

# Financial Statements

Year ending 30 June 2023



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## 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: ..... Dated: 06 /September / 2023  
**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 2023 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: ..... Dated: 06 /September / 2023  
**DANIEL ALLAN STRAUB, MAYOR**  
*Wedderburn, Victoria, 3518*



Signed: ..... Dated: 06 /September / 2023  
**NEIL EDWARD BEATTIE, COUNCILLOR**  
*Wedderburn, Victoria, 3518*



Signed: ..... Dated: 06 /September / 2023  
**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 2023</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 2023 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.

MELBOURNE  
13 September 2023



Travis Derricott  
*as delegate for the Auditor-General of Victoria*

## COMPREHENSIVE INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 \$	2022 \$
<b>Income / Revenue</b>			
Rates and charges	3.1	12,283,025	11,890,953
Statutory fees and fines	3.2	329,402	383,610
User fees	3.3	1,313,104	1,538,812
Grants - operating	3.4	21,623,177	15,211,241
Grants - capital	3.4	6,081,169	2,965,192
Contributions - monetary	3.5	361,400	273,925
Reimbursements and subsidies	3.6	1,181,739	859,314
Donated assets		45,322	-
Net gain (or loss) on disposal of property, infrastructure, plant and equipment	3.7	17,390	34,433
Interest received	3.8	1,264,776	263,296
Share of net profits of associates and joint ventures	6.3	1,301	14,446
<b>Total income / revenue</b>		<b>44,501,805</b>	<b>33,435,222</b>
<b>Expenses</b>			
Employee costs	4.1	13,464,021	12,857,975
Materials and services	4.2	12,977,497	8,971,351
Depreciation	4.3	10,742,687	9,270,237
Bad and doubtful debts - allowance for impairment losses	4.4	57,799	40,478
Other expenses	4.5	311,346	292,978
<b>Total expenses</b>		<b>37,553,350</b>	<b>31,433,019</b>
<b>Surplus (or deficit) for year</b>		<b>6,948,455</b>	<b>2,002,203</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)	39,617,225	(10,365,945)
Share of other comprehensive income of associates and joint ventures accounted for by the equity method	6.3	(3,673)	(4,075)
<b>Total other comprehensive income</b>		<b>39,613,552</b>	<b>(10,370,020)</b>
<b>Total comprehensive result</b>		<b>46,562,007</b>	<b>(8,367,817)</b>

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

## BALANCE SHEET AS AT 30 JUNE 2023

	Note	2023 \$	2022 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	5.1	15,992,321	3,727,157
Other financial assets	5.1	33,188,401	36,684,402
Trade and other receivables	5.1	2,025,564	1,063,989
Other assets	5.2	711,733	130,642
Prepayments	5.2	5,267	262,843
Non-current assets classified as held for sale	6.1	311,958	311,958
<b>Total current assets</b>		<b>52,235,244</b>	<b>42,180,991</b>
<b>Non-current assets</b>			
Other assets	5.2	100	100
Investments in associates, joint ventures and subsidiaries	6.3	292,682	295,054
Intangible assets	5.2	2,807,790	2,713,090
Property, infrastructure, plant and equipment	6.2	382,469,773	343,749,861
<b>Total non-current assets</b>		<b>385,570,345</b>	<b>346,758,105</b>
<b>Total assets</b>		<b>437,805,589</b>	<b>388,939,096</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	5.3(a)	2,375,392	692,750
Trust funds and deposits	5.3(b)	367,767	367,782
Unearned income	5.3(c)	3,176,276	3,076,276
Provisions	5.4	2,836,372	2,841,411
<b>Total current liabilities</b>		<b>8,755,807</b>	<b>6,978,219</b>
<b>Non-current liabilities</b>			
Provisions	5.4	1,773,183	1,246,284
<b>Total non-current liabilities</b>		<b>1,773,183</b>	<b>1,246,284</b>
<b>Total liabilities</b>		<b>10,528,990</b>	<b>8,224,503</b>
<b>Net assets</b>		<b>427,276,599</b>	<b>380,714,592</b>
<b>Equity</b>			
Accumulated surplus		91,709,883	91,667,547
Reserves	9	335,566,716	289,047,045
<b>Total equity</b>		<b>427,276,599</b>	<b>380,714,592</b>

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

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2023

**2023**

	Note	Total 2023 \$	Accumulated surplus 2023 \$	Revaluation reserve 2023 \$	Other reserves 2023 \$
Balance at beginning of the financial year		380,714,592	91,667,547	262,232,789	26,814,256
Surplus/(deficit) for the year		6,948,455	6,948,455	-	-
Net asset revaluation increment/(decrement)	9.1(a)	39,617,225	-	39,617,225	-
Transfer to reserves	9.1(b)	-	(24,971,210)	-	24,971,210
Transfer from reserves	9.1(b)	-	18,068,764	-	(18,068,764)
Share of other comprehensive income		(3,673)	(3,673)	-	-
<b>Balance at end of financial year</b>		<b>427,276,599</b>	<b>91,709,883</b>	<b>301,850,014</b>	<b>33,716,702</b>

**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>



## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 Inflows/ (outflows) \$	2022 Inflows/ (outflows) \$
<b>Cash flows from operating activities</b>			
Rates and charges		12,127,262	11,936,398
Statutory fees and fines		336,507	356,251
User fees		649,596	1,632,691
Grants - operating		21,444,456	15,326,794
Grants - capital		6,181,169	3,065,192
Contributions - monetary		361,400	273,925
Donated assets		45,322	-
Reimbursements and subsidies		1,181,739	859,314
Interest received		1,390,151	196,033
Net GST refund		1,268,707	1,268,707
Trust funds and deposits taken		(15)	2,611
Employee costs		(13,361,866)	(12,960,079)
Material and services		(12,932,581)	(11,623,720)
<b>Net cash provided by (used in) operating activities</b>	9.2	<b>18,691,847</b>	<b>10,334,117</b>
<b>Cash flows from investing activities</b>			
Payments for property, infrastructure, plant and equipment	6.2	(10,224,734)	(7,579,652)
Proceeds from sale of property, infrastructure, plant and equipment	3.7	302,050	211,938
Payments for intangible assets		-	(650)
Payments from / (for) investments		3,496,001	(19,500,985)
Repayment of loans and advances from community organisations		-	-
<b>Net cash provided by (used in) investing activities</b>		<b>(6,426,683)</b>	<b>(26,869,349)</b>
Net increase/(decrease) in cash and cash equivalents		12,265,164	(16,535,232)
Cash and cash equivalents at the beginning of the financial year		3,727,157	20,262,389
<b>Cash and cash equivalents at the end of the financial year</b>	5.1	<b>15,992,321</b>	<b>3,727,157</b>

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

## STATEMENT OF CAPITAL WORKS FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 \$	2022 \$
<b>Land and buildings</b>			
Land		-	840,934
Buildings - specialised		1,394,372	288,337
Work in progress		3,722,102	444,855
<b>Total buildings</b>		<b>5,116,474</b>	<b>1,574,126</b>
<b>Plant and fittings</b>			
Plant, machinery and equipment		974,628	749,230
Office furniture and equipment		40,182	90,326
<b>Total plant and equipment</b>		<b>1,014,810</b>	<b>839,556</b>
<b>Infrastructure</b>			
Roads		2,953,021	3,514,155
Bridges		445,562	920,762
Footpaths and cycleways		522,263	353,945
Kerb and channel		-	169,544
Drainage		172,604	207,563
Street furniture		-	-
Work in progress		-	-
<b>Total infrastructure</b>		<b>4,093,450</b>	<b>5,165,970</b>
<b>Total capital works expenditure</b>	6.2	<b>10,224,734</b>	<b>7,579,652</b>
<b>Represented by:</b>			
New asset expenditure		1,014,810	1,674,732
Asset renewal expenditure		4,762,106	5,451,463
Asset expansion expenditure		4,099,041	332,338
Asset upgrade expenditure		348,777	121,119
<b>Total capital works expenditure</b>		<b>10,224,734</b>	<b>7,579,652</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

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported. Accounting policies applied are disclosed in sections where the related balance or financial statement matter is disclosed.

