

Financial statements

Year ending 30 June 2021



Bird mural at Wedderburn Travellers Rest by artist Bryan Itch.

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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 1989**, the *Local Government (Planning and Reporting) Regulations 2014*, Australian Accounting Standards and other mandatory professional reporting requirements.



Signed: Date: 16 /September / 2021
SHARON ROSEMARIE MORRISON BA (POLITICS), LLB (HONS), GDLP, DIP BUS, CERT IV HR,
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 2021 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 2014* to certify the financial statements in their final form.



Signed: Date: 16 /September / 2021
NEIL EDWARD BEATTIE, MAYOR
Wedderburn, Victoria, 3518



Signed: Date: 16 /September / 2021
GAVAN LINDSAY HOLT, COUNCILLOR
Wedderburn, Victoria, 3518



Signed: Date: 16 /September / 2021
JUDITH PATRICIA HOLT B.Bus (Acct), GAICD, FGIA, FCG, ACTING CHIEF EXECUTIVE OFFICER
Wedderburn, Victoria 3518



Victorian Auditor-General's Office

Independent Auditor's Report

To the Councillors of Loddon Shire Council

Opinion	<p>I have audited the financial report of Loddon Shire Council (the council) which comprises the:</p> <ul style="list-style-type: none"> • balance sheet as at 30 June 2021 • comprehensive income statement for the year then ended • statement of changes in equity for the year then ended • statement of cash flows for the year then ended • statement of capital works for the year then ended • notes to the financial statements, including significant accounting policies • certification of the financial statements. <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the council as at 30 June 2021 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 6 of the <i>Local Government Act 1989</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<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 APES 110 <i>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>
Councillors' responsibilities for the financial report	<p>The Councillors of the council are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Local Government Act 1989</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
22 September 2021



Sanchu Chummar

as delegate for the Auditor-General of Victoria

COMPREHENSIVE INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 \$	2020 \$
Income			
Rates and charges	3.1	11,521,260	11,047,771
Statutory fees and fines	3.2	423,057	462,337
User fees	3.3	1,745,588	1,607,282
Grants - operating	3.4	14,011,856	11,748,029
Grants - capital	3.4	6,979,510	4,026,094
Contributions - monetary	3.5	81,375	21,165
Reimbursements and subsidies	3.6	805,709	885,849
Net gain (or loss) on disposal of property, infrastructure, plant and equipment	3.7	88,633	29,889
Interest received	3.8	279,462	442,148
Share of net profits of associates and joint ventures	6.3	13,233	10,042
Other income	3.9	32	103
Total income		35,949,715	30,280,709
Expenses			
Employee costs	4.1	13,516,241	11,734,709
Materials and services	4.2	9,415,750	8,987,370
Depreciation	4.3	9,959,894	9,898,344
Bad debts expense	4.4	2,891	9,255
Other expenses	4.5	304,449	300,773
Total expenses		33,199,225	30,930,451
Surplus (or deficit) for year		2,750,490	(649,742)
Other comprehensive income			
<i>Items that will not be reclassified to surplus or deficit in future periods</i>			
Net asset revaluation increment/(decrement)	9.1(a)	(5,840,410)	12,996,471
Share of other comprehensive income of associates and joint ventures accounted for by the equity method	6.3	(3,886)	(4,278)
Total comprehensive result		(3,093,806)	12,342,451

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

BALANCE SHEET AS AT 30 JUNE 2021

	Note	2021 \$	2020 \$
Assets			
Current assets			
Cash and cash equivalents	5.1	20,262,389	8,326,446
Other financial assets	5.1	17,183,417	22,000,000
Trade and other receivables	5.1	1,350,744	807,408
Other assets	5.2	235,646	462,212
Inventories	5.2	24,120	26,782
Non-current assets classified as held for sale	6.1	222,784	540,076
Total current assets		39,279,100	32,162,924
Non-current assets			
Other financial assets	5.1	-	-
Other assets	5.2	100	100
Trade and other receivables	5.1	-	1,168
Investments in associates and joint ventures	6.3	284,683	275,336
Intangible assets	5.2	2,674,570	2,979,650
Property, infrastructure, plant and equipment	6.2	356,110,941	362,791,061
Right-of-use assets	5.7	-	-
Total non-current assets		359,070,294	366,047,315
Total assets		398,349,394	398,210,239
Liabilities			
Current liabilities			
Trade and other payables	5.3(a)	1,471,993	634,196
Trust funds and deposits	5.3(b)	365,171	356,380
Unearned income	5.3(c)	2,976,276	705,000
Provisions	5.4	2,940,884	2,622,435
Lease liabilities	5.7	-	-
Total current liabilities		7,754,324	4,318,011
Non-current liabilities			
Provisions	5.4	1,512,661	1,716,013
Lease liabilities	5.7	-	-
Total non-current liabilities		1,512,661	1,716,013
Total liabilities		9,266,985	6,034,024
Net assets		389,082,409	392,176,215
Equity			
Accumulated surplus		90,938,554	90,918,332
Reserves	9	298,143,855	301,257,883
Total equity		389,082,409	392,176,215

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

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2021

2021

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

2020

	Note	Total 2020 \$	Accumulated surplus 2020 \$	Revaluation reserve 2020 \$	Other reserves 2020 \$
Balance at beginning of the financial year		380,773,764	93,620,656	265,442,673	21,710,435
Impact on change of accounting policy - AASB 1058 Income of Not-for-Profit-Entities		(940,000)	(940,000)	-	-
Adjusted opening balance		379,833,764	92,680,656	265,442,673	21,710,435
Surplus/(deficit) for the year		(649,742)	(649,742)	-	-
Net asset revaluation increment/(decrement)	9.1(a)	12,996,471	-	12,996,471	-
Transfer to reserves	9.1(b)	-	(18,170,723)	-	18,170,723
Transfer from reserves	9.1(b)	-	17,062,419	-	(17,062,419)
Share of other comprehensive income		(4,278)	(4,278)	-	-
Balance at end of financial year		392,176,215	90,918,332	278,439,144	22,818,739

