 (2021: \$100,123). They individually have been impaired as a result of their doubtful collection. Many of the long outstanding past due amounts have been lodged with Council's debt collectors or are on payment arrangements.

The ageing of receivables that have been individually determined as impaired at reporting date was:

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Current (not yet due)	-	-
Past due by up to 30 days	-	-
Past due between 31 and 180 days	-	-
Past due between 181 and 365 days	69,546	100,123
Past due by more than 1 year	-	-
<b>Total trade and other receivables</b>	<b>69,546</b>	<b>100,123</b>

**5.2 Non-financial assets****(a) Inventories**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Inventories held for distribution	-	24,120
Inventories held for sale	-	-
<b>Total inventories</b>	<b>-</b>	<b>24,120</b>

Inventories held for distribution are measured at cost, adjusted when applicable for any loss of service potential. All other inventories, including land held for sale, are measured at the lower of cost and net realisable value. Where inventories are acquired for no cost or nominal consideration, they are measured at current replacement cost at the date of acquisition.

**(b) Other assets**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
Accrued income	130,642	63,379
Prepayments	262,843	172,267
<b>Total current</b>	<b>393,485</b>	<b>235,646</b>
<b>Non-current</b>		
Procurement Australia Pty Ltd Shares	100	100
<b>Total non-current</b>	<b>100</b>	<b>100</b>
<b>Total other assets</b>	<b>393,585</b>	<b>235,746</b>

**NOTE 5 OUR FINANCIAL POSITION (Continued)****5.2 Non-financial assets (continued)****(c) Intangible assets**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<b>Non-current</b>		
Water rights	2,713,090	2,674,570
<b>Total intangible assets</b>	<b>2,713,090</b>	<b>2,674,570</b>

**Reconciliation of movements in intangible assets for the reporting period**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<b>Water rights</b>		
Gross carrying amount at beginning of period	2,674,570	2,979,650
Additional water rights obtained during the period	23,200	-
Water rights disposed of during the period	(22,500)	-
Revaluation increment / (decrement)	37,820	(305,080)
Depreciation and amortisation	-	-
<b>Gross carrying amount at end of period</b>	<b>2,713,090</b>	<b>2,674,570</b>

Water rights are revalued annually and are deemed to have a infinite life.

Water rights are revalued at 30 June 2022 to the published water trade market rate applying at that date.

**NOTE 5 OUR FINANCIAL POSITION (Continued)****5.3 Payables, trust funds and deposits and unearned income/revenue****(a) Trade and other payables**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<i>Non-statutory payables</i>		
Trade payables	305,999	1,137,128
Accrued wages and salaries	340,881	300,976
Accrued expenses	45,870	33,889
<i>Statutory payables</i>		
Net GST payable	-	-
<b>Total trade and other payables</b>	<b>692,750</b>	<b>1,471,993</b>

**(b) Trust funds and deposits**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Contract retentions	78,788	71,837
Fire services property levy	75,282	75,378
Building deposits	27,340	32,340
Unclaimed monies	1,672	1,223
Other refundable deposits:		
St Andrews church repair fund	298	976
Wedderburn Pre-school investment	184,402	183,417
<b>Total trust funds and deposits</b>	<b>367,782</b>	<b>365,171</b>

**(c) Unearned income**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Grants received in advance - operating	-	-
Grants received in advance - capital	3,076,276	2,976,276
<b>Total unearned income</b>	<b>3,076,276</b>	<b>2,976,276</b>

Unearned income/revenue, where applicable, represents contract liabilities and reflect consideration received in advance from customers. Unearned income/revenue are derecognised and recorded as revenue when promised goods and services are transferred to the customer.

Amounts received as deposits and retention amounts controlled by council are recognised as trust funds until they are returned, transferred in accordance with the purpose of the receipt, or forfeited. Trust funds that are forfeited, resulting in council gaining control of the funds, are to be recognised as revenue at the time of forfeit.

**Purpose and nature of items****Contract retentions**

Council has a contractual right to retain certain amounts until a contractor has met certain requirements or a related warrant or defect period has elapsed. Subject to the satisfactory completion of contractual obligations, or the elapsing of time, these amounts will be paid to the relevant contractor in line with council's contractual obligations.

**Fire Services Property Levy**

Council is the collection agent for fire services levy on behalf of the State Government. Council remits amounts received on a quarterly basis. Amounts disclosed here will be remitted to the State Government in line with that process.

## NOTE 5 OUR FINANCIAL POSITION (Continued)

### 5.3 Payables, trust funds and deposits and unearned income/revenue (continued)

#### Purpose and nature of items

##### ***Building deposits***

Under the provisions of the Building Act 1993, Council may issue a Building Permit subject to a condition that the applicant must deposit with the Council a bond, for an amount determined in accordance with the regulations, to secure the complete and satisfactory carrying out of the work authorised by the Building Permit.

##### ***St Andrews church repair fund***

These funds were held by a Section 86 committee which was disbanded in 2012. The funds were returned to Council to use for repairs to the building.

##### ***Wedderburn Pre-school investment***

Council is holding funds on behalf of the Wedderburn Pre-school. These funds are invested by Council according to the instructions of the pre-school.

## NOTE 5 OUR FINANCIAL POSITION (Continued)

## 5.4 Provisions

2022	Employee			Landfill rehabilitation	Gravel pit rehabilitation	Total
	Annual leave	Long service leave	RDOs			
Balance at beginning of the financial year	1,119,702	2,032,984	125,504	1,089,327	86,028	4,453,545
Additional provisions	862,822	325,304	532,809	(202,911)	(20,930)	1,497,094
Amounts used	(939,624)	(359,225)	(564,095)	-	-	(1,862,944)
Variation in the discounted amount arising because of time and the effect of any change in the discount rate	-	-	-	-	-	-
<b>Balance at the end of the financial year</b>	<b>1,042,900</b>	<b>1,999,063</b>	<b>94,218</b>	<b>886,416</b>	<b>65,098</b>	<b>4,087,695</b>

2021	Employee			Landfill rehabilitation	Gravel pit rehabilitation	Total
	Annual leave	Long service leave	RDOs			
Balance at beginning of the financial year	915,385	1,866,223	114,069	1,347,799	94,972	4,338,448
Additional provisions	970,519	316,396	602,529	(258,472)	(8,944)	1,622,028
Amounts used	(766,202)	(149,635)	(591,094)	-	-	(1,506,931)
Variation in the discounted amount arising because of time and the effect of any change in the discount rate	-	-	-	-	-	-
<b>Balance at the end of the financial year</b>	<b>1,119,702</b>	<b>2,032,984</b>	<b>125,504</b>	<b>1,089,327</b>	<b>86,028</b>	<b>4,453,545</b>

## (a) Employee provisions

	2022 \$	2021 \$
<b>Current provisions expected to be wholly settled within 12 months</b>		
Annual leave	834,320	895,762
Long service leave	215,797	213,358
RDOs	94,218	125,504
<b>Total</b>	<b>1,144,335</b>	<b>1,234,624</b>
<b>Current provisions expected to be wholly settled after 12 months</b>		
Annual leave	208,580	223,940
Long service leave	1,444,175	1,427,854
<b>Total</b>	<b>1,652,755</b>	<b>1,651,794</b>
<b>Total current employee provisions</b>	<b>2,797,090</b>	<b>2,886,418</b>
<b>Non-current</b>		
Long service leave	339,091	391,772
<b>Total non-current employee provisions</b>	<b>339,091</b>	<b>391,772</b>
<b>Aggregate carrying amount of employee provisions</b>		
Current	2,797,090	2,886,418
Non-current	339,091	391,772
<b>Total aggregate amount of employee provisions</b>	<b>3,136,181</b>	<b>3,278,190</b>

## NOTE 5 OUR FINANCIAL POSITION (Continued)

### 5.4 Provisions (continued)

#### (a) Employee provisions (continued)

The calculation of employee costs and benefits includes all relevant on-costs and are calculated as follows at reporting date.

##### **Annual leave**

A liability for annual leave is recognised in the provision for employee benefits as a current liability because Council does not have an unconditional right to defer settlement of the liability. Liabilities for annual leave are measured at:

- nominal value if the Council expected to wholly settle the liability within 12 months
- present value if the Council does not expect to wholly settle within 12 months.

Liabilities that are not expected to be wholly settled within 12 months of the reporting date are recognised in the provision for employee benefits as current liabilities, measured at present value of the amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

##### **Long service leave**

Liability for long service leave (LSL) is recognised in the provision for employee benefits. LSL is measured at present value. Conditional LSL that has been accrued, where an employee is yet to reach a qualifying term of employment, is disclosed as a non-current liability.