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 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.

## NOTE 1 OVERVIEW (CONTINUED)

### Significant accounting policies (continued)

#### **(a) Basis of accounting (continued)**

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.

#### **Goods and Services Tax (GST)**

Income and expenses are recognised net of the amount associated with GST. Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

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

During 2022/23 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 ANALYSIS OF OUR RESULTS

### 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 28 June 2022.

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 / revenue and expenditure

	Budget 2023 \$	Actual 2023 \$	Variance \$	Variance %	Ref
<b>Income / revenue</b>					
Rates and charges	12,257,016	12,283,025	26,009	0.2%	
Statutory fees and fines	284,357	329,402	45,045	15.8%	
User fees	1,531,648	1,313,104	(218,544)	-14.3%	
Grants - operating	4,174,076	21,623,177	17,449,101	418.0%	1
Grants - capital	2,387,726	6,081,169	3,693,443	154.7%	2
Contributions - monetary	-	361,400	361,400	100.0%	3
Reimbursements and subsidies	778,447	1,181,739	403,292	51.8%	4
Donated assets	-	45,322	45,322	100.0%	5
Interest earnings	235,000	1,264,776	1,029,776	438.2%	6
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	-	17,390	17,390	100.0%	
Share of net profits/(losses) of associates and joint ventures	-	1,301	1,301	0.0%	
<b>Total income / revenue</b>	<b>21,648,270</b>	<b>44,501,805</b>	<b>22,853,535</b>	<b>105.6%</b>	
<b>Expenses</b>					
Employee costs	14,362,102	13,464,021	898,081	6.3%	
Materials and services	12,173,012	12,977,497	(804,485)	6.6%	
Depreciation	10,106,628	10,742,687	(636,059)	6.3%	
Bad and doubtful debts - allowance for impairment losses	-	57,799	(57,799)	100.0%	7
Other expenses	351,182	311,346	39,836	-11.3%	
<b>Total expenses</b>	<b>36,992,924</b>	<b>37,553,350</b>	<b>(560,426)</b>	<b>1.5%</b>	
<b>Surplus/(deficit) for the year</b>	<b>(15,344,655)</b>	<b>6,948,455</b>	<b>22,293,109</b>	<b>-145.3%</b>	

#### (I) Explanation of material variations

- 1 This includes the 100% upfront payment of the 2023/24 Grants Commission funding. This was not budgeted.
- 2 This includes further grant funding for major projects that were initially budgeted to occur within 2021/22.
- 3 This includes project funding for items that were expected to commence in 2021/22 and further new projects.
- 4 This mainly relates to reimbursement of expenses for the ongoing system implementation project along with insurance claims reimbursements.
- 5 Council was donated the assets funded from the mosquito monitor and eradication program. This was not expected when the budget was adopted.
- 6 Significant increases in interest rates and available cash has resulting in an increase to the interest earned.
- 7 This is an unknown, therefore Council does not budget for doubtful debts.



## NOTE 2 ANALYSIS OF OUR RESULTS (CONTINUED)

### 2.1 Performance against budget (continued)

#### 2.1.2 Capital works

	<b>Budget 2023 \$</b>	<b>Actual 2023 \$</b>	<b>Variance \$</b>	<b>Variance %</b>	<b>Ref</b>
<b>Land and buildings</b>					
Land	-	-	0	100.0%	
Buildings	405,000	928,563	(523,563)	129.3%	
<b>Total land and buildings</b>	<b>405,000</b>	<b>928,563</b>	<b>(523,563)</b>	<b>129.3%</b>	8
<b>Plant and equipment</b>					
Plant, machinery and equipment	2,097,340	974,628	1,122,712	-53.5%	
Office furniture and equipment	100,000	40,182	59,818	-59.8%	
<b>Total plant and equipment</b>	<b>2,197,340</b>	<b>1,014,810</b>	<b>1,182,530</b>	<b>-53.8%</b>	9
<b>Infrastructure</b>					
Roads	3,207,823	3,118,541	89,282	-2.8%	
Bridges	149,488	445,562	(296,074)	198.1%	
Footpaths and cycleways	426,183	522,263	(96,080)	22.5%	
Drainage	350,000	179,449	170,551	-48.7%	
Recreation, leisure and community facilities	500,000	3,798,050	(3,298,050)	659.6%	
Parks, open space and streetscapes	100,000	217,496	(117,496)	117.5%	
<b>Total infrastructure</b>	<b>4,733,494</b>	<b>8,281,361</b>	<b>(3,547,867)</b>	<b>75.0%</b>	10
<b>Total capital works expenditure</b>	<b>7,335,834</b>	<b>10,224,734</b>	<b>(2,888,900)</b>	<b>39.4%</b>	
<b>Represented by:</b>					
New asset expenditure	2,197,340	1,014,810	1,182,530	-53.8%	
Asset renewal expenditure	4,638,494	4,762,106	(123,612)	2.7%	
Asset expansion expenditure	-	4,099,041	(4,099,041)	100.0%	
Asset upgrade expenditure	500,000	348,777	151,223	-30.2%	
<b>Total capital works expenditure</b>	<b>7,335,834</b>	<b>10,224,734</b>	<b>(2,888,900)</b>	<b>39.4%</b>	

#### (i) Explanation of material variations

- 8 This mainly relates to the caravan park improvement works that were carried forward from 2021/22.
- 9 The variation relates to the delay in delivery for some major plant items. These have been ordered and are recognised as commitments in the schedule but are not available for delivery as yet.
- 10 The variations relate to projects that were carried forward from 2021/22. This includes Donaldson Park, Pyramid Hill Streetscape and Community Centre along with various road infrastructure projects.

## NOTE 2 ANALYSIS OF OUR RESULTS (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 / revenue, expenses, assets and capital expenses by program

##### 2023 - Council Plan

	Income / revenue \$	Expenses \$	Surplus / (Deficit) \$	Grants included in income / revenue \$	Total assets \$
Sustainable built and natural environment	11,163,154	7,028,256	4,134,898	8,723,022	378,073,554
Growing and vibrant community	3,455,074	2,401,182	1,053,892	2,950,996	-
Diverse and expanding economy	825,819	1,095,862	(270,043)	269,287	311,958
Supported and accessible community	29,057,758	27,028,050	2,029,708	15,761,041	59,420,077
<b>Total</b>	<b>44,501,805</b>	<b>37,553,350</b>	<b>6,948,455</b>	<b>27,704,346</b>	<b>437,805,589</b>

##### 2022 - Council Plan

	Income / revenue \$	Expenses \$	Surplus / (Deficit) \$	Grants included in income / revenue \$	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>

## 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 2022/23 was \$3,497,520,100. The valuation base used in 2021/22 was \$2,672,413,100.

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
General rates	2,688,092	2,506,374
Rural production rates	6,181,689	6,205,467
Municipal charges	1,356,691	1,318,915
Kerbside recycling charges	527,248	476,727
Garbage charges	1,477,925	1,336,289
Interest on rates and charges	51,380	47,181
<b>Total rates and garbage charges</b>	<b>12,283,025</b>	<b>11,890,953</b>

The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2022, and the valuation was first applied in the rating year commencing 1 July 2022.