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 Inflows/ (outflows) \$	2020 Inflows/ (outflows) \$
Cash flows from operating activities			
Rates and charges		11,542,848	10,986,638
Statutory fees and fines		412,961	454,147
User fees		1,518,000	2,468,996
Grants - operating		13,715,848	11,964,173
Grants - capital		9,250,786	4,903,322
Contributions - monetary		81,375	21,165
Reimbursements and subsidies		875,205	935,089
Interest received		272,751	449,893
Net GST refund		1,449,161	1,153,154
Short-term, low value and variable lease payments		-	-
Trust funds and deposits taken		8,791	15,632
Employee costs		(13,124,062)	(11,540,031)
Material and services		(10,477,527)	(11,189,843)
Trust funds and deposits repaid		-	-
Net cash provided by (used in) operating activities	9.2	15,526,137	10,622,335
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment	6.2	(9,455,472)	(6,504,115)
Proceeds from sale of property, infrastructure, plant and equipment	3.7	1,046,295	313,894
Payments for intangible assets		-	-
Payments from / (for) investments		4,816,583	1,710,435
Loans and advances to community organisations		-	-
Repayment of loans and advances from community organisations		2,400	1,200
Net cash provided by (used in) investing activities		(3,590,194)	(4,478,586)
Cash flows from financing activities			
Repayment of interest bearing loans and borrowings		-	-
Borrowing costs		-	-
Interest paid - lease liability		-	-
Repayment of lease liabilities		-	-
Net cash provided by (used in) financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		11,935,943	6,143,749
Cash and cash equivalents at the beginning of the financial year		8,326,446	2,182,697
Cash and cash equivalents at the end of the financial year	5.1	20,262,389	8,326,446

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

STATEMENT OF CAPITAL WORKS FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 \$	2020 \$
Land and buildings			
Land		-	-
Buildings - specialised		433,496	795,763
Work in progress		1,178,769	79,285
Total buildings		1,612,265	875,048
Plant and fittings			
Plant, machinery and equipment		1,344,845	1,214,486
Office furniture and equipment		114,858	336,300
Total plant and equipment		1,459,703	1,550,786
Infrastructure			
Roads		3,770,911	2,614,113
Bridges		1,102,159	499,518
Footpaths and cycleways		562,886	549,199
Kerb and channel		-	-
Drainage		202,930	31,736
Street furniture		17,480	7,227
Work in progress		727,138	376,488
Total infrastructure		6,383,504	4,078,281
Total capital works expenditure		9,455,472	6,504,115
Represented by:			
New asset expenditure		1,361,445	597,416
Asset renewal expenditure		5,783,378	3,141,769
Asset expansion expenditure		198,842	194,720
Asset upgrade expenditure		2,111,807	2,570,210
Total capital works expenditure		9,455,472	6,504,115

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

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 Board, the *Local Government Act 1989*, and the *Local Government (Planning and Reporting) Regulations 2014*.

Significant accounting policies

Basis of accounting

The accrual basis of accounting has been used in the preparation of these financial statements, 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.

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.

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)
- the determination, in accordance with *AASB 16 Leases*, of the lease term, the estimation of the discount rate when not implicit in the lease and whether an arrangement is in substance short-term or low value (refer to Note 5.7)
- whether or not *AASB 1059 Service Concession Agreements: Grantors* is applicable (refer to Note 8.2)
- other areas requiring judgements.

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

Impact of COVID-19 on Loddon

On 16 March 2020 a state of emergency was declared in Victoria due to the global pandemic COVID-19 virus (coronavirus). A state of disaster was subsequently declared on 2 August 2020. While the impacts of the pandemic have abated somewhat through the 2020/21 year, Council has noted the following significant impacts on its financial operations:

- In response to significant decrease in demand / government directive amidst the COVID-19 outbreak, Council leisure facilities / libraries / community centres were closed. These closures resulted in no change to the direct revenue received for these facilities. Facilities began to reopen from in late 2020. There were further minor 'snap' closures in line with government directives at the time
- Council did not pause commercial rent agreements
- Council activated its hardship policy in response to this crisis on 26 May 2020. This resulted in a slight decrease in overdue interest earned along with a slight lag on cash flow income from rates and related charges. This was rescinded on 31 December 2020.

NOTE 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 2014* 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 23 June 2020.

These notes are prepared to meet the requirements of the *Local Government Act 1989* and the *Local Government (Planning and Reporting) Regulations 2014*.

1.1 Income and expenditure

	Budget 2021 \$	Actual 2021 \$	Variance 2021 \$	Variance 2021 %	Ref
Income					
Rates and charges	11,461,007	11,521,260	(60,253)	0.5%	
Statutory fees and fines	215,586	423,057	(207,471)	96.2%	1
User fees	1,526,932	1,745,588	(218,656)	14.3%	
Grants - operating	6,352,271	14,011,856	(7,659,585)	120.6%	2
Grants - capital	2,487,726	6,979,510	(4,491,784)	180.6%	3
Contributions - monetary	100,000	81,375	18,625	-18.6%	
Reimbursements and subsidies	787,885	805,709	(17,824)	2.3%	
Interest earnings	375,200	279,462	95,738	-25.5%	4
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	-	88,633	(88,633)	100.0%	5
Share of net profits/(losses) of associates and joint ventures	-	13,233	(13,233)	100.0%	
Other income	-	32	(32)	100.0%	
Total income	23,306,607	35,949,715	(12,643,108)	54.2%	
Expenses					
Employee costs	12,579,010	13,516,241	(937,231)	7.5%	
Materials and services	11,292,136	9,415,750	1,876,386	-16.6%	
Depreciation	9,666,789	9,959,894	(293,105)	3.0%	
Bad and doubtful debts	-	2,891	(2,891)	100.0%	
Other expenses	334,239	304,449	29,790	-8.9%	
Total expenses	33,872,174	33,199,225	672,949	-2.0%	
Surplus/(deficit) for the year	(10,565,567)	2,750,490	(13,316,057)	-126.0%	

(i) Explanation of material variations

- 1 The increase to statutory fees and fines relates mainly to additional income received for planning services.
- 2 Operating grants had a financial position higher than budgeted mainly due to higher income received for the Working for Victoria employment program of \$1.1M, along with 50% upfront income from the grants commission of \$4.8M.
- 3 Capital grant income was higher than budgeted due to additional road program grants that were received during 2020/21.
- 4 Interest income for the year was lower than expected, which is due to the dramatic drop in term deposit interest rates which was partially offset by higher amounts of cash on hand to invest.
- 5 Due to the unpredictable nature of this item, Council does not budget for a profit / loss.