Key assumptions:

	<b>2022</b>	<b>2021</b>
Weighted average increase in employee costs	2.48%	3.57%
Weighted average discount rates	4.30%	0.67%
Weighted average settlement period	19 months	21 months

#### (b) Landfill restoration

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Current	44,321	54,466
Non-current	842,095	1,034,861
<b>Total landfill restoration</b>	<b>886,416</b>	<b>1,089,327</b>

Council is obligated to restore landfill sites to a particular standard. The forecast life of the sites are based on current estimates of remaining capacity and the forecast rate of infill. The provision for landfill restoration has been calculated based on the present value of the expected costs of works to be undertaken. The expected cost of works have been estimated based on the current understanding of work required to reinstate the site to a suitable standard and budgeted costs for that work. Accordingly, the estimation of a provision required is dependent on the accuracy of the forecast timing of the work, work required and related costs.

Key assumptions:

	<b>2022</b>	<b>2021</b>
Weighted average increase in costs	2.52%	1.62%
Weighted average discount rates	3.65%	0.70%
Weighted average settlement period	42 years	16 years

## NOTE 5 OUR FINANCIAL POSITION (Continued)

### 5.4 Provisions (continued)

#### (c) Gravel pit rehabilitation

	2022 \$	2021 \$
Current	-	-
Non-current	65,098	86,028
<b>Total gravel pit rehabilitation</b>	<b>65,098</b>	<b>86,028</b>

Council is obligated to restore gravel pit sites to a particular standard. The forecast life of the site is based on current estimates of remaining capacity and the forecast rate of infill. The provision for gravel pit restoration has been calculated based on the present value of the expected cost of works to be undertaken. The expected cost of works has been estimated based on current understanding of work required to reinstate the site to a suitable standard and budgeted costs for that work. Accordingly, the estimation of the provision required is dependent on the accuracy of the forecast timing of the work, work required and related costs.

Key assumptions:	2022	2021
Weighted average increase in costs	2.52%	1.62%
Weighted average discount rates	3.57%	0.83%
Weighted average settlement period	17 years	18 years

#### Summary of provisions

	2022 \$	2021 \$
Current	2,841,411	2,940,884
Non-current	1,246,284	1,512,661
<b>Total provisions</b>	<b>4,087,695</b>	<b>4,453,545</b>

### 5.5 Financing arrangements

	2022 \$	2021 \$
Bank overdraft - Westpac	500,000	500,000
Credit card facilities	100,000	100,000
<b>Total facilities</b>	<b>600,000</b>	<b>600,000</b>
Used facilities	-	-
<b>Unused facilities</b>	<b>600,000</b>	<b>600,000</b>

## NOTE 5 OUR FINANCIAL POSITION (Continued)

## 5.6 Commitments

The Council has entered into the following commitments. Commitments are not recognised in the Balance Sheet. Commitments are disclosed at their nominal value and presented inclusive of the GST payable.

## (a) Commitments for expenditure

## 2022

	Not later than 1 year \$	Later than 1 year and not later than 2 years \$	Later than 2 years and not later than 5 years \$	Later than 5 years \$	Total \$
<b>Operating</b>					
Environmental services	972,385	972,385	2,917,155	972,385	5,834,310
Insurance services	550,855	-	-	-	550,855
Library corporation	221,288	-	-	-	221,288
Workcover	210,719	-	-	-	210,719
Internal audit	26,000	-	-	-	26,000
Other minor orders committed	34,100	-	-	-	34,100
<b>Total</b>	<b>2,015,347</b>	<b>972,385</b>	<b>2,917,155</b>	<b>972,385</b>	<b>6,877,272</b>
<b>Capital</b>					
Donaldson Park	147,830	-	-	-	147,830
Footpath contracted works	191,382	-	-	-	191,382
Bridge and culvert contracted works	220,000	-	-	-	220,000
Major plant items	530,331	-	-	-	530,331
Fleet items	63,865	-	-	-	63,865
Various computer equipment	96,505	-	-	-	96,505
<b>Total</b>	<b>1,249,913</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,249,913</b>
	<b>3,265,260</b>	<b>972,385</b>	<b>2,917,155</b>	<b>972,385</b>	<b>8,127,185</b>

## 2021

	Not later than 1 year \$	Later than 1 year and not later than 2 years \$	Later than 2 years and not later than 5 years \$	Later than 5 years \$	Total \$
<b>Operating</b>					
Environment services	973,285	972,385	2,917,155	1,974,770	6,837,595
Insurance services	509,171	-	-	-	509,171
Workcover	162,437	-	-	-	162,437
Library corporation	218,018	-	-	-	218,018
Internal audit	26,000	26,000	26,000	-	78,000
Bridgewater change rooms	234,415	-	-	-	234,415
Other minor orders committed	55,544	-	-	-	55,544
<b>Total</b>	<b>2,178,870</b>	<b>998,385</b>	<b>2,943,155</b>	<b>1,974,770</b>	<b>8,095,180</b>
<b>Capital</b>					
Laanecoerie Newbridge Road works	784,302	-	-	-	784,302
Donaldson Park planning	125,180	-	-	-	125,180
Baileys Road works	838,794	-	-	-	838,794
Wedderburn - High Street works	90,681	-	-	-	90,681
Lake View and Andrews Street works	189,963	-	-	-	189,963
Godfrey Street works	220,000	-	-	-	220,000
Contract 488 - various works	520,300	-	-	-	520,300
<b>Total</b>	<b>2,769,220</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,769,220</b>
	<b>4,948,090</b>	<b>998,385</b>	<b>2,943,155</b>	<b>1,974,770</b>	<b>10,864,400</b>

## NOTE 5 OUR FINANCIAL POSITION (Continued)

### 5.6 Commitments (continued)

#### (b) Operating lease receivables

Council has entered into commercial property leases on its investment property and caravan parks. These properties held under operating leases have remaining non-cancellation lease terms between 1 and 10 years. All leases include a CPI based revision of the rental charge annually. Both properties are due for lease renew in 2022/23.

	2022 \$	2021 \$
<b>Lease receivable</b>		
No later than one year	-	214,302
Later than one year and not later than five years	-	-
Later than five years	-	-
	-	<b>214,302</b>

### 5.7 Leases

At inception of a contract, all entities would assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To identify whether a contract conveys the right to control the use of an identified asset, it is necessary to assess whether:

- the contract involves the use of an identified asset;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset.

This policy is applied to contracts entered into, or changed, on or after 1 July 2019.

As a lessee, Council recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for:

- any lease payments made at or before the commencement date less any lease incentives received; plus
- any initial direct costs incurred; and
- an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, an appropriate incremental borrowing rate. Generally, Council uses an appropriate incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that Council is reasonably certain to exercise, lease payments in an optional renewal period if Council is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless Council is reasonably certain not to terminate early.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

## NOTE 5 OUR FINANCIAL POSITION (Continued)

### 5.7 Leases (continued)

Council has elected to apply the temporary option available under *AASB 16 Leases* which allows not-for-profit entities to not measure right-of-use assets at initial recognition at fair value in respect of leases that have significantly below-market terms.

Council has concessionary leases covering crown land parcels as outlined below:

- caravan parks at Wedderburn, Bridgewater, Boort and Pyramid Hill
- office space at Serpentine
- various other community recreation and hall / centre facilities.

There is no cost for the lease of these properties, however Council is responsible for all maintenance, utility and relevant insurance costs associated with the land. No lease term has been determined for the properties outlined.

Right of use assets	Property \$	Vehicles \$	Other \$	Total \$
Balance as at 1 July 2021	-	-	-	-
Additions	-	-	-	-
Amortisation charge	-	-	-	-
<b>Balance as at 30 June 2022</b>	-	-	-	-

Lease liabilities	2022 \$	2021 \$
Maturity analysis - contractual undiscounted cash flows	-	-
Less than one year	-	-
One to five years	-	-
More than five years	-	-
Total undiscounted lease liabilities as at 30 June	-	-
Lease liabilities included in the Balance Sheet as at 30 June		
Current	-	-
Non-current	-	-
<b>Total lease liabilities</b>	-	-

### Short-term and low value leases

Council has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets (individual assets worth less than existing capitalisation thresholds for a like asset up to a maximum of \$10,000), including IT equipment. Council recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Expenses relating to:	2022 \$	2021 \$
Short-term leases	-	-
Leases of low value assets	24,390	27,237
<b>Total</b>	<b>24,390</b>	<b>27,237</b>

Variable lease payments (not included in measurement of lease liabilities)

- -

**NOTE 5 OUR FINANCIAL POSITION (Continued)****5.7 Leases (continued)****Non-cancellable lease commitments - Short-term and low-value leases**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Commitments for minimum lease payments for short-term and low-value leases are payable as follows:		
Payable:		
Within one year	3,518	5,780
Later than 1 year but no later than 5 years	20,872	21,457
<b>Total lease commitments</b>	<b>24,390</b>	<b>27,237</b>

**NOTE 6 ASSETS WE MANAGE****6.1 Non current assets classified as held for sale**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<b>Non current</b>		
Land at valuation	323,273	230,864
Capitalised development costs	-	-
Borrowing costs capitalised during development	-	-
LESS selling costs	(11,315)	(8,080)
<b>Total non current assets held for sale</b>	<b>311,958</b>	<b>222,784</b>

Capitalisation rate used in the allocation of borrowing costs

N/A %

N/A %

Non-current assets classified as held for sale (including disposal groups) are measured at the lower of its carrying amount and fair value less costs to disposal, and are not subject to depreciation. Non-current assets, disposal groups and related liabilities and assets are treated as current and classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset's sale (or disposal group sale) is expected to be completed within 12 months from the date of classification.