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>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<b>Statutory fees and fines</b>		
Rates and property	14,284	12,164
Risk management	3,232	6,099
Building regulation	44,998	76,676
Local laws and animal management	85,016	82,769
Public health	54,702	58,973
Strategic and statutory planning	127,170	146,929
<b>Total statutory fees and fines</b>	<b>329,402</b>	<b>383,610</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

	2023 \$	2022 \$
<b>User fees</b>		
Caravan parks	494,146	635,256
Loddon Discovery Tours	-	675
Tourism	17,407	2,350
Aged care services	418,362	478,471
Seniors	4,516	1,897
Emergency management	4,911	3,675
Preschools	4,896	56,866
Corporate governance	565	6,328
Financial services	2,641	949
Human resources and development	49,058	51,371
Council engineering and technical services	63,831	50,072
Building regulation	2,217	1,162
Local laws and animal management	-	472
Building and property management	61,563	37,475
Gravel pits	16,203	34,155
Parks and townships	-	102
Roads	16,687	13,278
Waste management	38,013	61,314
Other	2,908	6,654
<b>Rent received</b>		
Elderly persons units	70,202	56,755
Economic development	44,978	39,535
<b>Total user fees</b>	<b>1,313,104</b>	<b>1,538,812</b>
<b>User fees by timing of revenue recognition</b>		
User fees recognised over time	-	-
User fees recognised at a point in time	1,313,104	1,538,812
<b>Total user fees</b>	<b>1,313,104</b>	<b>1,538,812</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

	2023 \$	2022 \$
Grants were received in respect of the following:		
<b>Summary of grants</b>		
Commonwealth funded grants	15,513,407	14,595,172
State funded grants	12,190,939	3,581,261
<b>Total grants received</b>	<b>27,704,346</b>	<b>18,176,433</b>

	2023 \$	2022 \$
<b>(a) Operating grants</b>		
<b>Recurrent - Commonwealth Government:</b>		
Financial Assistance Grant - general purpose grant	7,927,689	7,020,658
Financial Assistance Grant - local roads	5,610,806	5,186,788
<b>Total operating Commonwealth Government grants</b>	<b>13,538,495</b>	<b>12,207,446</b>

**NOTE 3 FUNDING FOR THE DELIVERY OF OUR SERVICES (Continued)****3.4 Funding from other levels of government (continued)**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<b>Recurrent - State Government:</b>		
Aged care services	869,649	916,875
Seniors	3,700	6,700
Maternal and child health	274,172	277,885
Early years	186,834	161,029
Preschools	628,052	549,334
Youth	-	12,250
Rates and property	46,397	45,599
Roads	75,000	75,000
Waste management	6,635	27,252
Other	43,795	33,514
<b>Total recurrent operating grants</b>	<b>2,134,234</b>	<b>2,105,438</b>
<b>Non recurrent - State Government:</b>		
Administration and management	-	(85,550)
Economic development	-	210,000
Flood management	5,378,067	-
Community wellbeing projects	20,500	94,044
Community support	-	36,106
Emergency management	-	30,000
Grants and community planning	182,000	100,000
Early years	109,239	119,936
Preschools	-	69,968
Human resources and development	-	2,601
Project and contract management	58,400	296,000
Public health	152,242	7,052
Strategic and Statutory Plannin	50,000	-
Other	-	18,200
<b>Total non recurrent operating grants</b>	<b>5,950,448</b>	<b>898,357</b>
<b>Total operating grants</b>	<b>21,623,177</b>	<b>15,211,241</b>
<b>(b) Capital grants</b>		
<b>Recurrent - Commonwealth Government:</b>		
Roads to Recovery	1,974,912	2,387,726
<b>Recurrent - State Government:</b>		
Caravan parks	269,287	127,844
<b>Non recurrent - State Government:</b>		
Grants and community planning	1,000,000	90,000
Project and contract management	111,258	359,622
Infrastructure program	2,725,712	-
<b>Total non recurrent capital grants</b>	<b>3,836,970</b>	<b>449,622</b>
<b>Total capital grants</b>	<b>6,081,169</b>	<b>2,965,192</b>



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

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

#### (c) 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.

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

	2023 \$	2022 \$
<b>Operating</b>		
<b>Balance at start of year</b>	7,137,817	7,350,767
Received during the financial year and remained unspent at balance date	5,642,536	5,539,277
Received in prior years and spent during the financial year	(2,263,674)	(5,752,227)
<b>Balance at year end</b>	<b>10,516,679</b>	<b>7,137,817</b>
<b>Capital</b>		
<b>Balance at start of year</b>	4,198,618	3,509,637
Received during the financial year and remained unspent at balance date	3,607,969	3,933,445
Received in prior years and spent during the financial year	(1,034,330)	(3,244,464)
<b>Balance at year end</b>	<b>6,772,257</b>	<b>4,198,618</b>

Unspent grants are determined and disclosed on a cash basis.

	2023 \$	2022 \$
<b>Income recognised under AASB 1058 <i>Income of Not-for-Profit Entities</i></b>		
General purpose	13,546,014	12,288,338
Specific purpose grants to acquire non-financial assets	13,244,867	4,248,253
Other specific purpose grants	11,750	11,500
<b>Revenue recognised under AASB 15 <i>Revenue from Contracts with Customers</i></b>		
Specific purpose grants	901,715	1,628,342
<b>Total grants recognised in income statement</b>	<b>27,704,345</b>	<b>18,176,433</b>

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

### 3.5 Contributions

	2023 \$	2022 \$
Contributions - operating - monetary	88,150	9,948
Contributions - capital - monetary	273,250	263,977
<b>Total contributions</b>	<b>361,400</b>	<b>273,925</b>

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

### 3.6 Reimbursements and subsidies

	2023 \$	2022 \$
Council administration	119,282	55,000
Aged care services	-	12,860
Grants and community planning	11,770	17,753
Risk management	111,121	85,395
Governance	183,339	-
Plant and fleet	109,817	121,338
Department of Transport routine maintenance contract	640,338	566,968
Other	6,072	-
<b>Total reimbursements and subsidies</b>	<b>1,181,739</b>	<b>859,314</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

	2023 \$	2022 \$
Proceeds from sale	302,050	211,938
Written down value of assets disposed	(284,660)	(177,505)
<b>Total net gain (or loss) on disposal of property, infrastructure, plant and equipment</b>	<b>17,390</b>	<b>34,433</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

	2023 \$	2022 \$
Interest on investments	1,213,396	216,115
Rates interest	51,380	47,181
<b>Total interest received</b>	<b>1,264,776</b>	<b>263,296</b>

Interest is recognised as it is earned.

## NOTE 4 THE COST OF DELIVERING SERVICES

### 4.1 (a) Employee costs

	2023 \$	2022 \$
Salaries and wages	10,747,112	10,184,666
Annual leave and long service leave	1,203,601	1,298,849
Superannuation	1,192,587	1,127,908
Fringe benefits	109,776	84,049
Workcover	210,945	162,503
<b>Total employee costs</b>	<b>13,464,021</b>	<b>12,857,975</b>

### (b) Superannuation

Council made contributions to the following funds:

	2023 \$	2022 \$
<b>Defined benefit fund</b>		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	44,948	94,428
<b>Total defined benefit fund</b>	<b>44,948</b>	<b>94,428</b>

Employer contributions payable at reporting date is NIL.

	2023 \$	2022 \$
<b>Accumulation funds</b>		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	562,593	492,304
Employer contributions - Australian Super	115,556	94,595
Employer contributions - VicSuper	66,789	58,185
Employer contributions - Hesta	39,794	47,946
Employer contributions - Cbus	55,644	47,057
Employer contributions - other funds	307,263	293,393
<b>Total accumulated funds</b>	<b>1,147,639</b>	<b>1,033,480</b>

Employer contributions payable at reporting date is NIL.

Contributions made exclude amounts accrued at balance date. Refer to Note 9.3 for further information relating to Council's superannuation obligations.