NOTE 1 PERFORMANCE AGAINST BUDGET (CONTINUED)

1.2 Capital works

	Budget 2021 \$	Actual 2021 \$	Variance 2021 \$	Variance 2021 %	Ref
Property					
Land	-	-	-	0.0%	
Land improvements	5,000	2,325	2,675	-53.5%	
Total land	5,000	2,325	2,675	-53.5%	
Buildings	-	-	-	100.0%	
Building improvements	780,000	171,341	608,659	-78.0%	6
Total buildings	780,000	171,341	608,659	-78.0%	
Total property	785,000	173,666	611,334	-77.9%	
Plant and equipment					
Plant, machinery and equipment	1,452,900	1,344,845	108,055	-7.4%	
Office furniture and equipment	185,000	114,858	70,142	-37.9%	7
Total plant and equipment	1,637,900	1,459,703	178,197	-10.9%	
Infrastructure					
Roads	3,239,065	3,935,336	(696,271)	21.5%	8
Bridges	143,965	937,734	(793,769)	551.4%	9
Footpaths and cycleways	278,928	562,886	(283,958)	101.8%	10
Drainage	350,000	930,068	(580,068)	165.7%	11
Recreation, leisure and community facilities	7,500	1,251,987	(1,244,487)	16593.2%	12
Parks, open space and streetscapes	800,000	204,092	595,908	-74.5%	13
Total infrastructure	4,819,458	7,822,103	(3,002,645)	62.3%	
Total capital works expenditure	7,242,358	9,455,472	(2,213,114)	30.6%	
Represented by:					
New asset expenditure	1,642,900	1,361,445	281,455	-17.1%	
Asset renewal expenditure	4,541,958	5,783,378	(1,241,420)	27.3%	
Asset expansion expenditure	-	198,842	(198,842)	100.0%	
Asset upgrade expenditure	1,057,500	2,111,807	(1,054,307)	99.7%	
Total capital works expenditure	7,242,358	9,455,472	(2,213,114)	30.6%	

NOTE 1 PERFORMANCE AGAINST BUDGET (CONTINUED)

1.2 Capital works (continued)

(i) Explanation of material variations

- 6 The variation to budget for buildings relate to projects that have not progressed during the year including the strategic fund for community planning (\$250K). Works are also behind schedule for the building asset management plan of \$359K.
- 7 Due to a drop in prices for laptop and desktop computers, almost all purchases of these items are recognised as operating, resulting in a variation to budget.
- 8 Additional grant income for road infrastructure capital was received during the year, therefore the program set for the year was higher and the delivery greater than budget.
- 9 The actual program delivered for the financial year included carry over projects that were not completed during the prior year.
- 10 The actual program delivered for the financial year included carry over projects that were not completed during the prior year.
- 11 The actual program delivered for the financial year included carry over projects that were not completed during the prior year.
- 12 Works completed for 2020/21 included a carry over project for the caravan park improvement program (\$1.08M) which was not included in the original budget.
- 13 The main variance relates to community planning projects that are yet to commence or have not yet been completed of \$177K.

NOTE 2 COUNCIL RESULTS BY PROGRAM

2.1 Analysis of Council results by program

Council delivers its functions and activities through the following programs:

1 - Economic development and tourism

To promote economic growth through the retention and development of agriculture and business, and the development and promotion of tourism.

2 - Leadership

To provide Loddon Shire with strategic direction, representation and advocacy to promote good government, realisation of opportunities and to build confidence, pride and unity within the community.

3 - Works and infrastructure

Infrastructure to be provided in an efficient manner that meets the needs of the community.

4 - Good management

Ensure best practice management of human, physical and financial resources.

5 - Environment

To promote and enhance the natural and built environment for the enjoyment of future generations.

6 - Community services and recreation

To enhance the quality of life of all ages through the provision of community services and support of community organisations.

2021

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

2020

	Income \$	Expenses \$	Surplus / (Deficit) \$	Grants included in income \$	Total assets \$
Economic development and tourism	682,749	1,362,084	(679,335)	49,000	4,699,972
Leadership	389,519	1,623,623	(1,234,104)	321,892	31,409,290
Works and infrastructure	4,652,758	14,765,252	(10,112,494)	3,524,252	305,499,922
Good management	19,324,128	4,564,842	14,759,286	9,169,589	6,385,317
Environment	1,868,248	2,025,854	(157,606)	124,057	13,882,135
Community services and recreation	3,363,307	6,588,796	(3,225,489)	2,585,334	36,333,603
Total	30,280,709	30,930,451	(649,742)	15,774,123	398,210,239

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 2020/21 was \$2,390,287,700. The valuation base used in 2019/20 was \$2,258,890,400.

	2021	2020
	\$	\$
General rates	2,506,891	2,407,703
Rural production rates	6,074,324	5,963,864
Municipal charges	1,276,081	1,238,037
Kerbside recycling charges	432,071	372,372
Garbage charges	1,203,059	1,034,163
Interest on rates and charges	28,834	31,632
Total rates and garbage charges	11,521,260	11,047,771

The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2020, and the valuation was first applied in the rating year commencing 1 July 2020.

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

	2021	2020
	\$	\$
Statutory fees and fines		
Rates and property	12,932	10,105
Risk management	6,282	3,552
Building regulation	83,229	84,644
Local laws and animal management	83,622	73,038
Public health	60,460	48,110
Corporate governance	-	314
Strategic and statutory planning	176,532	242,574
Total statutory fees and fines	423,057	462,337

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

	2021 \$	2020 \$
User fees		
Economic development	-	15,000
Caravan parks	552,685	417,328
Loddon Discovery Tours	7,389	-
Tourism	3,564	12,214
Aged care services	507,726	488,143
Emergency management	11,202	20,825
Preschools	19,062	68,816
Financial services	1,076	2,229
Human resources and development	41,221	937
Risk management	2,188	-
Council engineering and technical services	52,619	70,271
Building regulation	3,593	-
Local laws and animal management	2,112	-
Building and property management	65,302	56,108
Gravel pits	173,488	240,700
Parks and townships	13,838	-
Waterways management	-	14,843
Waste management	190,765	91,530
Other	6,597	3,349
Rent received		
Elderly persons units	55,941	61,898
Economic development	35,220	43,091
Total user fees	1,745,588	1,607,282
User fees by timing of revenue recognition		
User fees recognised over time	-	-
User fees recognised at a point in time	1,745,588	1,607,282
Total user fees	1,745,588	1,607,282

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

	2021 \$	2020 \$
Grants were received in respect of the following:		
Summary of grants		
Commonwealth funded grants	11,787,331	11,443,924
State funded grants	9,204,035	4,330,199
Total grants received	20,991,366	15,774,123

	2021 \$	2020 \$
(a) Operating grants		
Recurrent - Commonwealth Government:		
Financial Assistance Grant - general purpose grant	5,666,426	5,261,324
Financial Assistance Grant - local roads	3,733,180	3,794,873
Total operating Commonwealth Government grants	9,399,606	9,056,197

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

	2021	2020
	\$	\$
Recurrent - State Government:		
Aged care services	857,189	909,385
Preschools	477,417	496,552
Early years	74,607	43,306
Rates and property	44,595	43,721
Youth	24,500	24,500
Maternal and child health	262,045	243,870
Seniors	51,453	-
Roads	75,000	75,000
Other	31,152	11,010
Non recurrent - State Government:		
Aged services	82,434	30,000
Waste management	8,280	44,192
Human resources and development	147,000	1,500
Administration and management	1,092,908	321,892
Community support	155,370	119,764
Preschools	113,164	22,752
Economic development	-	40,000
Grants and community planning	50,000	22,061
Early years	153,635	116,224
Emergency management	75,000	-
Project and contract management	564,500	-
Local laws and animal management	250,000	-
Municipal health and wellbeing	-	117,103
Other	22,001	9,000
Total operating State Government grants	4,612,250	2,691,832
Total operating grants	14,011,856	11,748,029
(b) Capital grants		
Recurrent - Commonwealth Government:		
Roads to Recovery	2,387,725	2,387,727
Total capital Commonwealth Government grants	2,387,725	2,387,727
Recurrent - State Government:		
Caravan parks	90,710	-
Waste management	50,000	-
Non recurrent - State Government:		
Grants and community planning	-	194,561
Information technology	98,470	-
Project and contract management	4,095,725	1,136,524
Rural access	-	42,283
Waste management	256,880	-
Waterways management	-	264,999
Total capital State Government grants	4,591,785	1,638,367
Total capital grants	6,979,510	4,026,094