**NOTE 6 ASSETS WE MANAGE (Continued)****6.2 Property, infrastructure, plant and equipment****Summary of property, infrastructure, plant and equipment**

	Carrying amount 30 June 2021 \$	Additions \$	Revaluation / transfers \$	Depreciation \$	Disposals \$	Carrying amount 30 June 2022 \$
Land	9,736,262	835,934	3,438,473	-	-	14,010,669
Buildings	47,987,159	288,337	6,149,995	(1,504,207)	-	52,921,284
Plant and equipment	7,435,109	839,556	-	(1,011,431)	(98,589)	7,164,645
Infrastructure	288,539,953	5,165,970	(20,149,616)	(6,754,599)	-	266,801,707
Work in progress	2,412,458	444,855	(5,758)	-	-	2,851,555
<b>Total</b>	<b>356,110,941</b>	<b>7,574,652</b>	<b>(10,566,906)</b>	<b>(9,270,237)</b>	<b>(98,589)</b>	<b>343,749,861</b>

**Summary of work in progress**

	Opening WIP \$	Additions \$	Transfers \$	Write-off \$	Closing WIP \$
Buildings	1,532,500	444,855	(5,758)	-	1,971,597
Infrastructure	879,958	-	-	-	879,958
<b>Total</b>	<b>2,412,458</b>	<b>444,855</b>	<b>(5,758)</b>	<b>-</b>	<b>2,851,555</b>

**(a) Property**

	Land	Buildings - specialised	Work in progress	Total land and buildings
<b>Land and Buildings</b>				
At fair value 1 July 2021	9,736,263	89,597,251	1,532,500	100,582,059
Accumulated depreciation at 1 July 2021	-	(41,610,092)	-	(41,326,138)
	<b>9,736,263</b>	<b>47,987,159</b>	<b>1,532,500</b>	<b>59,255,921</b>
<b>Movements in fair value</b>				
Additions	835,934	288,337	444,855	1,569,126
Contributions	-	-	-	-
Revaluation	3,438,473	3,782,700	-	7,221,173
Disposal	-	-	-	-
Impairment losses recognised in operating result	-	-	-	-
	<b>4,274,407</b>	<b>4,071,037</b>	<b>444,855</b>	<b>8,790,299</b>
<b>Movements in accumulated depreciation</b>				
Depreciation and amortisation	-	(1,504,207)	-	(1,504,207)
Revaluation	-	2,361,537	-	2,361,537
Accumulated depreciation of disposals	-	-	-	-
Impairment losses recognised in operating result	-	-	-	-
Transfers	-	5,758	(5,758)	-
	<b>-</b>	<b>863,088</b>	<b>(5,758)</b>	<b>857,330</b>
At fair value 30 June 2022	14,010,670	93,668,288	1,971,597	109,372,358
Accumulated depreciation at 30 June 2022	-	(40,747,004)	-	(40,468,808)
<b>Carrying amount</b>	<b>14,010,670</b>	<b>52,921,284</b>	<b>1,971,597</b>	<b>68,903,550</b>

**NOTE 6 ASSETS WE MANAGE (Continued)****6.2 Property, infrastructure, plant and equipment (continued)****(b) Plant and equipment**

<b>Plant and equipment</b>	<b>Plant machinery and equipment</b>	<b>Fixtures fittings and furniture</b>	<b>Total plant and equipment</b>
At fair value 1 July 2021	13,727,298	1,892,139	15,619,437
Accumulated depreciation at 1 July 2021	(6,836,005)	(1,348,322)	(8,184,327)
	<b>6,891,293</b>	<b>543,817</b>	<b>7,435,109</b>
<b>Movements in fair value</b>			
Additions	749,230	90,326	839,556
Contributions	-	-	-
Revaluation	-	-	-
Disposal	(430,446)	(133,889)	(564,335)
Impairment losses recognised in operating result	-	-	-
	<b>318,784</b>	<b>(43,563)</b>	<b>275,221</b>
<b>Movements in accumulated depreciation</b>			
Depreciation and amortisation	(886,211)	(125,220)	(1,011,431)
Accumulated depreciation of disposals	331,857	133,889	465,746
Impairment losses recognised in operating result	-	-	-
Transfers	-	-	-
	<b>(554,354)</b>	<b>8,669</b>	<b>(545,685)</b>
At fair value 30 June 2022	14,046,082	1,848,576	15,894,658
Accumulated depreciation at 30 June 2022	(7,390,359)	(1,339,653)	(8,730,012)
<b>Carrying amount</b>	<b>6,655,723</b>	<b>508,923</b>	<b>7,164,646</b>

## NOTE 6 ASSETS WE MANAGE (Continued)

## 6.2 Property, infrastructure, plant and equipment (continued)

## (c) Infrastructure

Infrastructure	Roads	Bridges	Footpaths and cycleways	Kerb and channel	Drainage
At fair value 1 July 2021	369,332,401	38,599,332	7,463,191	5,896,235	15,978,485
Accumulated depreciation at 1 July 2021	(117,960,600)	(18,975,556)	(1,989,899)	(2,272,340)	(8,359,410)
	<b>251,371,801</b>	<b>19,623,776</b>	<b>5,473,292</b>	<b>3,623,895</b>	<b>7,619,075</b>
<b>Movements in fair value</b>					
Additions	3,514,155	920,762	353,946	169,544	207,563
Revaluation	(50,970,521)	8,451,361	(413,257)	421,722	689,189
	<b>(47,456,366)</b>	<b>9,372,123</b>	<b>(59,311)</b>	<b>591,266</b>	<b>896,752</b>
<b>Movements in accumulated depreciation</b>					
Depreciation and amortisation	(5,735,048)	(486,245)	(158,066)	(108,243)	(224,057)
Revaluation (increments)/decrements	25,791,714	(4,121,120)	299,192	(138,092)	(245,094)
Accumulated depreciation of disposals	-	-	-	-	-
Impairment losses recognised in operating result	-	-	-	-	-
Transfers	-	-	-	-	-
	<b>20,056,666</b>	<b>(4,607,365)</b>	<b>141,126</b>	<b>(246,335)</b>	<b>(469,151)</b>
At fair value 30 June 2022	321,876,035	47,971,455	7,403,880	6,487,501	16,875,237
Accumulated depreciation at 30 June 2022	(97,903,934)	(23,582,921)	(1,848,773)	(2,518,675)	(8,828,561)
<b>Carrying amount</b>	<b>223,972,101</b>	<b>24,388,534</b>	<b>5,555,107</b>	<b>3,968,826</b>	<b>8,046,676</b>

Infrastructure (continued)	Quarries	Street Furniture	Landfills	Work In Progress	Total Infrastructure
At fair value 1 July 2021	58,507	649,790	1,994,306	879,958	440,852,206
Accumulated depreciation at 1 July 2021	(28,334)	(181,425)	(1,664,731)	-	(151,432,295)
	<b>30,173</b>	<b>468,365</b>	<b>329,575</b>	<b>879,958</b>	<b>289,419,911</b>
<b>Movements in fair value</b>					
Additions	-	-	-	-	5,165,970
Revaluation	-	85,878	-	-	(41,735,628)
	-	<b>85,878</b>	-	-	<b>(36,569,658)</b>
<b>Movements in accumulated depreciation</b>					
Depreciation and amortisation	(1,148)	(31,629)	(10,163)	-	(6,754,599)
Revaluation (increments)/decrements	-	(588)	-	-	21,586,012
Accumulated depreciation of disposals	-	-	-	-	-
Impairment losses recognised in operating result	-	-	-	-	-
Transfers	-	-	-	-	-
	<b>(1,148)</b>	<b>(32,217)</b>	<b>(10,163)</b>	-	<b>14,831,413</b>
At fair value 30 June 2022	58,507	735,668	1,994,306	879,958	404,282,548
Accumulated depreciation at 30 June 2022	(29,482)	(213,642)	(1,674,894)	-	(136,600,882)
<b>Carrying amount</b>	<b>29,025</b>	<b>522,026</b>	<b>319,412</b>	<b>879,958</b>	<b>267,681,666</b>

## NOTE 6 ASSETS WE MANAGE (Continued)

### 6.2 Property, infrastructure, plant and equipment (continued)

#### Acquisition

The purchase method of accounting is used for all acquisitions of assets, being the fair value of assets provided as consideration at the date of acquisition plus any incidental costs attributable to the acquisition. Fair value is the price that would be received to sell an asset (or paid to transfer a liability) in an orderly transaction between market participants at the measurement date.

Where assets are constructed by Council, cost includes all materials used in construction, direct labour, borrowing costs incurred during construction, and an appropriate share of directly attributable variable and fixed overheads.

In accordance with Council's policy, the threshold limits have applied when recognising assets within an applicable asset class and unless otherwise stated are consistent with the prior year.