### 4.2 Materials and services

	2023 \$	2022 \$
<b>Major contracts</b>		
Caravan parks	221,459	222,292
Swimming pools	416,885	529,900
Building and property maintenance	242,080	229,310
Waste management operations	1,160,677	1,209,526
Other contracts	276,940	73,051
Valuations	-	65,335
<b>Other materials and services</b>		
Cleaning	-	1,674
Insurance	552,532	516,998
Administration and management	385,461	343,910
Economic development	285,626	163,589
Council administration	162,635	162,865

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

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Library services	205,410	205,661
Flood management	1,920,573	-
Media	82,582	83,730
Caravan parks	148,674	151,208
Tourism	99,941	82,147
Aged care services	208,433	272,089
Elderly persons units	35,022	51,389
Seniors	30,699	25,072
Community wellbeing	86,588	27,536
Community support	214,029	265,158
Grants and community planning	277,805	564,597
Emergency management	25,187	30,511
Municipal health and wellbeing	23,857	45,156
Swimming pools	106,185	109,856
Early years	75,565	77,865
Preschools	41,867	92,867
Corporate governance	88,096	-
Financial services	70,145	43,886
Customer service	46,001	32,697
Information technology	239,348	137,599
Human resources and management	236,957	280,333
Risk management	115,909	159,874
Council engineering and technical services	72,810	63,504
Project and contract management	100,985	7,193
Building regulation	73,394	34,491
Local laws and animal management	33,704	31,987
Public health	106,072	42,637
Building and property maintenance	359,204	354,867
Plant and fleet	406,653	212,964
Gravel pits	244,628	(15,402)
Parks and townships	258,909	189,064
Roads	517,135	193,591
Department of Transport routine maintenance contract	260,402	158,349
Waste management	900,270	11,651
Waterways management	25,148	21,998
Software	841,854	668,941
Utilities	513,196	548,608
Other	179,965	189,227
<b>Total materials and services</b>	<b>12,977,497</b>	<b>8,971,351</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>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Roads	6,575,366	5,735,048
Buildings	1,583,137	1,504,207
Plant and equipment	818,814	886,211
Bridges	532,118	486,245
Urban drains	537,282	224,057
Furniture and equipment	206,589	125,220
Footpaths	220,964	158,066
Kerb and channel	199,965	108,243
Landfills	12,706	10,163
Street furniture	54,631	31,629
Quarries	1,115	1,148
<b>Total depreciation</b>	<b>10,742,687</b>	<b>9,270,237</b>

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

### 4.4 Bad and doubtful debts - allowance for impairment losses

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Rates debtors	56,973	34,668
Sundry debtors	826	5,810
<b>Total bad and doubtful debts - allowance for impairment losses</b>	<b>57,799</b>	<b>40,478</b>

#### Movement in allowance for impairment losses in respect of debtors

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Balance at beginning of the year	151,188	122,528
New provisions recognised during the year	57,799	40,748
Amounts already provided for and written off as uncollectible	(2,540)	(11,823)
Amounts provided for but recovered during the year	(977)	(265)
<b>Balance at end of year</b>	<b>205,470</b>	<b>151,188</b>

An allowance for impairment losses in respect of debtors 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>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Councillors' allowances	226,466	210,005
Auditors' remuneration - Internal Audit	40,280	37,264
Auditors' remuneration - VAGO - Audit of the financial statements, performance	44,600	45,709
<b>Total other expenses</b>	<b>311,346</b>	<b>292,978</b>



## NOTE 5 OUR FINANCIAL POSITION

### 5.1 Financial assets

#### (a) Cash and cash equivalents

	2023 \$	2022 \$
Cash on hand	1,800	2,450
Cash at bank (CEO's advance account)	4,000	4,000
Cash at bank (general account)	15,986,521	3,720,707
<b>Cash and cash equivalents</b>	<b>15,992,321</b>	<b>3,727,157</b>

#### (b) Other financial assets

	2023 \$	2022 \$
<b>Current</b>		
Term deposits (current)	33,000,000	36,500,000
Cash at bank (trust account)	188,401	184,402
<b>Total current other financial assets</b>	<b>33,188,401</b>	<b>36,684,402</b>
<b>Total other financial assets</b>	<b>33,188,401</b>	<b>36,684,402</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:

	2023 \$	2022 \$
<b>Restricted funds</b>		
Trust funds (Note 5.3)	367,767	367,782
<b>Total restricted funds</b>	<b>367,767</b>	<b>367,782</b>
<b>Total unrestricted funds</b>	<b>32,820,634</b>	<b>36,316,620</b>

#### Intended allocations

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

	2023 \$	2022 \$
Unspent grants (refer to Note 9.1)	17,288,936	11,336,434
Long service leave (refer to Note 5.4)	2,027,056	1,999,063
<b>Total restricted and intended allocation funds</b>	<b>19,315,992</b>	<b>13,335,497</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

	2023 \$	2022 \$
<b>Current</b>		
<i>Statutory receivables</i>		
Net receivable GST	359,175	180,454
Rates debtors	364,283	208,520
LESS provision for doubtful debts	(110,954)	(81,642)
	<b>612,504</b>	<b>307,332</b>
<i>Non statutory receivables</i>		
Sundry debtors	1,403,023	718,994
Other debtors	104,553	107,209
LESS provision for doubtful debts	(94,516)	(69,546)
Loans and advances to community organisations	-	-
	<b>1,413,060</b>	<b>756,657</b>
<b>Total current trade and other receivables</b>	<b>2,025,564</b>	<b>1,063,989</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.

#### (d) Ageing of receivables

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

	2023 \$	2022 \$
Current (not yet due)	311,549	484,070
Past due by up to 30 days	774,796	19,342
Past due between 31 and 180 days	276,135	31,530
Past due between 181 and 365 days	13,287	977
Past due over 365 days	131,809	290,284
<b>Total trade and other receivables</b>	<b>1,507,576</b>	<b>826,203</b>

## NOTE 5 OUR FINANCIAL POSITION (Continued)

### 5.1 Financial assets (continued)

#### (e) Ageing of individually impaired receivables

At balance date, other debtors representing financial assets with a nominal value of \$94,516 (2022: \$69,546) were impaired. The amount of the provision raised against these debtors was \$94,516 (2022: \$69,546). 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>2023</b>	<b>2022</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
Past due by more than 1 year	94,516	-
<b>Total trade and other receivables</b>	<b>94,516</b>	<b>69,546</b>

### 5.2 Non-financial assets

#### (a) Other assets

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
Accrued income	711,733	130,642
Prepayments	5,267	262,843
<b>Total current</b>	<b>717,000</b>	<b>393,485</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>717,100</b>	<b>393,585</b>

## NOTE 5 OUR FINANCIAL POSITION (Continued)

### 5.2 Non-financial assets (continued)

#### (b) Intangible assets

	2023 \$	2022 \$
<b>Non-current</b>		
Water rights	2,807,790	2,713,090
<b>Total intangible assets</b>	<b>2,807,790</b>	<b>2,713,090</b>

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

	2023 \$	2022 \$
<b>Water rights</b>		
Gross carrying amount at beginning of period	2,713,090	2,674,570
Additional water rights obtained during the period	-	23,200
Water rights disposed of during the period	-	(22,500)
Revaluation increment / (decrement)	94,700	37,820
Depreciation and amortisation	-	-
<b>Gross carrying amount at end of period</b>	<b>2,807,790</b>	<b>2,713,090</b>

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

Water rights are revalued at 30 June 2023 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

	2023 \$	2022 \$
<b>Current</b>		
<i>Non-statutory payables</i>		
Trade payables	1,853,234	305,999
Accrued wages and salaries	476,066	340,881
Accrued expenses	46,092	45,870
<b>Total trade and other payables</b>	<b>2,375,392</b>	<b>692,750</b>

#### (b) Trust funds and deposits

	2023 \$	2022 \$
<b>Current</b>		
Contract retentions	66,698	78,788
Fire services property levy	83,586	75,282
Building deposits	27,340	27,340
Unclaimed monies	1,742	1,672
Other refundable deposits:		
St Andrews church repair fund	-	298
Wedderburn Pre-school investment	188,401	184,402
<b>Total trust funds and deposits</b>	<b>367,767</b>	<b>367,782</b>

#### (c) Unearned income

	2023 \$	2022 \$
<b>Current</b>		
Grants received in advance - operating	-	-
Grants received in advance - capital	3,176,276	3,076,276
<b>Total unearned income</b>	<b>3,176,276</b>	<b>3,076,276</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.