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

3.4 Funding from other levels of government (continued)

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

	2021 \$	2020 \$
Operating		
Balance at start of year	6,722,845	6,158,203
Received during the financial year and remained unspent at balance date	5,809,742	5,355,843
Received in prior years and spent during the financial year	(5,181,820)	(4,791,201)
Balance at year end	7,350,767	6,722,845
Capital		
Balance at start of year	1,286,702	2,529,985
Received during the financial year and remained unspent at balance date	3,561,471	918,381
Received in prior years and spent during the financial year	(1,338,536)	(2,161,664)
Balance at year end	3,509,637	1,286,702

Grant income is recognised at the point in time when the council satisfies its performance obligations as specified in the underlying agreement.

3.5 Contributions

	2021 \$	2020 \$
Contributions - operating - monetary	70,000	1,165
Contributions - capital - monetary	11,375	20,000
Total contributions	81,375	21,165

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

3.6 Reimbursements and subsidies

	2021 \$	2020 \$
Council administration	47,925	45,556
Swimming pools	11,300	-
Risk management	41,998	104,806
Plant and fleet	140,970	138,477
Department of Transport routine maintenance contract	563,516	587,516
Other	-	9,494
Total reimbursements and subsidies	805,709	885,849

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

	2021 \$	2020 \$
Proceeds from sale	1,046,295	313,894
Written down value of assets disposed	(957,662)	(284,005)
Total net gain (or loss) on disposal of property, infrastructure, plant and equipment	88,633	29,889

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

NOTE 3 FUNDING FOR THE DELIVERY OF OUR SERVICES (Continued)**3.8 Interest received**

	2021	2020
	\$	\$
Interest on investments	250,628	410,516
Rates interest	28,834	31,632
Total interest received	279,462	442,148

3.9 Other income

	2021	2020
	\$	\$
Reversal of impairment of assets	32	103
Total other income	32	103

NOTE 4 THE COST OF DELIVERING SERVICES

4.1 (a) Employee costs

	2021 \$	2020 \$
Salaries and wages	11,114,023	9,455,460
Annual leave and long service leave	915,838	979,870
Superannuation	1,116,829	983,370
Fringe benefits	57,163	108,089
Workcover	312,388	207,920
Total employee costs	13,516,241	11,734,709

(b) Superannuation

Council made contributions to the following funds:

	2021 \$	2020 \$
Defined benefit fund		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	71,017	69,522
Total defined benefit fund	71,017	69,522

Employer contributions payable at reporting date is NIL.

	2021 \$	2020 \$
Accumulation funds		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	539,760	521,537
Employer contributions - other funds	506,052	392,311
Total accumulated funds	1,045,812	913,848

Employer contributions payable at reporting date is NIL.

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

4.2 Materials and services

	2021 \$	2020 \$
Major contracts		
Caravan parks	173,291	140,807
Swimming pools	238,482	255,915
Building and property maintenance	150,378	125,180
Waste management operations	1,009,321	1,006,024
Other contracts	12,231	-
Valuations	15,126	24,963
Other materials and services		
Cleaning	3,962	21,052
Insurance	474,203	478,697
Administration and management	490,470	124,705
Economic development	106,075	127,029
Council administration	193,653	144,398
Library services	206,563	206,312
Media	38,567	43,794
Caravan parks	138,740	174,184
Tourism	70,218	61,678

NOTE 4 THE COST OF DELIVERING SERVICES (Continued)

4.2 Materials and services (continued)

	2021 \$	2020 \$
Aged care services	229,864	155,756
Elderly persons units	29,206	20,357
Seniors	13,006	78,335
Community support	310,485	672,348
Grants and community planning	686,456	314,256
Municipal health and wellbeing	52,851	44,061
Swimming pools	100,949	148,479
Early years	41,980	64,332
Preschools	79,995	100,406
Corporate governance	92,514	71,915
Financial services	44,536	85,448
Customer service	50,419	35,702
Information technology	87,059	85,873
Human resources and management	165,432	163,580
Risk management	77,025	15,641
Council engineering and technical services	128,595	169,407
Project and contract management	74,759	-
Building regulation	13,147	19,928
Local laws and animal management	200,968	12,743
Public health	61,256	9,593
Building and property maintenance	256,191	249,022
Plant and fleet	1,044,234	1,259,746
Gravel pits	(6,782)	46,038
Parks and townships	158,956	141,642
Roads	307,433	564,907
Department of Transport routine maintenance contract	41,930	53,238
Waste management	423,367	298,844
Waterways management	26,900	19,111
Software	728,095	514,929
Utilities	491,984	575,497
Other	81,660	61,498
Total materials and services	9,415,750	8,987,370

4.3 Depreciation

	2021 \$	2020 \$
Roads	6,479,294	6,625,748
Buildings	1,504,207	1,245,171
Plant and equipment	932,651	976,570
Bridges	391,248	400,051
Urban drains	212,151	210,708
Furniture and equipment	131,077	130,099
Footpaths	158,342	157,482
Kerb and channel	97,374	97,768
Landfills	25,640	25,655
Street furniture	26,685	27,779
Quarries	1,225	1,313
Total depreciation	9,959,894	9,898,344

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

NOTE 4 THE COST OF DELIVERING SERVICES (Continued)

4.4 Bad and doubtful debts

	2021 \$	2020 \$
Rates debtors	1,189	2,338
Sundry debtors	1,702	6,917
Total bad debts expense	2,891	9,255

Movement in provisions for doubtful debts

	2021 \$	2020 \$
Balance at beginning of the year	127,248	118,887
New provisions recognised during the year	8,090	9,639
Amounts already provided for and written off as uncollectible	(8,001)	(894)
Amounts provided for but recovered during the year	(4,809)	(384)
Balance at end of year	122,528	127,248

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

4.5 Other expenses

	2021 \$	2020 \$
Councillors' emoluments	228,869	220,814
Internal audit remuneration	34,980	40,127
External audit remuneration - VAGO - Audit of the financial statements, performance statement and grant acquittals	40,600	39,800
Impairment of interest free loans	-	32
Total other expenses	304,449	300,773