#### Asset recognition thresholds and depreciation periods

	Depreciation period Years	Threshold limit \$
Property		
land	-	3,000
leasehold improvements	10 to 30	3,000
Buildings		
buildings	33 to 100	3,000
building and leasehold improvements	10 to 30	3,000
Plant and equipment		
plant, machinery, minor plant and equipment	2.5 to 20	3,000
motor vehicles	5	3,000
fixtures fittings and furniture	5 to 50	3,000
computers and telecommunications	3	3,000
Infrastructure		
road seals	10 to 45	3,000
road pavements - sealed	80	3,000
road pavements - unsealed	100 to 500	3,000
road formation and earthworks	-	3,000
road kerb, channel and minor culverts	60	3,000
bridges deck and substructure	80 to 100	3,000
footpaths and cycle ways	15 to 50	3,000
drainage	50 to 80	3,000
recreational, leisure and community facilities	50 to 80	3,000
waste management assets	20	3,000
parks, open space and streetscapes	15 to 50	3,000
off street car parks	80	3,000
aerodromes	30 to 80	3,000
Intangible assets - water rights	-	3,000

#### Land under roads

Council recognises land under roads it controls at fair value.

## NOTE 6 ASSETS WE MANAGE (Continued)

### 6.2 Property, infrastructure, plant and equipment (continued)

#### Depreciation and amortisation

Buildings, land improvements, plant and equipment, infrastructure, and other assets having limited useful lives are systematically depreciated over their useful lives in a manner which reflects consumption of the service potential embodied in those assets. Estimates of remaining useful lives and methods are reviewed annually. Depreciation rates and methods are reviewed annually.

Where assets have separate identifiable components that are subject to regular replacement, these components are assigned distinct useful lives and residual values and a separate depreciation rate is determined for each component.

Road earthworks are not depreciated on the basis that they are assessed as not having a limited useful life.

Straight line depreciation is charged based on the residual useful life as determined each year.

Depreciation periods used are listed below and are consistent with the prior year unless otherwise stated.

#### Repairs and maintenance

Where the repair relates to the replacement of a component of an asset and the cost exceeds the capitalisation threshold, the cost is capitalised and depreciated. The carrying value of the replaced asset is expensed.

#### Leasehold improvements

Leasehold improvements are recognised at cost and are amortised over the unexpired period of the lease or the estimated useful life of the improvement, whichever is the shorter. At balance date Council has no leasehold improvements.

#### Valuation of land and buildings

The valuation of land and buildings was undertaken by LG Valuation Services a qualified independent valuation firm. The valuation of land and buildings is at fair value, being market value based on highest and best use permitted by relevant land planning provisions. Where land use is restricted through existing planning provisions the valuation is reduced to reflect this limitation. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the Comprehensive Income Statement.

Specialised land is valued at fair value using site values adjusted for englobe (undeveloped and / or unserviced) characteristics, access rights and private interests of other parties and entitlements of infrastructure assets and services. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the Comprehensive Income Statement.

Any significant movements in the unobservable inputs for land and land under roads will have a significant impact on the fair value of these assets.

The date of the current valuation is detailed in the following table. A full revaluation of these was conducted in 2021/22, this valuation was based on land values and market sales.

**NOTE 6 ASSETS WE MANAGE (Continued)****6.2 Property, infrastructure, plant and equipment (continued)****Valuation of land and buildings (continued)**

Council values all land and building assets every two years. The next full revaluation is due on 30 June 2024. Details of the Council's land and buildings and information about the fair value hierarchy as at 30 June 2022 are as follows:

	Level 1	Level 2	Level 3	Date of valuation
Land	-	2,004,567	12,006,103	30/6/2022
Specialised land	-	-	-	30/6/2022
Buildings	-	-	-	30/6/2022
Specialised buildings	-	-	52,921,284	30/6/2022
<b>TOTAL</b>	-	<b>2,004,567</b>	<b>64,927,387</b>	

**Valuation of infrastructure**

A valuation of Council's infrastructure assets was performed by David Southcombe, Manager Assets and Infrastructure of the Loddon Shire Council, as at 30 June 2022.

The date of the current valuation is detailed in the following table. An indexed based revaluation was conducted in the current year. This valuation was based on current unit rates and sample analysis of condition ratings. Full revaluation of all assets are coordinated on a cyclic timeframe.

The valuation is at fair value based on current replacement cost less accumulated depreciation as at date of valuation.

Details of the Council's infrastructure and information about the fair value hierarchy as at 30 June 2022 are as follows:

	Level 1	Level 2	Level 3	Date of valuation
Unsealed roads formation	-	-	17,302,753	30/6/2022
Unsealed roads pavement	-	-	49,563,211	30/6/2022
Road seal	-	-	11,552,296	30/6/2022
Sealed roads pavement	-	-	114,389,870	30/6/2022
Sealed road formation	-	-	11,256,268	30/6/2022
Footpaths	-	-	5,555,107	30/6/2022
Culverts	-	-	19,907,703	30/6/2022
Bridges	-	-	24,388,534	30/6/2022
Kerb and channel	-	-	3,968,826	30/6/2022
Urban drains	-	-	8,046,676	30/6/2022
Street furniture	-	-	522,026	30/6/2022
Landfills	-	-	319,412	30/6/2022
Quarries	-	-	29,025	30/6/2022
<b>TOTAL</b>	-	-	<b>266,801,707</b>	

**NOTE 6 ASSETS WE MANAGE (Continued)****6.2 Property, infrastructure, plant and equipment (continued)****Description of significant unobservable inputs into level 3 valuations**

**Specialised land and land under roads** is valued using a market based direct comparison technique. Significant unobservable inputs include the extent and impact of restriction of use and the market cost of land per square metre. The extent and impact of restrictions on use varies and results in a reduction to surrounding land values between 5% and 95%. The market value of land varies significantly depending on the location of the land and the current market conditions. Currently land values range between \$0 and \$71.50 per square metre.

**Specialised buildings** are valued using a depreciated replacement cost technique. Significant unobservable inputs include the current replacement cost and remaining useful lives of buildings. Current replacement cost is calculated on a square metre basis and ranges from \$45 to \$3,780 per square metre. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary from 1 year to 100 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of buildings are sensitive to changes in expectations or requirements that could either shorten or extend the useful lives of buildings.

**Infrastructure assets** are valued based on the depreciated replacement cost. Significant unobservable inputs include the current replacement cost and remaining useful lives of infrastructure. The remaining useful lives of infrastructure assets are determined on the basis of the current condition of the asset and vary from 2 years to 100 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of infrastructure are sensitive to changes in use, expectations or requirements that could either shorten or extend the useful lives of infrastructure assets.

**Reconciliation of specialised land**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Land under roads	-	-
Parks and reserves	-	-
<b>TOTAL</b>	-	-

**NOTE 6 ASSETS WE MANAGE (Continued)****6.3 Investments in associates, joint arrangements and subsidiaries****(a) Investments in associates****North Central Goldfields Regional Library Corporation**

The Council is a member of the North Central Goldfields Regional Library Corporation. At 30 June 2022 Council's equity was \$295,054. At 30 June 2021 Council's equity in the corporation was \$284,683.

Loddon has a 4.82 per cent share of the net assets, and this is calculated on the same ratio as Council contributes to the operating costs of the service. At 30 June 2021 Council's share of the net assets was 4.89 per cent. Any adjustments required due to the reduction in the share of net assets from 2021 to 2022 is reflected as Variation Account - Change in Equity in the following schedules.

<b>Fair value of Council's share in its ownership</b>	<b>295,054</b>	<b>284,683</b>
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<b>Council's share of accumulated surplus/(deficit)</b>		
Council's share of accumulated surplus/(deficit) at start of year	109,764	90,566
Reported surplus/(deficit) for year	14,446	13,233
Variation account - change in equity	(2,344)	5,965
Council's share of accumulated surplus/(deficit) at end of year	<b>121,866</b>	<b>109,764</b>
<b>Council's share of reserves</b>		
Council's share of reserves at start of year	174,920	184,771
Variation account - change in equity	(1,731)	(9,851)
Council's share of reserves at end of year	<b>173,189</b>	<b>174,920</b>
<b>Movement in carrying value of share in library</b>		
Carrying value of investment at start of year	284,683	275,336
Share of surplus/(deficit) for the year	14,446	13,233
Variation account - change in equity	(4,075)	(3,886)
Carrying value of investment at end of year	<b>295,054</b>	<b>284,683</b>
<b>Council's share of expenditure commitments</b>		
Operating commitments	3,925	7,832
Capital commitments	-	-
Council's share of expenditure commitments	<b>3,925</b>	<b>7,832</b>
<b>Council's share of contingent liabilities and contingent assets</b>		
Nil	-	-
Council's share of contingent liabilities and contingent assets	-	-

**Adjustment to the carrying value of North Central Goldfields Regional Library**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Adjustment to the carrying value of North Central Goldfields Regional Library Corporation	10,371	9,347
<b>Total adjustment to the carrying value of North Central Goldfields Regional Library Corporation</b>	<b>10,371</b>	<b>9,347</b>

Associates are all entities over which Council has significant influence but not control or joint control. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

## NOTE 6 ASSETS WE MANAGE (Continued)

### 6.3 Investments in associates, joint arrangements and subsidiaries (continued)

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has, rather than the legal structure of the joint arrangement.