## NOTE 5 OUR FINANCIAL POSITION (Continued)

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

#### Purpose and nature of items (continued)

##### ***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.

##### ***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

2023	Employee					Total
	Annual leave	Long service leave	RDOs	Landfill rehabilitation	Gravel pit rehabilitation	
Balance at beginning of the financial year	1,042,900	1,999,063	94,218	886,416	65,098	4,087,695
Additional provisions	870,217	295,861	551,432	545,808	9,082	2,272,400
Amounts used	(935,733)	(267,868)	(546,939)	-	-	(1,750,540)
<b>Balance at the end of the financial year</b>	<b>977,384</b>	<b>2,027,056</b>	<b>98,711</b>	<b>1,432,224</b>	<b>74,180</b>	<b>4,609,555</b>

<i>Provisions - current</i>	977,384	1,688,666	98,711	71,611	-	<b>2,836,372</b>
<i>Provisions - non-current</i>	-	338,390	-	1,360,613	74,180	<b>1,773,183</b>

2022	Employee					Total
	Annual leave	Long service leave	RDOs	Landfill rehabilitation	Gravel pit rehabilitation	
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)
<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>

<i>Provisions - current</i>	1,042,900	1,659,972	94,218	44,321	-	<b>2,841,411</b>
<i>Provisions - non-current</i>	-	339,091	-	842,095	65,098	<b>1,246,284</b>

#### (a) Employee provisions

	2023 \$	2022 \$
<b>Current provisions expected to be wholly settled within 12 months</b>		
Annual leave	781,907	834,320
Long service leave	219,527	215,797
RDOs	98,711	94,218
<b>Total</b>	<b>1,100,145</b>	<b>1,144,335</b>
<b>Current provisions expected to be wholly settled after 12 months</b>		
Annual leave	195,477	208,580
Long service leave	1,469,139	1,444,175
<b>Total</b>	<b>1,664,616</b>	<b>1,652,755</b>
<b>Total current employee provisions</b>	<b>2,764,761</b>	<b>2,797,090</b>
<b>Non-current</b>		
Long service leave	338,390	339,091
<b>Total non-current employee provisions</b>	<b>338,390</b>	<b>339,091</b>

## NOTE 5 OUR FINANCIAL POSITION (Continued)

### 5.4 Provisions (continued)

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

	2023 \$	2022 \$
<b>Aggregate carrying amount of employee provisions</b>		
Current	2,764,761	2,797,090
Non-current	338,390	339,091
<b>Total aggregate amount of employee provisions</b>	<b>3,103,151</b>	<b>3,136,181</b>

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. Unconditional LSL is disclosed as a current liability as Council does not have an unconditional right to defer settlement. Unconditional LSL is measured at nominal value if expected to be settled within 12 months or at present value if not expected to be settled within 12 months. 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 and measured at present value.

#### Key assumptions:

	2023	2022
Discount rate	5.76%	4.30%
Index rate	3.94%	2.48%

#### (b) Landfill restoration

	2023 \$	2022 \$
Current	71,611	44,321
Non-current	1,360,613	842,095
<b>Total landfill restoration</b>	<b>1,432,224</b>	<b>886,416</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. Council reviews the landfill restoration provision on an annual basis, including the key assumptions listed below.

#### Key assumptions:

	2023	2022
Discount rate	3.65%	3.65%
Index rate	3.17%	2.52%

## NOTE 5 OUR FINANCIAL POSITION (Continued)

### 5.4 Provisions (continued)

#### (c) Gravel pit rehabilitation

	2023 \$	2022 \$
Current	-	-
Non-current	74,180	65,098
<b>Total gravel pit rehabilitation</b>	<b>74,180</b>	<b>65,098</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:	<b>2023</b>	<b>2022</b>
Discount rate	3.64%	3.57%
Index rate	3.17%	2.52%

#### Summary of provisions

	2023 \$	2022 \$
Current	2,836,372	2,841,411
Non-current	1,773,183	1,246,284
<b>Total provisions</b>	<b>4,609,555</b>	<b>4,087,695</b>

### 5.5 Financing arrangements

	2023 \$	2022 \$
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

##### 2023

	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	-	4,861,925
Insurance services	693,287	-	-	-	693,287
Library corporation	252,910	-	-	-	252,910
Workcover	260,337	-	-	-	260,337
Flood restoration works	2,033,462	-	-	-	2,033,462
Strategy development	60,500	-	-	-	60,500
<b>Total</b>	<b>4,272,881</b>	<b>972,385</b>	<b>2,917,155</b>	<b>-</b>	<b>8,162,421</b>
<b>Capital</b>					
Donaldson Park	1,788,021	-	-	-	1,788,021
Footpath contracted works	375,878	-	-	-	375,878
Bridge and culvert contracted works	140,734	-	-	-	140,734
Major plant and fleet items	3,162,427	-	-	-	3,162,427
Lighting projects	540,628	-	-	-	540,628
Various computer equipment	-	-	-	-	-
<b>Total</b>	<b>6,007,688</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,007,688</b>
	<b>10,280,569</b>	<b>972,385</b>	<b>2,917,155</b>	<b>-</b>	<b>14,170,109</b>

##### 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>

## NOTE 5 OUR FINANCIAL POSITION (Continued)

### 5.6 Commitments (continued)

#### (b) Operating lease receivables

Council had commercial property leases on its 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.

	2023 \$	2022 \$
<b>Lease receivable</b>		
No later than one year	60,000	-
Later than one year and not later than five years	191,018	-
Later than five years	-	-
	<b>251,018</b>	<b>-</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;
- Council has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- Council 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.

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 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.

#### 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.

	2023 \$	2022 \$
<b>Expenses relating to:</b>		
Short-term leases	-	-
Leases of low value assets	17,048	24,390
<b>Total</b>	<b>17,048</b>	<b>24,390</b>

## NOTE 5 OUR FINANCIAL POSITION (Continued)

### 5.7 Leases (continued)

#### Non-cancellable lease commitments - Short-term and low-value leases

	2023 \$	2022 \$
Commitments for minimum lease payments for short-term and low-value leases are payable as follows:		
Within one year	3,359	3,518
Later than 1 year but no later than 5 years	13,689	20,872
<b>Total lease commitments</b>	<b>17,048</b>	<b>24,390</b>

## NOTE 6 ASSETS WE MANAGE

### 6.1 Non current assets classified as held for sale

	2023 \$	2022 \$
<b>Non current</b>		
Land at valuation	323,273	323,273
LESS selling costs	(11,315)	(11,315)
<b>Total non current assets held for sale</b>	<b>311,958</b>	<b>311,958</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 2022 \$	Additions / Transfers \$	Revaluations / Impairment \$	Depreciation \$	Disposals \$	Carrying amount 30 June 2023 \$
Land	14,010,670	-	-	-	-	14,010,670
Buildings	52,921,284	1,394,372	(118,190)	(1,583,137)	-	52,614,329
Plant and equipment	7,164,646	1,014,810	-	(1,025,403)	(284,660)	6,869,393
Infrastructure	266,801,707	4,093,450	39,640,713	(8,134,147)	-	302,401,724
Work in progress	2,851,555	3,722,101	-	-	-	6,573,656
<b>Total</b>	<b>343,749,861</b>	<b>10,224,734</b>	<b>39,522,523</b>	<b>(10,742,687)</b>	<b>(284,660)</b>	<b>382,469,773</b>
		Revaluation	57,484,045			
		Impairment	(17,961,522)			
			<b>39,522,523</b>			

**Summary of work in progress**

	Opening WIP \$	Additions \$	Transfers \$	Write-off \$	Closing WIP \$
Property	1,971,597	4,299,450	(577,349)	-	5,693,698
Infrastructure	879,958	-	-	-	879,958
<b>Total</b>	<b>2,851,555</b>	<b>4,299,450</b>	<b>(577,349)</b>	<b>-</b>	<b>6,573,656</b>