NOTE 5 OUR FINANCIAL POSITION

5.1 Financial assets

(a) Cash and cash equivalents

	2021 \$	2020 \$
Cash on hand	2,578	3,900
Cash at bank (CEO's advance account)	4,000	4,000
Cash at bank (general account)	14,255,811	4,135,428
Cash at bank (trust account)	-	183,118
Term deposits (less than 90 days)	6,000,000	4,000,000
Cash and cash equivalents	20,262,389	8,326,446

(b) Other financial assets

	2021 \$	2020 \$
Term deposits (current)	17,000,000	22,000,000
Cash at bank (trust account)	183,417	-
Term deposits (non-current)	-	-
Total other financial assets	17,183,417	22,000,000

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

	2021 \$	2020 \$
Restricted funds		
Trust funds (Note 5.3)	365,171	356,380
Total restricted funds	365,171	356,380
Total unrestricted cash and cash equivalents	16,818,246	21,643,620

Intended allocations

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

	2021 \$	2020 \$
Unspent grants (refer to Note 9.1)	10,860,404	8,009,547
Long service leave (refer to Note 5.4)	2,032,984	1,866,223
Total restricted and intended allocation funds	12,893,388	9,875,770

Cash and cash equivalents include cash on hand, deposits at call, and other highly liquid investments with original maturities of 90 days 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.

NOTE 5 OUR FINANCIAL POSITION (Continued)

5.1 Financial assets (continued)

(c) Trade and other receivables

	2021 \$	2020 \$
Current		
<i>Statutory receivables</i>		
Rates debtors	253,965	275,553
LESS provision for doubtful debts	(22,405)	(19,800)
	231,560	255,753
<i>Non statutory receivables</i>		
Sundry debtors	815,776	547,667
Other debtors	107,524	110,237
LESS provision for doubtful debts	(100,123)	(107,448)
Net receivable GST	296,007	(1)
Loans and advances to community organisations	-	1,200
	1,119,184	551,655
Total current	1,350,744	807,408
Non-current		
<i>Non statutory receivables</i>		
Loans and advances to community organisations	-	1,168
Total non-current	-	1,168
Total trade and other receivables	1,350,744	808,576

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

(i) Ageing of receivables

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

	2021 \$	2020 \$
Current (not yet due)	606,678	86,196
Past due by up to 30 days	91,836	10,474
Past due between 31 and 180 days	102,426	7,850
Past due between 181 and 365 days	14,836	444,346
Past due over 365 days	107,524	2,789
Total trade and other receivables	923,300	551,655

NOTE 5 OUR FINANCIAL POSITION (Continued)

5.1 Financial assets (continued)

(c) Trade and other receivables (continued)

(ii) Ageing of individually impaired receivables

At balance date, other debtors representing financial assets with a nominal value of \$100,123 (2020: \$107,448) were impaired. The amount of the provision raised against these debtors was \$100,123 (2020: \$107,448). 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:

	2021 \$	2020 \$
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	100,123	107,448
Past due by more than 1 year	-	-
Total trade and other receivables	100,123	107,448

5.2 Non-financial assets

(a) Inventories

	2021 \$	2020 \$
Inventories held for distribution	24,120	26,782
Inventories held for sale	-	-
Total inventories	24,120	26,782

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

(b) Other assets

	2021 \$	2020 \$
Current		
Accrued income	63,379	161,202
Prepayments	172,267	301,010
Term deposits (original maturity of 90 days or greater)	-	-
Total current	235,646	462,212
Non-current		
Procurement Australia Pty Ltd Shares	100	100
Total non-current	100	100
Total other assets	235,746	462,312

NOTE 5 OUR FINANCIAL POSITION (Continued)

5.2 Non-financial assets (continued)

(c) Intangible assets

	2021 \$	2020 \$
Non-current		
Water rights	2,674,570	2,979,650
Total intangible assets	2,674,570	2,979,650

Reconciliation of movements in intangible assets for the reporting period

	2021 \$	2020 \$
Water rights		
Gross carrying amount at beginning of period	2,979,650	2,702,545
Additional water rights obtained during the period	-	-
Water rights disposed of during the period	-	-
Revaluation increment / (decrement)	(305,080)	277,105
Depreciation & amortisation	-	-
Gross carrying amount at end of period	2,674,570	2,979,650

Intangible assets with finite lives are amortised as an expense on a systematic basis over the asset's useful life.

Water rights are revalued at 30 June 2021 to the published water trade market rate applying at that date.

NOTE 5 OUR FINANCIAL POSITION (Continued)

5.3 Payables

(a) Trade and other payables

	2021 \$	2020 \$
Trade payables	1,137,128	(245)
Accrued wages and salaries	300,976	291,310
Accrued expenses	33,889	343,131
Total trade and other payables	1,471,993	634,196

(b) Trust funds and deposits

	2021 \$	2020 \$
Contract retentions	71,837	66,443
Fire services property levy	75,378	67,970
Building deposits	32,340	37,340
Unclaimed monies	1,223	533
Other refundable deposits:		
St Andrews church repair fund	976	976
Wedderburn Pre-school investment	183,417	183,118
Total trust funds and deposits	365,171	356,380

(c) Unearned income

	2021 \$	2020 \$
Grants received in advance - operating	-	-
Grants received in advance - capital	2,976,276	705,000
Total unearned income	2,976,276	705,000

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

Purpose and nature of items

Contract retentions

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

Fire Services Property Levy

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

NOTE 5 OUR FINANCIAL POSITION (Continued)

5.3 Payables (continued)

Purpose and nature of items

Building deposits

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

St Andrews church repair fund

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

Wedderburn Pre-school investment

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

NOTE 5 OUR FINANCIAL POSITION (Continued)**5.4 Provisions****2021**

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

2020

	Annual leave	Long service leave	RDOs	Landfill rehabilitation	Gravel pit rehabilitation	Total
Balance at beginning of the financial year	864,146	1,796,636	128,088	1,347,842	73,113	4,209,825
Additional provisions	818,831	281,865	513,984	(43)	21,859	1,636,496
Amounts used	(767,592)	(212,278)	(528,003)	-	-	(1,507,873)
Variation in the discounted amount arising because of time and the effect of any change in the discount rate	-	-	-	-	-	-
Balance at the end of the financial year	915,385	1,866,223	114,069	1,347,799	94,972	4,338,448

(a) Employee provisions

	2021	2020
	\$	\$
Current provisions expected to be wholly settled within 12 months		
Annual leave	895,762	732,308
Long service leave	213,358	197,640
RDOs	125,504	114,069
Total	1,234,624	1,044,017
Current provisions expected to be wholly settled after 12 months		
Annual leave	223,940	183,077
Long service leave	1,427,854	1,322,665
Total	1,651,794	1,505,742
Total current employee provisions	2,886,418	2,549,759
Non-current		
Long service leave	391,772	345,918
Total non-current employee provisions	391,772	345,918
Aggregate carrying amount of employee provisions		
Current	2,886,418	2,549,759
Non-current	391,772	345,918
Total aggregate amount of employee provisions	3,278,190	2,895,677

NOTE 5 OUR FINANCIAL POSITION (Continued)

5.4 Provisions (continued)

(a) Employee provisions (continued)

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

Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulated sick leave expected to be wholly settled within 12 months of the reporting date are recognised in the provision for employee benefits in respect of employee services up to the reporting date, classified as current liabilities and measured at their nominal values.