For joint operations, Council recognises the right to its share of jointly held assets, liabilities, revenues and expenses of joint operations. Council has no joint arrangements at reporting date.

Interests in joint ventures are accounted for using the equity method. Under this method, the interests are initially recognised in the consolidated balance sheet at cost and adjusted thereafter to recognise Council's share of the post-acquisition profits or losses and movements in other comprehensive income in profit or loss and other comprehensive income respectively.

The consolidated financial statements of Council incorporate all entities controlled by Council as at 30 June 2022, and their income and expenses for that part of the reporting period in which control existed.

Subsidiaries are all entities over which Council has control. Council control an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to Council. They are deconsolidated from the date that control ceases.

Where dissimilar accounting policies are adopted by entities and their effect is considered material, adjustments are made to ensure consistent policies are adopted in these financial statements.

Council has no consolidated entities.

#### Community Asset Committee

All entities controlled by Council that have material revenues, expenses, assets or liabilities, such as community asset committees, have been included in this financial report. Any transactions between these entities and Council have been eliminated in full.

## NOTE 7 PEOPLE AND RELATIONSHIPS

### 7.1 Council and key management remuneration

#### (a) Related parties

Loddon Shire Council is the parent entity. There are no further interests in subsidiaries and associates.

#### (b) Key Management Personnel

Key management personnel (KMP) are those people with the authority and responsibility for planning, directing and controlling the activities of Council. The Councillors, Chief Executive Officer and other members of the Management Executive Group are deemed KMP.

Details of persons holding the position of Councillor or other members of Key Management Personnel at any time during the year were:

<b>Councillors:</b>	<b>2022 No.</b>	<b>2021 No.</b>
Cr Cheryl McKinnon (Mayor from July 2020 to November 2020)		
Cr Neil Beattie (Councillor from July 2020 to June 2022 (Mayor from November 2020 to November 2021))		
Cr Geoff Curnow (Councillor from July 2020 to November 2020)		
Cr Gavan Holt (Councillor from July 2020 to June 2022)		
Cr Colleen Condliffe (Councillor from July 2020 to November 2020)		
Cr Dan Straub (Councillor from November 2020 to June 2022) (Mayor from November 2021 to June 2022))		
Cr Wendy Murphy (Councillor from November 2020 to June 2022)		
Cr Linda Jungwirth (Councillor from November 2020 to June 2022)		
<b>Key Management Personnel:</b>		
Mr Phil Pinyon (Chief Executive Officer from July 2020 to June 2021)		
Mrs Wendy Gladman (Director Community and Wellbeing July 2020 to June 2022)		
Mrs Sharon Morrison (Director Corporate Services July 2020 to February 2022)		
Mr Steven Phillips (Director Operations July 2020 to June 2022)		
Ms Lynne Habner (Manager Executive and Commercial Services July 2020 to June 2022)		
Mr Lincoln Fitzgerald (Chief Executive Officer November 2021 to June 2022)		
Mrs Amanda Wilson (Director Corporate March 2022 to June 2022)		
Mrs Jude Holt (Acting Chief Executive Officer, Acting Director Corporate Services, Acting Director Community Wellbeing (July 2021 to June 2022)		
<b>Total number of Councillors</b>	<b>5</b>	<b>8</b>
<b>Total of Chief Executive Officer and other Key Management Personnel:</b>	<b>8</b>	<b>5</b>
<b>Total Key Management Personnel</b>	<b>13</b>	<b>13</b>

#### (c) Remuneration of Key Management Personnel

Total remuneration of Key Management Personnel was as follows:

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Short-term benefits	1,248,049	1,141,549
Long-term benefits	16,114	17,325
Post employment benefits	114,557	88,051
<b>TOTAL</b>	<b>1,378,720</b>	<b>1,246,925</b>

**NOTE 7 PEOPLE AND RELATIONSHIPS (Continued)****7.1 Council and key management remuneration (continued)****(c) Remuneration of Key Management Personnel (continued)**

The numbers of Key Management Personnel whose total remuneration from Council and any related entities, fall within the following bands:

<b>Income range</b>	<b>2022 number</b>	<b>2021 number</b>
\$0,000 - \$9,999	-	2
\$10,000 - \$19,999	1	-
\$20,000 - \$29,999	2	4
\$30,000 - \$39,999	1	1
\$40,000 - \$49,999	1	-
\$50,000 - \$59,999	1	-
\$70,000 - \$79,999	1	1
\$120,000 - \$129,999	2	1
\$130,000 - \$139,999	-	-
\$150,000 - \$159,999	1	-
\$160,000 - \$169,999	1	-
\$170,000 - \$179,999	-	1
\$190,000 - \$199,999	-	1
\$200,000 - \$209,999	-	1
\$210,000 - \$219,999	1	-
\$300,000 - \$309,999	1	-
\$310,000 - \$319,999	-	1
	<b>13</b>	<b>13</b>

**(d) Senior officer remuneration**

A Senior Officer is an officer of Council, other than Key Management Personnel, who:

- (a) has management responsibilities and reports directly to the Chief Executive Officer: or
- (b) whose total annual remuneration exceeds \$151,000.

The number of Senior Officers are shown below in their relevant income bands:

<b>Income range</b>	<b>2022 number</b>	<b>2021 number</b>
\$150,000 - \$159,999	1	-
\$160,000 - \$169,999	1	-
\$170,000 - \$179,999	2	-
	<b>4</b>	<b>-</b>

Total Remuneration for the reporting year for Senior Officers included above, amounted to:

<b>\$ 662,342</b>	<b>-</b>
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## NOTE 7 PEOPLE AND RELATIONSHIPS (Continued)

### 7.2 Related party disclosure

#### (a) Transactions with related parties

No transactions other than remuneration payments or the reimbursement of approved expenses were entered into by Council with responsible persons or related parties of such responsible persons during the reporting year (Nil in 2020/21).

#### (b) Outstanding balanced with related parties

There are no outstanding balances outstanding at the end of the reporting period in relation to transactions with related parties (Nil in 2020/21).

#### (c) Loans to/from related parties

No loans have been made, guaranteed or secured by the Council to a responsible person of the Council during the reporting year (Nil in 2020/21).

#### (d) Commitments to/from related parties

No commitments have been made, guaranteed or secured by Council to a responsible person of the Council during the reporting year (Nil in 2020/21).

## NOTE 8 MANAGING UNCERTAINTIES

### 8.1 Contingent assets and liabilities

Contingent assets and contingent liabilities are not recognised in the Balance Sheet, but are disclosed and if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable, respectively.

#### (a) Contingent assets

Contingent assets are possible assets that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of Council.

Council has no contingent assets.

#### (b) Contingent liabilities

Contingent liabilities are:

- possible obligations that arise from past events, whose existence will be confirmed only by the occurrence or non-
- present obligations that arise from past events but are not recognised because:
  - it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
  - the amount of the obligation cannot be measured with sufficient reliability.

### Superannuation

Council has obligations under a defined benefit superannuation scheme that may result in the need to make additional contributions to the scheme. Matters relating to this potential obligation are outlined below. As a result of the volatility in financial markets, the likelihood of making such contributions in future periods exists.

#### *Future superannuation contributions*

In addition to the disclosed contributions, Council has not paid unfunded liability payments to Vision Super totalling \$Nil (2020/21 \$Nil). There were no contributions outstanding and no loans issued from or to the above schemes as at 30 June 2022. The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2022 are \$Nil.

### Landfill

Council operates landfills. Council will have to carry out site rehabilitation works in the future. At balance date Council assesses the financial implications of such works using the estimates provided by relevant Council staff.

### Liability Mutual Insurance

Council is a participant of the MAV Liability Mutual Insurance (LMI) Scheme. The LMI scheme provides public liability and professional indemnity insurance cover. The LMI scheme states that each year the participant will remain liable to make further contributions to the scheme in respect of any insurance year in which it was a participant to the extent of the participant's share of any shortfall in the provision set aside in respect of that insurance year, and such liability will continue whether or not the participant remains a participant in future insurance years.

### 8.2 Change in accounting standards

Certain new Australian Accounting Standards and interpretations have been published that are not mandatory for the 30 June 2022 reporting period. Council assesses the impact of these new standards. As at 30 June 2022 there were no new accounting standards or interpretations issued by the AASB which are applicable for the year ending 30 June 2023 that are expected to impact Council.

## NOTE 8 MANAGING UNCERTAINTIES (Continued)

### 8.3 Financial instruments

#### (a) Objectives and policies

The Council's principal financial instruments comprise cash assets, term deposits, receivables (excluding statutory receivables), payables (excluding statutory payables) and bank borrowings. Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument is disclosed in the notes to the financial statements. Risk management is carried out by senior management under policies approved by the Council. These policies include identification and analysis of the risk exposure to Council and appropriate procedures, controls and risk minimisation.