**(a) Property**

	Land	Buildings	Work in progress	Total land and buildings
<b>Land and Buildings</b>				
At fair value 1 July 2022	14,010,670	93,668,288	1,971,597	109,372,358
Accumulated depreciation at 1 July 2022	-	(40,747,004)	-	(40,468,808)
	<b>14,010,670</b>	<b>52,921,284</b>	<b>1,971,597</b>	<b>68,903,550</b>
<b>Movements in fair value</b>				
Additions	-	1,394,372	4,299,450	5,693,822
Impairment losses recognised	-	(118,190)	-	(118,190)
	-	<b>1,276,182</b>	<b>4,299,450</b>	<b>5,575,632</b>
<b>Movements in accumulated depreciation</b>				
Depreciation and amortisation	-	(1,583,137)	-	(1,583,137)
Transfers	-	-	(577,349)	(577,349)
	-	<b>(1,583,137)</b>	<b>(577,349)</b>	<b>(2,160,486)</b>
At fair value 30 June 2023	14,010,670	94,944,470	5,693,698	114,947,990
Accumulated depreciation at 30 June 2023	-	(42,330,141)	-	(42,629,294)
<b>Carrying amount</b>	<b>14,010,670</b>	<b>52,614,329</b>	<b>5,693,698</b>	<b>72,318,696</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 2022	14,046,082	1,848,576	15,894,658
Accumulated depreciation at 1 July 2022	(7,390,359)	(1,339,653)	(8,730,012)
	<b>6,655,723</b>	<b>508,923</b>	<b>7,164,646</b>
<b>Movements in fair value</b>			
Additions	974,628	40,182	1,014,810
Disposal	(855,780)	-	(855,780)
	<b>118,848</b>	<b>40,182</b>	<b>159,030</b>
<b>Movements in accumulated depreciation</b>			
Depreciation and amortisation	(818,814)	(206,589)	(1,025,403)
Accumulated depreciation of disposals	571,120	-	571,120
	<b>(247,694)</b>	<b>(206,589)</b>	<b>(454,283)</b>
At fair value 30 June 2023	14,164,930	1,888,758	16,053,688
Accumulated depreciation at 30 June 2023	(7,638,053)	(1,546,242)	(9,184,295)
<b>Carrying amount</b>	<b>6,526,877</b>	<b>342,516</b>	<b>6,869,393</b>

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

<b>Infrastructure</b>	<b>Roads</b>	<b>Bridges</b>	<b>Footpaths and cycleways</b>	<b>Kerb and channel</b>	<b>Drainage</b>
At fair value 1 July 2022	321,876,035	47,971,455	7,403,880	6,487,501	16,875,237
Accumulated depreciation at 1 July 2022	(97,903,934)	(23,582,921)	(1,848,773)	(2,518,675)	(8,828,561)
	<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>
<b>Movements in fair value</b>					
Additions	2,953,021	445,562	522,263		172,604
Revaluation	38,441,492	4,082,818	2,499,828	5,497,439	23,818,883
	<b>41,394,513</b>	<b>4,528,380</b>	<b>3,022,091</b>	<b>5,497,439</b>	<b>23,991,487</b>
<b>Movements in accumulated depreciation</b>					
Depreciation and amortisation	(6,575,366)	(532,118)	(220,964)	(199,965)	(537,282)
Revaluation (increments)/decrements	(5,200,442)	2,810,774	(859,543)	(1,909,573)	(12,136,503)
Impairment losses recognised	(17,093,332)	(750,000)	-	-	-
	<b>(28,869,140)</b>	<b>1,528,656</b>	<b>(1,080,507)</b>	<b>(2,109,538)</b>	<b>(12,673,785)</b>
At fair value 30 June 2023	363,270,548	52,499,835	10,425,971	11,984,940	40,866,724
Accumulated depreciation at 30 June 2023	(126,773,074)	(22,054,265)	(2,929,280)	(4,628,213)	(21,502,346)
<b>Carrying amount</b>	<b>236,497,474</b>	<b>30,445,570</b>	<b>7,496,691</b>	<b>7,356,727</b>	<b>19,364,378</b>

<b>Infrastructure (continued)</b>	<b>Quarries</b>	<b>Street Furniture</b>	<b>Landfills</b>	<b>Work In Progress</b>	<b>Total Infrastructure</b>
At fair value 1 July 2022	58,507	735,668	1,994,306	879,958	404,282,548
Accumulated depreciation at 1 July 2022	(29,482)	(213,642)	(1,674,894)	-	(136,600,882)
	<b>29,025</b>	<b>522,026</b>	<b>319,412</b>	<b>879,958</b>	<b>267,681,666</b>
<b>Movements in fair value</b>					
Additions	-	-	-	-	4,093,450
Revaluation	-	533,830	-	-	74,874,290
	-	<b>533,830</b>	-	-	<b>78,967,740</b>
<b>Movements in accumulated depreciation</b>					
Depreciation and amortisation	(1,115)	(54,631)	(12,706)	-	(8,134,147)
Revaluation (increments)/decrements	-	(94,958)	-	-	(17,390,245)
Impairment losses recognised	-	-	-	-	(17,843,332)
	<b>(1,115)</b>	<b>(149,589)</b>	<b>(12,706)</b>	<b>-</b>	<b>(43,367,724)</b>
At fair value 30 June 2023	58,507	1,269,498	1,994,306	879,958	483,250,287
Accumulated depreciation at 30 June 2023	(30,597)	(363,231)	(1,687,600)	-	(179,968,606)
<b>Carrying amount</b>	<b>27,910</b>	<b>906,267</b>	<b>306,706</b>	<b>879,958</b>	<b>303,281,681</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
Buildings buildings	33 to 100	3,000
Plant and equipment plant, machinery, minor plant and equipment	2.5 to 20	3,000
motor vehicles	5 to 10	3,000
fixtures fittings and furniture	5 to 50	3,000
computers and telecommunications	3	3,000
Infrastructure road seals	5 to 50	3,000
road pavements - sealed	80	3,000
road pavements - unsealed	20 to 100	3,000
road kerb, channel and minor culverts	60 to 80	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
waste management assets	17 to 28	3,000
quarries	5 to 29	3,000
street furniture	10 to 80	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.

#### **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 unserved) 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 and type 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	Type of valuation
Land	-	2,004,567	12,006,103	30/6/2022	Full
Specialised buildings	-	-	52,614,329	30/6/2022	Full
<b>TOTAL</b>	-	<b>2,004,567</b>	<b>64,620,432</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 2023.

The date and type 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 2023 are as follows:

	Level 1	Level 2	Level 3	Date of valuation	Type of valuation
Unsealed roads formation	-	-	18,882,603	30/6/2023	Section
Unsealed roads pavement	-	-	45,322,371	30/6/2023	Section
Road seal	-	-	13,041,124	30/6/2023	Index
Sealed roads pavement	-	-	122,204,073	30/6/2023	Full
Sealed road formation	-	-	12,382,354	30/6/2023	Full
Footpaths	-	-	7,496,691	30/6/2023	Full
Culverts	-	-	24,664,951	30/6/2023	Section
Bridges	-	-	30,445,570	30/6/2023	Index
Kerb and channel	-	-	7,356,727	30/6/2023	Full
Urban drains	-	-	19,364,378	30/6/2023	Full
Street furniture	-	-	906,267	30/6/2023	Section
Landfills	-	-	306,706	30/6/2023	Index
Quarries	-	-	27,910	30/6/2023	Index
<b>TOTAL</b>	-	-	<b>302,401,725</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.

## 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 2023 Council's equity was \$292,682. At 30 June 2022 Council's equity in the corporation was \$295,054.

Loddon has a 4.76 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 2022 Council's share of the net assets was 4.82 per cent. Any adjustments required due to the reduction in the share of net assets from 2022 to 2023 is reflected as Variation Account - Change in Equity in the following schedules.

#### Fair value of Council's share in its ownership

	292,682	295,054
	<b>2023</b>	<b>2022</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	121,866	109,764
Reported surplus/(deficit) for year	1,301	14,446
Variation account - change in equity	(1,517)	(2,344)
<b>Council's share of accumulated surplus/(deficit) at end of year</b>	<b>121,650</b>	<b>121,866</b>
<b>Council's share of reserves</b>		
Council's share of reserves at start of year	173,189	174,920
Variation account - change in equity	(2,156)	(1,731)
<b>Council's share of reserves at end of year</b>	<b>171,033</b>	<b>173,189</b>
<b>Movement in carrying value of share in library</b>		
Carrying value of investment at start of year	295,054	284,683
Share of surplus/(deficit) for the year	1,301	14,446
Variation account - change in equity	(3,673)	(4,075)
<b>Carrying value of investment at end of year</b>	<b>292,682</b>	<b>295,054</b>
<b>Council's share of expenditure commitments</b>		
Operating commitments	11,588	3,925
Capital commitments	-	-
<b>Council's share of expenditure commitments</b>	<b>11,588</b>	<b>3,925</b>

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

	2023	2022
	\$	\$
Adjustment to the carrying value of North Central Goldfields Regional Library Corporation	(2,372)	10,371
<b>Total adjustment to the carrying value of North Central Goldfields Regional Library Corporation</b>	<b>(2,372)</b>	<b>10,371</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.