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

Long service leave

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

Key assumptions:	2021	2020
Weighted average increase in employee costs	3.57%	3.44%
Weighted average discount rates	0.67%	0.64%
Weighted average settlement period	21 months	21 months

(b) Landfill restoration

	2021	2020
	\$	\$
Current	54,466	72,676
Non-current	1,034,861	1,275,123
Total landfill restoration	1,089,327	1,347,799

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

Key assumptions:	2021	2020
Weighted average increase in costs	1.62%	2.56%
Weighted average discount rates	0.70%	0.72%
Weighted average settlement period	16 years	16 years

NOTE 5 OUR FINANCIAL POSITION (Continued)

5.4 Provisions (continued)

(c) Gravel pit rehabilitation

	2021 \$	2020 \$
Current	-	-
Non-current	86,028	94,972
Total	86,028	94,972

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:	2021	2020
Weighted average increase in costs	1.62%	2.56%
Weighted average discount rates	0.83%	0.83%
Weighted average settlement period	18 years	18 years

5.5 Financing arrangements

	2021 \$	2020 \$
Bank overdraft - National Australia Bank	-	500,000
Bank overdraft - Westpac	500,000	500,000
Credit card facilities	100,000	100,000
Total facilities	600,000	1,100,000
Used facilities	-	-
Unused facilities	600,000	1,100,000

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.

2021

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

2020

	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 \$
Operating					
Environment services	728,889	-	-	-	728,889
Insurance services	496,824	-	-	-	496,824
Caravan park operations	165,234	109,210	111,394	-	385,838
Workcover	354,689	-	-	-	354,689
Library corporation	216,502	-	-	-	216,502
Swimming pool services	280,000	-	-	-	280,000
Internal audit	23,400	26,000	52,000	-	101,400
Other minor orders committed	38,900	-	-	-	38,900
Operating commitments for expenditure	2,304,438	135,210	163,394	-	2,603,042
Capital					
Inglewood dam project	678,549	-	-	-	678,549
Purchase caravan parks	778,322	-	-	-	778,322
Sloans bridge works	501,340	-	-	-	501,340
Capital commitments for expenditure	1,958,211	-	-	-	1,958,211
Total commitments for expenditure	4,262,649	135,210	163,394	-	4,561,253

NOTE 5 OUR FINANCIAL POSITION (Continued)

5.7 Leases

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

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

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

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

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

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

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

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

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

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

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

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

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

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

NOTE 5 OUR FINANCIAL POSITION (Continued)**5.7 Leases (continued)**

Right of use assets	Property	Vehicles	Other	Total
	\$	\$	\$	\$
Balance as at 1 July 2020	-	-	-	-
Additions	-	-	-	-
Amortisation charge	-	-	-	-
Balance as at 30 June 2021	-	-	-	-

	2021	2020
	\$	\$
Lease liabilities		
Maturity analysis - contractual undiscounted cash flows	-	-
Less than one year	-	-
One to five years	-	-
More than five years	-	-
Total undiscounted lease liabilities as at 30 June	-	-
Lease liabilities included in the Balance Sheet as at 30 June		
Current	-	-
Non-current	-	-
Total lease liabilities	-	-

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.

	2021	2020
	\$	\$
Expenses relating to:		
Short-term leases	-	-
Leases of low value assets	27,237	26,090
Total	27,237	26,090

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

	2021	2020
	\$	\$
Commitments for minimum lease payments for short-term and low-value leases are payable as follows:		
Payable:		
Within one year	5,780	5,218
Later than 1 year but no later than 5 years	21,457	20,872
Total lease commitments	27,237	26,090

NOTE 6 ASSETS WE MANAGE

6.1 Non current assets classified as held for sale

	2021	2020
	\$	\$
Non current		
Land at valuation	230,864	559,664
LESS selling costs	(8,080)	(19,588)
Total non current assets held for sale	222,784	540,076

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**

	At fair value 30 June 2020 \$	Additions \$	Revaluation / transfers \$	Depreciation \$	Disposals \$	At fair value 30 June 2021 \$
Land	10,016,262	-	328,800	-	(608,800)	9,736,262
Buildings	49,026,024	433,496	44,846	(1,504,207)	(13,000)	47,987,159
Plant and equipment	7,374,997	1,459,703	-	(1,063,728)	(335,862)	7,435,109
Infrastructure	295,510,384	5,656,366	(5,234,837)	(7,391,959)	-	288,539,953
Work in progress	863,394	1,905,907	(356,843)	-	-	2,412,458
Total	362,791,061	9,455,472	(5,218,034)	(9,959,894)	(957,662)	356,110,941

Summary of work in progress

	Opening WIP \$	Additions \$	Transfers \$	Write-off \$	Closing WIP \$
Buildings	398,577	1,178,769	(44,846)	-	1,532,500
Infrastructure	464,817	727,138	(311,997)	-	879,958
Total	863,394	1,905,907	(356,843)	-	2,412,458

(a) Property

	Land	Buildings - specialised	Work in progress	Total land and buildings
Land and Buildings				
At fair value 1 July 2020	10,016,262	89,176,755	398,577	99,591,594
Accumulated depreciation at 1 July 2020	-	(40,150,731)	-	(40,150,731)
	10,016,262	49,026,024	398,577	59,440,863
Movements in fair value				
Additions	-	433,496	1,178,769	1,612,265
Contributions	-	-	-	-
Revaluation	-	-	-	-
Disposal	(608,800)	(13,000)	-	(621,800)
Impairment losses recognised in operating result	-	-	-	-
	(608,800)	420,496	1,178,769	990,465
Movements in accumulated depreciation				
Depreciation and amortisation	-	(1,504,207)	-	(1,504,207)
Revaluation	-	-	-	-
Accumulated depreciation of disposals	-	-	-	-
Impairment losses recognised in operating result	-	-	-	-
Transfers	328,800	44,846	(44,846)	328,800
	328,800	(1,459,361)	(44,846)	(1,175,407)
At fair value 30 June 2021	9,736,263	89,597,251	1,532,500	100,582,059
Accumulated depreciation at 30 June 2021	-	(41,610,092)	-	(41,326,138)
Total	9,736,263	47,987,159	1,532,500	59,255,921