#### (b) Market risk

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

##### **Interest rate risk**

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Council's interest rate liability risk arises primarily from long term loans and borrowings at fixed rates which exposes Council to fair value interest rate risk. Council repaid the balance of its loan borrowings in 2015/16, thereby reducing the risk. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Council has minimal exposure to cash flow interest rate risk through its levels of cash and deposits that are at a floating rate.

Investment of surplus funds is made with approved financial institutions under the *Local Government Act 2020*.

Council manages interest rate risk by adopting an investment policy that ensures:

- diversification of investment product;
- monitoring of return on investment; and
- benchmarking of returns and comparison with budget.

There has been no significant change in Council's exposure, or its objectives, policies and processes for managing interest rate risk or the methods used to measure this risk from the previous reporting period.

Interest rate movements have not been sufficiently significant during the year to have an impact on the Council's year end result.

#### (c) Credit risk

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause Council to make a financial loss. Council has exposure to credit risk on some financial assets included in our balance sheet. Particularly significant areas of credit risk exist in relation to outstanding fees and fines as well as loans and receivables from sporting clubs and associations.

To help manage this risk:

- Council has a policy for establishing credit limits for the entities council deals with;
- Council may require bank guarantees or security deposits for contracts where appropriate; and
- Council will only invest surplus funds with financial institutions which have a recognised credit rating specified in Council's investment policy.

Receivables consist of a large number of customers, spread across the ratepayer, business and government sectors. Credit risk associated with the Council's financial assets is minimal because the main debtor is secured by a charge over the rateable property.

There are no material financial assets which are individually determined to be impaired.

## NOTE 8 MANAGING UNCERTAINTIES (Continued)

### 8.3 Financial instruments (continued)

#### (c) Credit risk (continued)

Council may also be subject to credit risk for transactions which are not included in the balance sheet, such as when we provide a guarantee for another party. Council has no such guarantees in place at 30 June 2022.

The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements. Council does not hold any collateral.

#### (d) Liquidity risk

Liquidity risk includes the risk that, as a result of our operational liquidity requirements it will not have sufficient funds to settle a transaction when required or will be forced to sell a financial asset at below value or may be unable to settle or recover a financial asset.

To help reduce these risks Council:

- has historically minimised borrowings in the short to medium term
- reduced its reliance on borrowings with repayment of all borrowings occurring in 2015/16
- has readily accessible standby facilities and other funding arrangements in place
- ensures that surplus funds are invested within various bands of liquid investments
- monitors budget to actual performance on a regular basis; and
- sets limits on borrowings relating to the percentage of loans to rate revenue and percentage of loan principal repayments to rate revenue.

There has been no significant change in Council's exposure, or its objectives, policies and processes for managing liquidity risk or the methods used to measure this risk from the previous reporting period.

With the exception of borrowings, all financial liabilities are expected to be settled within normal or agreed terms.

Unless otherwise stated, the carrying amount of financial instruments reflect their fair value.

#### (e) Sensitivity disclosure analysis

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, Council believes the following movements are 'reasonably possible' over the next 12 months:

- A parallel shift of + 1.0% and -1.5% in market interest rates (AUD) from year-end rates of 3.85%.

These movements will not have a material impact on the valuation of Council's financial assets and liabilities, nor will they have a material impact on the results of Council's operations.

## NOTE 8 MANAGING UNCERTAINTIES (Continued)

### 8.4 Fair value measurement

#### Fair value hierarchy

Council's financial assets and liabilities are not valued in accordance with the fair value hierarchy. Council's financial assets and liabilities are measured at amortised cost.

Council measures certain assets and liabilities at fair value where required or permitted by Australian Accounting Standards. *AASB 13 Fair Value Measurement*, aims to improve consistency and reduce complexity by providing a definition of fair value and a single source of fair value measurement and disclosure requirements for use across Australian Accounting Standards.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within a fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, Council has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

In addition, Council determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

#### Revaluation

Subsequent to the initial recognition of assets, non-current physical assets, other than plant and equipment and furniture and equipment, are measured at their fair value, being the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. At balance date, the Council reviewed the carrying value of the individual classes of assets measured at fair value to ensure that each asset materially approximated its fair value. Where the carrying value materially differed from the fair value at balance date, the class of asset was revalued.

Fair value valuations are determined in accordance with a valuation hierarchy. Changes to the valuation hierarchy will only occur if an external change in the restrictions or limitations of use on an asset result in changes to the permissible or practical highest and best use of the asset. In addition, Council undertakes a formal revaluation of land, buildings, and infrastructure assets on a regular basis ranging from 1 to 5 years. The valuation is performed either by experienced council officers or independent experts.

Where the assets are revalued, the revaluation increments are credited directly to the asset revaluation reserve except to the extent that an increment reverses a prior year decrement for that class of asset that had been recognised as an expense in which case the increment is recognised as revenue up to the amount of the expense. Revaluation decrements are recognised as an expense except where prior increments are included in the asset revaluation reserve for that class of asset in which case the decrement is taken to the reserve to the extent of the remaining increments. Within the same class of assets, revaluation increments and decrements within the year are offset.

## NOTE 8 MANAGING UNCERTAINTIES (Continued)

### 8.4 Fair value measurement (continued)

#### Impairment of assets

At each reporting date, the Council reviews the carrying value of its assets to determine whether there is any indication that these assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the comprehensive income statement, unless the asset is carried at the revalued amount in which case, the impairment loss is recognised directly against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.

### 8.5 Events occurring after balance date

No matters have occurred after balance date that require disclosure in the financial report.

## NOTE 9 OTHER MATTERS

### 9.1 Reserves

#### (a) Asset revaluation reserve

##### 2022

	Balance at beginning of reporting period \$	Increment / (decrement) \$	Balance at end of the reporting period \$
<b>Property</b>			
Land and land improvements	9,107,674	4,268,649	13,376,323
Buildings	33,682,511	5,477,152	39,159,663
	<b>42,790,185</b>	<b>9,745,801</b>	<b>52,535,986</b>
<b>Infrastructure assets</b>			
Sealed roads	150,523,917	(33,455,232)	117,068,685
Unsealed roads	65,141,194	8,276,426	73,417,620
Footpaths	923,263	(114,065)	809,198
Street furniture	86,156	85,290	171,446
Kerbs	1,052,018	283,630	1,335,648
Bridges	9,805,444	4,330,240	14,135,684
Drains	539,034	444,095	983,129
<b>Other infrastructure</b>	<b>228,071,026</b>	<b>(20,149,616)</b>	<b>207,921,410</b>
<b>Total tangible assets</b>	<b>270,861,211</b>	<b>(10,403,815)</b>	<b>260,457,396</b>
<b>Intangible assets</b>			
Water rights	1,737,524	37,870	1,775,394
<b>Total</b>	<b>272,598,734</b>	<b>(10,365,945)</b>	<b>262,232,789</b>

##### 2021

	Balance at beginning of reporting period \$	Increment / (decrement) \$	Balance at end of the reporting period \$
<b>Property</b>			
Land and land improvements	9,096,167	11,507	9,107,674
Buildings	33,682,511	-	33,682,511
	<b>42,778,678</b>	<b>11,507</b>	<b>42,790,185</b>
<b>Infrastructure assets</b>			
Sealed roads	154,235,638	(3,711,721)	150,523,917
Unsealed roads	65,893,905	(752,711)	65,141,194
Footpaths	1,231,885	(308,622)	923,263
Street furniture	94,671	(8,515)	86,156
Kerbs	932,542	119,476	1,052,018
Bridges	10,603,668	(798,224)	9,805,444
Drains	625,554	(86,520)	539,034
<b>Other infrastructure</b>	<b>233,617,863</b>	<b>(5,546,837)</b>	<b>228,071,026</b>
<b>Total tangible assets</b>	<b>276,396,541</b>	<b>(5,535,330)</b>	<b>270,861,211</b>
<b>Intangible assets</b>			
Water rights	2,042,604	(305,080)	1,737,524
<b>Total</b>	<b>278,439,144</b>	<b>(5,840,410)</b>	<b>272,598,734</b>

The asset revaluation reserve is used to records the increased (net) value of Council's assets over time.