#### **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>2023 No.</b>	<b>2022 No.</b>
Cr Neil Beattie (Councillor from November 2021 to June 2023 (Mayor from July 2021 to October 2021))	1	1
Cr Gavan Holt (Councillor from July 2021 to June 2023)	1	1
Cr Dan Straub (Councillor from July 2021 to October 2021) (Mayor from November 2021 to June 2023))	1	1
Cr Wendy Murphy (Councillor from July 2021 to June 2023)	1	1
Cr Linda Jungwirth (Councillor from July 2021 to June 2023))	1	1
<b>Key Management Personnel:</b>		
Mr Phil Pinyon (Chief Executive Officer July 2021 to July 2022)	-	1
Mrs Wendy Gladman (Director Community and Wellbeing July 2021 to June 2023)	1	1
Mrs Sharon Morrison (Director Corporate Services July 2020 to February 2022)	-	1
Mr Steven Phillips (Director Operations July 2021 to June 2023)	1	1
Ms Lynne Habner (Manager Executive and Commercial Services July 2021 to June 2022)	-	1
Mr Lincoln Fitzgerald (Chief Executive Officer November 2021 to June 2023)	1	1
Mrs Amanda Wilson (Director Corporate March 2022 to June 2023)	1	1
Mrs Jude Holt (Acting Chief Executive Officer, Acting Director Corporate Services, Acting Director Community Wellbeing (July 2021 to June 2022))	-	1
<b>Total number of Councillors</b>	<b>5</b>	<b>5</b>
<b>Total of Chief Executive Officer and other Key Management Personnel</b>	<b>4</b>	<b>8</b>
<b>Total number of Key Management Personnel</b>	<b>9</b>	<b>13</b>

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

Remuneration comprises employee benefits including all forms of consideration paid, payable or provided by Council, or on behalf of the Council, in exchange for services rendered. Remuneration of Key Management Personnel and other senior staff is disclosed in the following categories.

**Short - term employee benefits** include amounts such as wages, salaries, annual leave or sick leave that are usually paid or payable on a regular basis, as well as non-monetary benefits such as allowances and free or subsidised goods or services.

**Other long- term employee benefits** include long service leave, other long service benefits or deferred compensation.

**Post - employment benefits** include pensions, and other retirement benefits paid or payable on a discrete basis when employment has ceased.

**Termination benefits** include termination of employment payments, such as severance packages.

## NOTE 7 PEOPLE AND RELATIONSHIPS (Continued)

### 7.1 Council and key management remuneration (continued)

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

Total remuneration of Key Management Personnel was as follows:

	2023	2022
	\$	\$
Short-term employee benefits	1,012,832	1,248,049
Long-term employee benefits	26,244	16,114
Post employment employee benefits	79,866	114,557
<b>TOTAL</b>	<b>1,118,942</b>	<b>1,378,720</b>

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

Income range	2023	2022
	number	number
\$10,000 - \$19,999	-	1
\$20,000 - \$29,999	1	2
\$30,000 - \$39,999	3	1
\$40,000 - \$49,999	-	1
\$50,000 - \$59,999	-	1
\$70,000 - \$79,999	1	1
\$120,000 - \$129,999	-	2
\$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>9</b>	<b>13</b>

#### (d) Remuneration of other senior staff

Other senior staff are officers of Council, other than Key Management Personnel, who exceeds \$160,000 and who report directly to a member of the KMP. \*

Total remuneration of other senior staff was as follows:

	2023	2022
	\$	\$
Short-term employee benefits	1,130,424	593,218
Long-term employee benefits	16,842	15,759
Post employment employee benefits	101,922	53,365
<b>TOTAL</b>	<b>1,249,188</b>	<b>662,342</b>

## NOTE 7 PEOPLE AND RELATIONSHIPS (Continued)

### 7.1 Council and key management remuneration (continued)

#### (d) Remuneration of other senior staff (continued)

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

Income range	2023 number	2022 number
\$150,000 - \$159,999	-	1
\$160,000 - \$169,999	2	1
\$170,000 - \$179,999	2	2
\$180,000 - \$189,999	1	-
\$190,000 - \$199,999	2	-
	<b>7</b>	<b>4</b>

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

<b>\$ 1,249,188</b>	<b>\$ 662,342</b>
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\* Due to a definition change the comparative figures in this note may not align with previous year's annual report, which included disclosure of senior officers as defined in the *Local Government Act 1989*.

### 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 2021/22).

#### (b) Outstanding balances 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 2021/22).

#### (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 2021/22).

#### (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 2021/22).



## 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-occurrence of one or more uncertain future events not wholly within the control of Council; or
- 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.

### 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 2023 reporting period. Council assesses the impact of these new standards. As at 30 June 2023 there were no new accounting standards or interpretations issued by the AASB which are applicable for the year ending 30 June 2024 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). 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 does not hold any interest bearing financial instruments that are measured at fair value, and therefore has no exposure to fair value interest rate 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 2023.

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 +0.2% and -1.95% in market interest rates (AUD) from year-end rates of 4.95%.

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. For plant and equipment carrying amount is considered to be approximate fair value given short useful lives). 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. The following table sets out the frequency of revaluations by asset class.

## NOTE 8 MANAGING UNCERTAINTIES (Continued)

### 8.4 Fair value measurement (continued)

#### Revaluation (continued)

Asset class	Revaluation frequency
Land	2 years
Buildings	2 years
Roads	1 to 4 years
Bridges	4 years
Footpaths and cycleways	1 to 4 years
Drainage	1 to 4 years
Recreational, leisure and community facilities	2 years
Waste management	2 years
Parks, open space and streetscapes	2 years
Aerodromes	2 years
Other infrastructure	1 to 10 years

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.

#### 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

2023

	Balance at beginning of reporting period \$	Increment / (decrement) \$	Impairment increment / (decrement) \$	Net movement for the reporting period \$	Balance at end of the reporting period \$
<b>Property</b>					
Land and land improvements	13,376,323	-	-	-	13,376,323
Buildings	39,159,663	-	(118,190)	(118,190)	39,041,473
	<b>52,535,986</b>	-	<b>(118,190)</b>	<b>(118,190)</b>	<b>52,417,796</b>
<b>Infrastructure assets</b>					
Sealed roads	117,068,685	26,757,655	(7,328,475)	19,429,180	136,497,865
Unsealed roads	73,417,620	6,483,397	(9,764,857)	(3,281,460)	70,136,160
Footpaths	809,198	1,640,285	-	1,640,285	2,449,483
Street furniture	171,446	438,872	-	438,872	610,318
Kerbs	1,335,648	3,587,866	-	3,587,866	4,923,514
Bridges	14,135,684	6,893,592	(750,000)	6,143,592	20,279,276
Drains	983,129	11,682,380	-	11,682,380	12,665,509
<b>Other infrastructure</b>	<b>207,921,410</b>	<b>57,484,047</b>	<b>(17,843,332)</b>	<b>39,640,715</b>	<b>247,562,125</b>
<b>Total tangible assets</b>	<b>260,457,396</b>	<b>57,484,047</b>	<b>(17,961,522)</b>	<b>39,522,525</b>	<b>299,979,921</b>
<b>Intangible assets</b>					
Water rights	1,775,394	94,700	-	94,700	1,870,094
<b>Total</b>	<b>262,232,789</b>	<b>57,578,747</b>	<b>(17,961,522)</b>	<b>39,617,225</b>	<b>301,850,014</b>