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

Plant and equipment	Plant machinery and equipment	Fixtures fittings and furniture	Total plant and equipment
At fair value 1 July 2020	13,505,192	1,777,281	15,282,473
Accumulated depreciation at 1 July 2020	(6,690,231)	(1,217,245)	(7,907,476)
	6,814,961	560,036	7,374,997
Movements in fair value			
Additions	1,344,845	114,858	1,459,703
Contributions	-	-	-
Revaluation	-	-	-
Disposal	(1,122,739)	-	(1,122,739)
Impairment losses recognised in operating result	-	-	-
	222,106	114,858	336,964
Movements in accumulated depreciation			
Depreciation and amortisation	(932,651)	(131,077)	(1,063,728)
Accumulated depreciation of disposals	786,877	-	786,877
Impairment losses recognised in operating result	-	-	-
Transfers	-	-	-
	(145,774)	(131,077)	(276,851)
At fair value 30 June 2021	13,727,298	1,892,139	15,619,437
Accumulated depreciation at 30 June 2021	(6,836,005)	(1,348,322)	(8,184,327)
Total	6,891,293	543,817	7,435,109

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

Infrastructure	Roads	Bridges	Footpaths and cycleways	Kerb and channel	Drainage
At fair value 1 July 2020	379,532,138	39,505,533	7,423,240	5,859,944	15,869,788
Accumulated depreciation at 1 July 2020	(121,151,949)	(19,794,443)	(2,045,870)	(2,258,151)	(8,302,544)
	258,380,189	19,711,090	5,377,370	3,601,793	7,567,244
Movements in fair value					
Additions	3,770,911	1,102,159	562,886	-	202,930
Revaluation	(13,970,648)	(2,008,360)	(522,935)	36,291	(241,805)
	(10,199,737)	(906,201)	39,951	36,291	(38,875)
Movements in accumulated depreciation					
Depreciation and amortisation	(6,479,294)	(391,248)	(158,342)	(97,374)	(212,151)
Revaluation (increments)/decrements	9,506,218	1,210,135	214,313	83,185	155,285
Accumulated depreciation of disposals	-	-	-	-	-
Impairment losses recognised in operating result	-	-	-	-	-
Transfers	164,425	-	-	-	147,572
	3,191,349	818,887	55,971	(14,189)	90,706
At fair value 30 June 2021	369,332,401	38,599,332	7,463,191	5,896,235	15,978,485
Accumulated depreciation at 30 June 2021	(117,960,600)	(18,975,556)	(1,989,899)	(2,272,340)	(8,359,410)
	251,371,801	19,623,776	5,473,292	3,623,895	7,619,075

Infrastructure (continued)	Quarries	Street Furniture	Landfills	Work In Progress	Total Infrastructure
At fair value 1 July 2020	58,507	676,763	1,994,306	464,817	451,385,037
Accumulated depreciation at 1 July 2020	(27,109)	(190,678)	(1,639,091)	-	(155,409,835)
	31,398	486,085	355,215	464,817	295,975,202
Movements in fair value					
Additions	-	17,480	-	727,138	6,383,504
Revaluation	-	(44,453)	-	-	(16,751,910)
	-	(26,973)	-	727,138	(10,368,406)
Movements in accumulated depreciation					
Depreciation and amortisation	(1,225)	(26,685)	(25,640)	-	(7,391,959)
Revaluation (increments)/decrements	-	35,938	-	-	11,205,074
Accumulated depreciation of disposals	-	-	-	-	-
Impairment losses recognised in operating result	-	-	-	-	-
Transfers	-	-	-	(311,997)	-
	(1,225)	9,253	(25,640)	(311,997)	3,813,115
At fair value 30 June 2021	58,507	649,790	1,994,306	879,958	440,852,206
Accumulated depreciation at 30 June 2021	(28,334)	(181,425)	(1,664,731)	-	(151,432,295)
	30,173	468,365	329,575	879,958	289,419,911

NOTE 6 ASSETS WE MANAGE (Continued)

6.2 Property, infrastructure, plant and equipment (continued)

Acquisition

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

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

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

Asset recognition thresholds and depreciation periods

	Depreciation period Years	Threshold limit \$
Property		
land	-	3,000
leasehold improvements	10 to 30	3,000
Buildings		
buildings	50 to 100	3,000
building and leasehold improvements	10 to 30	3,000
Plant and equipment		
plant, machinery, minor plant and equipment	5 to 30	3,000
motor vehicles	9 to 10	3,000
fixtures fittings and furniture	10 to 100	3,000
computers and telecommunications	3	3,000
Infrastructure		
road seals	13 to 26	3,000
road pavements - sealed	80	3,000
road pavements - unsealed	30	3,000
road formation and earthworks	-	3,000
road kerb, channel and minor culverts	60	3,000
bridges deck and substructure	80 to 100	3,000
footpaths and cycle ways	15 to 50	3,000
drainage	50 to 80	3,000
recreational, leisure and community facilities	50 to 80	3,000
waste management assets	20	3,000
parks, open space and streetscapes	15 to 50	3,000
off street car parks	80	3,000
aerodromes	30 to 80	3,000
Intangible assets - water rights	-	3,000

Land under roads

Council recognises land under roads it controls at fair value.

NOTE 6 ASSETS WE MANAGE (Continued)

6.2 Property, infrastructure, plant and equipment (continued)

Depreciation and amortisation

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

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

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

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

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

Repairs and maintenance

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

Leasehold improvements

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

Valuation of land and buildings

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

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

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

The date of the current valuation is detailed in the following table. A full revaluation of these was conducted in 2019/20, 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 2022. Details of the Council's land and buildings and information about the fair value hierarchy as at 30 June 2020 are as follows:

	Level 1	Level 2	Level 3	Date of valuation
Land	-	1,284,878	8,451,385	30/6/2020
Specialised land	-	-	-	30/6/2020
Buildings	-	-	-	30/6/2020
Specialised buildings	-	3,829,317	85,812,779	30/6/2020
Work in progress	-	-	1,532,500	30/6/2021
TOTAL	-	5,114,195	95,796,664	

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 2021.

There were no changes in valuation techniques throughout the period to 30 June 2021.

For all assets measured at fair value, the current use is considered the highest and best use.

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

Details of the Council's infrastructure and information about the fair value hierarchy as at 30 June 2021 are as follows:

	Level 1	Level 2	Level 3	Date of valuation
Unsealed roads formation	-	-	15,411,233	30/6/2021
Unsealed roads pavement	-	-	62,765,366	30/6/2021
Road seal	-	-	18,472,749	30/6/2021
Sealed roads pavement	-	-	247,545,129	30/6/2021
Sealed road formation	-	-	9,927,712	30/6/2021
Footpaths	-	-	7,463,191	30/6/2021
Culverts	-	-	15,210,213	30/6/2021
Bridges	-	-	38,599,332	30/6/2021
Kerb and channel	-	-	5,896,235	30/6/2021
Urban drains	-	-	15,978,485	30/6/2021
Street furniture	-	-	649,790	30/6/2021
Landfills	-	-	1,994,306	30/6/2021
Quarries	-	-	58,507	30/6/2021
Work in progress	-	-	879,958	30/6/2021
TOTAL	-	-	440,852,206	

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 \$138 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 \$3,700 per square metre. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary from 1 year to 100 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of buildings are sensitive to changes in expectations or requirements that could either shorten or extend the useful lives of buildings.