**NOTE 9 OTHER MATTERS (Continued)****9.1 Reserves (continued)****(b) General reserves****2022**

	<b>Balance at beginning of reporting period</b>	<b>Transfer from accumulated surplus</b>	<b>Transfer to accumulated surplus</b>	<b>Balance at end of reporting period</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Land and buildings reserve	455,274	283,736	(5,000)	734,010
Boundary and township signage reserve	100,000	-	-	100,000
Capital expenditure reserve	4,282,325	3,746,399	(4,282,325)	3,746,399
Caravan park development reserve	188,073	148,247	(6,100)	330,220
Community planning reserve	2,628,720	1,760,608	(1,357,720)	3,031,608
Economic development reserve	431,182	100,000	(17,600)	513,582
Fleet replacement reserve	713,468	200,000	(103,462)	810,006
Gravel and sand pit restoration reserve	400,000	-	-	400,000
Heritage loan scheme reserve	100,000	-	-	100,000
Information technology reserve	810,803	150,000	(271,965)	688,838
Little Lake Boort water reserve	17,604	-	-	17,604
Waste management reserve	300,000	-	-	300,000
Major projects reserve	233,996	84,489	-	318,485
Plant replacement reserve	1,574,210	900,000	(494,812)	1,979,398
Professional development reserve	15,619	5,233	(4,596)	16,256
Recreation facilities improvement reserve	100,000	-	-	100,000
Swimming pool major projects reserve	200,000	-	-	200,000
Unfunded superannuation liability reserve	1,200,000	-	(200,000)	1,000,000
Units reserve	60,000	-	(29,250)	30,750
Unightly premises enforcement provision reserve	100,000	-	-	100,000
Unspent contributions reserve	-	-	-	-
Unspent grants reserve	10,860,404	11,336,435	(10,860,405)	11,336,434
Urban drainage reserve	773,443	350,000	(162,777)	960,666
<b>Total</b>	<b>25,545,121</b>	<b>19,065,147</b>	<b>(17,796,012)</b>	<b>26,814,256</b>

## NOTE 9 OTHER MATTERS (Continued)

## 9.1 Reserves (continued)

## (b) General reserves (continued)

2021

	Balance at beginning of reporting period \$	Transfer from accumulated surplus \$	Transfer to accumulated surplus \$	Balance at end of reporting period \$
Land and buildings reserve	(15,070)	470,344	-	455,274
Boundary and township signage reserve	83,206	16,794	-	100,000
Capital expenditure reserve	6,244,527	4,282,325	(6,244,527)	4,282,325
Caravan park development reserve	49,393	138,680	-	188,073
Community planning reserve	2,007,039	1,857,720	(1,236,039)	2,628,720
Economic development reserve	371,740	100,000	(40,558)	431,182
Fleet replacement reserve	640,954	227,380	(154,866)	713,468
Gravel and sand pit restoration reserve	400,000	-	-	400,000
Heritage loan scheme reserve	100,000	-	-	100,000
Information technology reserve	800,000	185,000	(174,197)	810,803
Little Lake Boort water reserve	24,069	3,535	(10,000)	17,604
Waste management reserve	300,000	-	-	300,000
Major projects reserve	153,996	80,000	-	233,996
Plant replacement reserve	1,486,953	917,741	(830,484)	1,574,210
Professional development reserve	9,619	6,000	-	15,619
Recreation facilities improvement reserve	100,000	-	-	100,000
Swimming pool major projects reserve	150,000	50,000	-	200,000
Unfunded superannuation liability reserve	898,808	301,192	-	1,200,000
Units reserve	60,000	-	-	60,000
Unightly premises enforcement provision reserve	100,000	-	-	100,000
Unspent contributions reserve	-	-	-	-
Unspent grants reserve	8,009,547	10,860,404	(8,009,547)	10,860,404
Urban drainage reserve	843,958	125,000	(195,515)	773,443
<b>Total</b>	<b>22,818,739</b>	<b>19,622,115</b>	<b>(16,895,733)</b>	<b>25,545,121</b>

## NOTE 9 OTHER MATTERS (Continued)

### 9.1 Reserves (continued)

#### (b) General reserves (continued)

##### Purpose of general reserves

###### ***Land and buildings reserve***

The land and buildings reserve is used to fund the purchase and improvement of land and buildings. Proceeds received from the sale of Council owned land and buildings are transferred to the reserve.

###### ***Boundary and township signage reserve***

The Boundary and Township Signage Reserve is used to fund replacement of Council's boundary and township signage. Council transfers to the reserve annually an amount determined during the budget process as sufficient to fund the boundary and township signage replacement program, to a maximum reserve level of \$100K. The net cost of boundary and township signage purchases and installation for the year is transferred from the reserve.

###### ***Capital expenditure reserve***

The capital expenditure reserve is used to set aside funds that have been budgeted for capital works projects in one financial year but will not be expended by the end of that year. Council transfers to the reserve annually the unexpended budget amounts for capital works and other projects that will be undertaken in the following financial year.

###### ***Caravan park development reserve***

The caravan park development reserve is used to set aside surpluses made from the operations of council's caravan parks to assist with financing major works carried out at those caravan parks. The annual surplus made on the operations of Council's caravan parks is transferred to the reserve annually, and the funds required to finance major works undertaken at Council's caravan parks are transferred from the reserve.

###### ***Community planning reserve***

The community planning reserve is used to set aside unspent funds for community planning projects. Council transfers to the reserve annually cumulative unspent funds for each ward's community planning projects. Council transfers from the reserve the amount placed into the reserve at the end of the previous financial year.

###### ***Economic development reserve***

The economic development reserve is used to assist with economic development initiatives that council wishes to financially support. Council transfers to the reserve annually an amount determined during the budget process as sufficient to fund economic development initiatives, and proceeds from the sale of industrial land along with the cost of economic development initiatives during the financial year are transferred from the reserve.

###### ***Fleet replacement reserve***

The fleet replacement reserve is used to fund the replacement of passenger vehicles. Council transfers to the reserve annually an amount determined during the budget process as sufficient to fund the fleet replacement program, and transfers from the reserve the net cost of fleet purchases for the year.

###### ***Gravel and sand pit (GSP) restoration reserve***

The gravel and sand pit (GSP) restoration reserve is used to fund land purchase, development and restoration of gravel and sand pits used by council for the extraction of road building materials. Council transfers from the reserve the cost of purchasing new sites and development and restoration of gravel and sand pits, and transfers to the reserve annual surplus on operations of gravel and sand pits.

###### ***Heritage loan scheme reserve***

The heritage loan scheme reserve is used to provide loans to owners of properties located in significant heritage precincts, heritage registered buildings or structures of local heritage significance, to enable repair and maintenance of those buildings with the aims of quality appearance and public safety.

## NOTE 9 OTHER MATTERS (Continued)

### 9.1 Reserves (continued)

#### (b) General reserves (continued)

##### Purpose of general reserves (continued)

###### **Information technology reserve**

The information technology reserve is used to assist with the purchase of information technology assets. Council transfers to the reserve annually an amount determined during the budget process as sufficient to fund information technology assets, and transfers from the reserve the net cost of information technology assets.

###### **Little Lake Boort water**

The Little Lake Boort water reserve is used to secure the proceeds from sale of temporary water rights relating to Little Lake Boort. Council transfers to the reserve the proceeds from the sale of temporary water rights and unexpended amounts from annual expenditure budget, and transfers from the reserve the amounts required to purchase water rights or for any other expenditure relating to Little Lake Boort.

###### **Waste management reserve**

The waste management reserve is used to assist with the cost of strategic projects, compliance and long term planning for Council's landfills and transfer stations. Council transfers to the reserve annually \$10 per kerbside collection levy (or a pro-rated amount for a pro-rated collection). Council transfers from the reserve the cost of strategic projects, compliance and long term planning within Council landfills and transfer stations.

###### **Major projects reserve**

The major projects reserve is used to assist with the funding of major projects identified by Council. An annual allocation determined during the budget process as sufficient to fund major projects is transferred to the reserve. When a major project is identified and approved, an amount will be transferred from the reserve to assist with funding the project.

###### **Plant replacement reserve**

The plant replacement reserve is used to fund plant purchases. Council transfers to the reserve annually an amount determined during the budget process as sufficient to fund the plant replacement program. Council transfers from the reserve the net cost of plant purchases for the year.

###### **Professional development reserve**

The professional development reserve is used to fund the professional development undertaken by executive officers of Council. An annual allocation is provided to each executive officer in accordance with their contract of employment, while the cost of the professional development undertaken during the year is transferred from the reserve.

###### **Recreation facilities improvement reserve**

The recreation facilities improvement reserve is an allocation of funds used to provide interest free loans to community groups for improvements at council reserves.

###### **Swimming pool major projects reserve**

The Swimming Pool Major Projects Reserve is used to fund unplanned major repairs and capital works on the various swimming pool sites across the Shire. Council transfers to the reserve annually an amount determined during the budget process, to a maximum reserve level of \$200K. Council transfers from the reserve the net cost of unplanned major repairs and capital works.

## NOTE 9 OTHER MATTERS (Continued)

### 9.1 Reserves (continued)

#### (b) General reserves (continued)

##### Purpose of general reserves (continued)

###### ***Unfunded superannuation liability reserve***

The unfunded superannuation liability reserve is used to assist with funding any call that may be made on council as a result of shortfall in the Local Authorities' Superannuation Defined Benefits Plan. Council transfers to the reserve annually an amount determined during the budget process as sufficient to fund potential future calls by the superannuation authority in relation to an unfunded superannuation liability. Council transfers from the reserve any funds required to finance a call made upon Council by the superannuation authority.

###### ***Units reserve***

The units reserve is used to fund the purchase or improvement of council owned elderly persons' units. The net surplus generated from rental income is transferred to the reserve annually. Funds are transferred out of the reserve to cover the cost of capital works undertaken at elderly persons' units.