2022

	Balance at beginning of reporting period \$	Increment / (decrement) \$	Impairment increment / (decrement) \$	Net movement for the reporting period \$	Balance at end of the reporting period \$
<b>Property</b>					
Land and land improvements	9,107,674	4,268,649	-	4,268,649	13,376,323
Buildings	33,682,511	5,477,152	-	5,477,152	39,159,663
	<b>42,790,185</b>	<b>9,745,801</b>	-	<b>9,745,801</b>	<b>52,535,986</b>
<b>Infrastructure assets</b>					
Sealed roads	150,523,917	(33,455,232)	-	(33,455,232)	117,068,685
Unsealed roads	65,141,194	8,276,426	-	8,276,426	73,417,620
Footpaths	923,263	(114,065)	-	(114,065)	809,198
Street furniture	86,156	85,290	-	85,290	171,446
Kerbs	1,052,018	283,630	-	283,630	1,335,648
Bridges	9,805,444	4,330,240	-	4,330,240	14,135,684
Drains	539,034	444,095	-	444,095	983,129
<b>Other infrastructure</b>	<b>228,071,026</b>	<b>(20,149,616)</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>(10,403,815)</b>	<b>260,457,396</b>
<b>Intangible assets</b>					
Water rights	1,737,524	37,870	-	37,870	1,775,394
<b>Total</b>	<b>272,598,734</b>	<b>(10,365,945)</b>	-	<b>(10,365,945)</b>	<b>262,232,789</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****2023**

	<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	734,010	513,582	-	1,247,592
Boundary and township signage reserve	100,000	-	(100,000)	-
Capital expenditure reserve	3,746,399	3,776,304	(3,746,399)	3,776,304
Caravan park development reserve	330,220	34,530	(6,000)	358,750
Community planning reserve	3,031,608	1,623,115	(1,062,578)	3,592,145
Economic development reserve	513,582	-	(513,582)	-
Fleet replacement reserve	810,006	150,000	(62,253)	897,753
Gravel and sand pit restoration reserve	400,000	16,203	(244,628)	171,575
Heritage loan scheme reserve	100,000	-	-	100,000
Information technology reserve	688,838	150,000	(197,081)	641,757
Little Lake Boort water reserve	17,604	-	-	17,604
Waste management reserve	300,000	34,540	(23,410)	311,130
Major projects reserve	318,485	80,000	-	398,485
Plant replacement reserve	1,979,398	950,000	(565,003)	2,364,395
Professional development reserve	16,256	4,000	(8,042)	12,214
Recreation facilities improvement reserve	100,000	-	-	100,000
Swimming pool major projects reserve	200,000	-	-	200,000
Unfunded superannuation liability reserve	1,000,000	-	-	1,000,000
Units reserve	30,750	-	(30,750)	-
Unsuitably premises enforcement provision reserve	100,000	-	-	100,000
Unspent grants reserve	11,336,434	17,288,936	(11,336,434)	17,288,936
Urban drainage reserve	960,666	350,000	(172,604)	1,138,062
<b>Total</b>	<b>26,814,256</b>	<b>24,971,210</b>	<b>(18,068,764)</b>	<b>33,716,702</b>



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

##### **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 which includes residential, commercial and industrial. Proceeds received from the sale of Council owned land and buildings are transferred to the reserve, and the cost of purchase and development of Council land and buildings is transferred from 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. CLOSED IN 2021/22.

##### ***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. CLOSED IN 2021/22.

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

The fleet replacement reserve is used to fund the replacement of passenger vehicles. Council transfers to the reserve \$150K annually 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 to a maximum of \$400K.

## NOTE 9 OTHER MATTERS (Continued)

### 9.1 Reserves (continued)

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

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

###### **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.

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

The information technology reserve is used to assist with the purchase of information technology assets. Council transfers to the reserve \$150K annually to a maximum level of \$800K, 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 \$950K annually. 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.

###### **Community loans scheme reserve**

The community loans scheme 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. CLOSED IN 2021/22.

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

The unsightly premises enforcement provision reserve is used to provide funds to assist with the enforcement and rectification works on identified unsightly premises with costs recouped via legal or other action.

###### ***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)

	2023 \$	2022 \$
Surplus / (deficit) for the period	6,948,455	2,002,203
Depreciation	10,742,687	9,270,237
(Profit) / loss on disposal of assets	(17,390)	(34,433)
Bad debts expense	17,321	18,759
Share of other comprehensive income of associates	(3,673)	(4,075)
<b>Change in assets and liabilities</b>		
(Increase) / decrease in receivables (net of advances)	(961,575)	286,756
(Increase) / decrease in accrued income	(581,091)	(67,263)
(Increase) / decrease in prepayments	257,576	(90,576)
Increase / (decrease) in unearned income	100,000	100,000
Increase / (decrease) in trust funds and deposits	(15)	2,611
(Increase) / decrease in inventories	-	24,120
Increase / (decrease) in payables	1,665,321	(798,001)
Increase / (decrease) in employee benefits	(33,030)	(142,009)
Increase / (decrease) in other provisions	554,890	(223,841)
(Increase) / decrease in library equity	2,372	(10,371)
<b>Net cash provided by / used by operating activities</b>	<b>18,691,847</b>	<b>10,334,117</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 2023, this was 10.5% required under Superannuation Guarantee (SG) Legislation, for 2022 this was 10.0%).

#### 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 defined 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.

## NOTE 9 OTHER MATTERS (Continued)

### 9.3 Superannuation (continued)

#### Defined benefit (continued)

##### *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. A triennial actuarial investigation is currently underway for the Defined Benefit category which is expected to be completed by 31 December 2023. Council was notified of the 30 June 2023 VBI during August 2023 (2022: August 2022). The financial assumptions used to calculate the 30 June 2023 VBI were:

Net investment returns	5.7% pa
Salary information	3.5% pa
Price inflation (CPI)	2.8% pa

As at 30 June 2022, an interim actuarial investigation was held as the Fund provides lifetime pensions in the Defined Benefit category. The vested benefit index (VBI) of the Defined Benefit category of which Council is a contributing employer was 102.2%. The financial assumptions used to calculate the 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

Council was notified of the 30 June 2022 VBI during August 2022 (2021: August 2021). Vision Super has advised that the estimated VBI at June 2023 was 104.1%.

The VBI is used as the primary funding indicator. Because the VBI was above 100%, the June 2022 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 2022 interim 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 2023, this rate was 10.5% of members' salaries (10.0% in 2021/22). 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 2022 interim 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 2022 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 investigations are conducted for each intervening year. An interim investigation was conducted as at 30 June 2022 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:

	2022 (Interim)	2021 (Interim)
	\$M	\$M
- A VBI surplus	44.60	214.70
- A total service liability surplus	105.80	270.30
- A discounted accrued benefits surplus	111.90	285.20

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 2022. 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 2022.

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 2022.

#### The 2023 triennial actuarial investigation

A triennial actuarial investigation is being conducted for the Fund's position as at 30 June 2023. It is anticipated that this actuarial investigation will be completed by 31 December 2023. The financial assumptions for the purposes of this investigation are:

	2023	2020
	Triennial investigation	Triennial investigation
- Net investment return	5.7% pa	5.6% pa
- Salary inflation	3.5% pa	2.5% pa for first two years then 2.75% pa thereafter
- Price inflation	2.8% pa	2.0% pa

#### Superannuation contributions

Contributions by Council (excluding any unfunded liability payments) to the above superannuation plans for the financial year ended 30 June 2023 are detailed below:

Scheme - Type of Scheme - Rate	2023	2022
	\$	\$
Vision super - Defined Benefit - 10.5% (2022: 10.0%)	44,948	94,428
Vision super - Accumulation fund - 10.5% (2022: 10.0%)	562,593	492,304
Other super funds	585,046	541,176

There were no contributions outstanding and no loans issued from or to the above schemes as at 30 June 2023. The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2023 is \$Nil.

## **NOTE 10 CHANGE IN ACCOUNTING POLICY**

There have been no changes to accounting policies for the 2022/23 year.





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