###### ***Unightly premises enforcement provision reserve***

The Unightly Premises Enforcement Provision Reserve is used to provide funds to assist with the enforcement and rectification works on identified unightly premises with costs recouped via legal or other action.

###### ***Unspent contributions reserve***

The unspent contributions reserve is used to set aside contributions received for a specific purpose in one financial year that will not be expended until a later financial year. Council transfers to the reserve contributions received during the financial year that have not been expended, and transfers from the reserve the amount placed into the reserve at the end of the previous financial year.

###### ***Unspent grants reserve***

The unspent grants reserve is used to set aside grants received in one financial year that will not be expended until a later financial year. Council transfers to the reserve grants received during the financial year that have not been expended, and transfers from the reserve the amount placed into the reserve at the end of the previous financial year.

###### ***Urban drainage reserve***

The urban drainage reserve is used to fund urban drainage works in the towns within the Shire. Council transfers to the reserve annually an amount determined during the budget process sufficient to fund the urban drainage program, and transfers from the reserve the annual cost of urban drainage work.

**NOTE 9 OTHER MATTERS (Continued)****9.2 Reconciliation of cash flows from operating activities to surplus/(deficit)**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Surplus / (deficit) for the period	2,002,203	2,750,490
Depreciation	9,270,237	9,959,894
(Profit) / loss on disposal of assets	(34,433)	(88,633)
Impairment of financial assets	-	-
Reversal of impairment of assets	-	(32)
Bad debts expense	18,759	(4,720)
Share of other comprehensive income of associates	(4,075)	(3,886)
<b>Change in assets and liabilities</b>		
(Increase) / decrease in receivables (net of advances)	286,756	(539,818)
(Increase) / decrease in accrued income	(67,263)	97,823
(Increase) / decrease in prepayments	(90,576)	128,743
(Increase) / decrease in other assets and liabilities	-	-
Increase / (decrease) in unearned income	100,000	2,271,276
Increase / (decrease) in trust funds and deposits	2,611	8,791
(Increase) / decrease in inventories	24,120	2,662
Increase / (decrease) in payables	(798,001)	837,797
Increase / (decrease) in employee benefits	(142,009)	382,513
Increase / (decrease) in other provisions	(223,841)	(267,416)
(Increase) / decrease in library equity	(10,371)	(9,347)
<b>Net cash provided by / used by operating activities</b>	<b>10,334,117</b>	<b>15,526,137</b>

**9.3 Superannuation**

Council makes the majority of its employer superannuation contributions in respect of its employees to the Local Authorities Superannuation Fund (the Fund). This Fund has two categories of membership, accumulation and defined benefit, each of which is funded differently. Obligations for contributions to the Fund are recognised as an expense in the Comprehensive Income Statement when they are made or due.

**Accumulation**

The Fund's accumulation categories, Vision MySuper / Vision Super Saver, receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2022, this was 10.0% required under Superannuation Guarantee (SG) Legislation, for 2021 this was 9.5%).

**Defined benefit**

Council does not use defined benefit accounting for its defined benefit obligations under the Fund's Defined Benefit category. This is because the Fund's Defined Benefit category is a pooled multi-employer sponsored plan.

There is no proportional split of the define benefit liabilities, assets or costs between the participating employers as the defined benefit obligation is a floating obligation between the participating employers and the only time that the aggregate obligation is allocated to specific employers is when a call is made. As a result, the level of participation of Council in the Fund cannot be measured as a percentage compared with other participating employers. Therefore, the Fund Actuary is unable to allocate benefit liabilities, assets and costs between employers for the purposes of AASB119.

**Funding arrangements**

Council makes employer contributions to the Defined Benefit category of the Fund at rates determined by the Trustee on advice of the Fund Actuary.

## NOTE 9 OTHER MATTERS (Continued)

### 9.3 Superannuation (continued)

#### Defined benefit (continued)

##### *Funding arrangements (continued)*

As at 30 June 2021, an interim actuarial investigation was held as the Fund provides lifetime pensions in the Defined Benefits category.

The vested benefit index (VBI) of the Defined Benefit category of which Council is a contributing employer was 109.8%. The financial assumptions used to calculate the VBI were:

Net investment returns	4.75% pa
Salary information	2.75% pa
Price inflation (CPI)	2.25% pa

As at 30 June 2022, an interim actuarial investigation is underway as the Fund provides lifetime pensions in the Defined Benefit category.

Vision Super has advised that the VBI at 30 June 2022 was 102.2%. Council was notified of the 30 June 2022 VBI during August 2022 (2021; August 2021). The financial assumptions used to calculate this VBI were:

Net investment returns	5.5% pa
Salary information	2.5% pa to 30 June 2023, and 3.5% pa thereafter
Price inflation (CPI)	3.0% pa

The VBI is used as the primary funding indicator. Because the VBI was above 100%, the June 2021 actuarial investigation determined the Defined Benefit category was in a satisfactory financial position and that no change was necessary to the Defined Benefit category's funding arrangements from prior years.

##### **Employer contributions (regular contributions)**

On the basis of the results of the 2021 full actuarial investigation conducted by the Fund Actuary, Council makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2022, this rate was 10.0% of members' salaries (9.5% in 2020/21). This rate is expected to increase in line with any increases in the SG contribution rate and was reviewed as part of the 30 June 2020 triennial valuation.

In addition, Council reimburses the Fund to cover the excess of the benefits paid as a consequence of retrenchment above the funded resignation or retirement benefit.

##### **Funding calls**

If the Defined Benefit category is in an unsatisfactory financial position at an actuarial investigation or the Defined Benefit category's VBI is below its shortfall limit at any time other than the date of the actuarial investigation, the Defined Benefit category has a shortfall for the purposes of SPS 160 and the Fund is required to put a plan in place so that the shortfall is fully funded within three years of the shortfall occurring. The Fund monitors its VBI on a quarterly basis and the Fund has set its shortfall limit at 97%.

In the event that the Fund Actuary determines that there is a shortfall based on the above requirement, the Fund's participating employers (including Council) are required to make an employer contribution to cover the shortfall.

Using the agreed methodology, the shortfall amount is apportioned between the participating employers based on the pre-1 July 1993 and post-30 June 1993 service liabilities of the Fund's Defined Benefit category, together with the employer's payroll at 30 June 1993 and at the date the shortfall has been calculated.

Due to the nature of the contractual obligations between the participating employers and the Fund, and that the Fund includes lifetime pensioners and their reversionary beneficiaries, it is unlikely that the Fund will be wound up.

## NOTE 9 OTHER MATTERS (Continued)

### 9.3 Superannuation (continued)

#### *Funding calls (continued)*

If there is a surplus in the Fund, the surplus cannot be returned to the participating employers. In the event that a participating employer is wound-up, the defined benefit obligations of that employer will be transferred to that employer's successor.

#### The 2021 interim actuarial investigation surplus amounts

An actuarial investigation is conducted annually for the Defined Benefit category of which Council is a contributing employer. Generally, a full actuarial investigation is conducted every three years and interim actuarial investigation are conducted for each intervening year. A interim investigation was conducted as at 30 June 2021 and the last full investigation was conducted as at 30 June 2020.

The Fund's actuarial investigations identified the following in the Defined Benefit category of which Council is a contributing employer:

	2021 (Interim) \$M	2020 (Triennial) \$M
- A VBI surplus	214.70	100.00
- A total service liability surplus	270.30	200.00
- A discounted accrued benefits surplus	285.20	217.80

The VBI surplus means that the market value of the fund's assets supporting the defined benefit obligations exceed the vested benefits that the defined benefit members would have been entitled to if they had all exited on 30 June 2021.

The total service liability surplus means that the current value of the assets in the Fund's Defined Benefit category plus expected future contributions exceeds the value of expected future benefits and expenses as at 30 June 2020.

The discounted accrued benefit surplus means that the current value of the assets in the Fund's Defined Benefit category exceeds the value of benefits payable in the future but accrued in respect of service to 30 June 2021.

Council was notified of the 30 June 2021 VBI during August 2021 (2020: August 2020).

#### The 2022 interim actuarial investigation

An interim actuarial investigation is being conducted for the Fund's position as at 30 June 2022 as the fund provides lifetime pensions in the Defined Benefit category. It is anticipated that this actuarial investigation will be completed by October 2022. Council was notified of the 30 June 2022 during August 2022 (2021: August 2021).

#### Superannuation contributions

Contributions by Council (excluding any unfunded liability payments) to the above superannuation plans for the financial year ended 30 June 2022 are detailed below:

Scheme - Type of Scheme - Rate	2022 \$	2021 \$
Vision super - Defined Benefit - 10.0% (2021: 9.50%)	94,428	71,017
Vision super - Accumulation fund - 10.0% (2021: 9.50%)	492,304	539,760
Other super funds	293,393	256,100

There were no contributions outstanding and no loans issued from or to the above schemes as at 30 June 2022. The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2022 is \$Nil.

## NOTE 10 CHANGE IN ACCOUNTING POLICY

There have been no changes to accounting policies for the 2021/22 year.

There are no pending accounting standards that are likely to have a material impact on Council.





Loddon Shire Council

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