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

Reconciliation of specialised land

	2021 \$	2020 \$
Land under roads	-	-
Parks and reserves	-	-
TOTAL	-	-

NOTE 6 ASSETS WE MANAGE (Continued)

6.3 Investments in associates, joint arrangements and subsidiaries

Investments in associates

Investments in associates accounted for by the equity method are:

North Central Goldfields Regional Library Corporation

The Council is a member of the North Central Goldfields Regional Library Corporation. At 30 June 2021 Council's equity was \$142,121. At 30 June 2020 Council's equity in the corporation was \$275,336.

Loddon has a 4.89 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 2020 Council's share of the net assets was 4.96 per cent. Any adjustments required due to the reduction in the share of net assets from 2020 to 2021 is reflected as Variation Account - Change in Equity in the following schedules.

	2021 \$	2020 \$
Council's share of accumulated surplus/(deficit)		
Council's share of accumulated surplus/(deficit) at start of year	90,566	82,425
Reported surplus/(deficit) for year	13,233	10,042
Variation account - change in equity	5,965	(1,901)
Council's share of accumulated surplus/(deficit) at end of year	109,764	90,566
Council's share of reserves		
Council's share of reserves at start of year	184,771	187,148
Variation account - change in equity	(9,851)	(2,377)
Council's share of reserves at end of year	174,920	184,771
Movement in carrying value of share in library		
Carrying value of investment at start of year	275,336	269,572
Share of surplus/(deficit) for the year	13,233	10,042
Variation account - change in equity	(3,886)	(4,278)
Carrying value of investment at end of year	284,683	275,336
Council's share of expenditure commitments		
Operating commitments	7,832	17,792
Capital commitments	-	211
Council's share of expenditure commitments	7,832	18,003
Council's share of contingent liabilities and contingent assets		
Nil	-	-
Council's share of contingent liabilities and contingent assets	-	-

Adjustment to the carrying value of North Central Goldfields Regional Library

	2021 \$	2020 \$
Adjustment to the carrying value of North Central Goldfields Regional Library Corporation	9,347	5,764
Total adjustment to the carrying value of North Central Goldfields Regional Library Corporation	9,347	5,764

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

NOTE 6 ASSETS WE MANAGE (Continued)

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

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

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

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

The consolidated financial statements of Council incorporate all entities controlled by Council as at 30 June 2021, and their income and expenses for that part of the reporting period in which control existed.

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

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

Council has no consolidated entities.

Committees of management

All entities controlled by Council that have material revenues, expenses, assets or liabilities, such as committees of management, 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

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

Councillors:	2021	2020
Cr Cheryl McKinnon (Mayor from July 2020 to November 2020)	1	1
Cr Neil Beattie (Councillor from July 2020 to November 2020, Mayor from November 2020 to June 2021)	1	1
Cr Geoff Curnow (Councillor from July 2020 to November 2020)	1	1
Cr Gavan Holt (Councillor from July 2020 to June 2021)	1	1
Cr Colleen Condliffe (Councillor from July 2020 to November 2020)	1	1
Cr Dan Straub (Councillor from November 2020 to June 2021)	1	-
Cr Wendy Murphy (Councillor from November 2020 to June 2021)	1	-
Cr Linda Jungwirth (Councillor from November 2020 to June 2021)	1	-
Total number of Councillors	8	5
Chief Executive Officer and other Key Management Personnel:		
Mr Phil Pinyon (Chief Executive Officer from July 2020 to June 2021)	1	1
Mrs Wendy Gladman (Director Community and Wellbeing July 2020 to June 2021)	1	1
Mrs Sharon Morrison (Director Corporate Services July 2020 to June 2021)	1	1
Mr Steven Phillips (Director Operations July 2020 to June 2021)	1	1
Ms Lynne Habner (Manager Executive and Commercial Services July 2020 to June 2021)	1	1
Mr Allan Bawden (Acting Chief Executive Officer from November 2019 to February 2020)	-	1
Total Key Management Personnel	5	6

(c) Remuneration of Key Management Personnel

Total remuneration of Key Management Personnel was as follows:

	2021	2020
	\$	\$
Short-term benefits	1,141,549	1,087,595
Long-term benefits	17,325	10,311
Post employment benefits	88,051	89,905
TOTAL	1,246,925	1,187,811

NOTE 7 PEOPLE AND RELATIONSHIPS (Continued)

7.1 Council and key management remuneration (continued)

(c) Remuneration of Key Management Personnel (continued)

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

Income range	2021 number	2020 number
\$0,000 - \$9,999	2	-
\$20,000 - \$29,999	4	2
\$30,000 - \$39,999	1	1
\$40,000 - \$49,999	-	1
\$50,000 - \$59,999	-	1
\$70,000 - \$79,999	1	-
\$80,000 - \$89,999	-	1
\$120,000 - \$129,999	1	-
\$130,000 - \$139,999	-	1
\$170,000 - \$179,999	1	2
\$180,000 - \$189,999	-	1
\$190,000 - \$199,999	1	-
\$200,000 - \$209,999	1	-
\$250,000 - \$259,999	-	1
\$310,000 - \$319,999	1	-
	13	11

(d) Senior officer remuneration

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

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

Council does not have any staff that fall within this category.

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 2019/20).

(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 2019/20).

(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 2019/20).

(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 2019/20).

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

Council has no contingent assets.

(b) Contingent liabilities

Superannuation

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

Future superannuation contributions

In addition to the disclosed contributions, Council has not paid unfunded liability payments to Vision Super totalling \$Nil (2019/20 \$Nil). There were no contributions outstanding and no loans issued from or to the above schemes as at 30 June 2021. The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2022 are \$Nil.

Landfill

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

Liability Mutual Insurance

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

8.2 Change in accounting standards

The following new Australian Accounting Standards and interpretations have been published that are not mandatory for the 30 June 2021 reporting period. Council assesses the impact of these new standards. As at 30 June 2021 there were no new accounting standards or interpretations issued by the AASB which are applicable for the year ending 30 June 2022 that are expected to impact Council.

NOTE 8 MANAGING UNCERTAINTIES (Continued)

8.3 Financial instruments

(a) Objectives and policies

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

(b) Market risk

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

Interest rate risk

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

Investment of surplus funds is made with approved financial institutions under the *Local Government Act 1989*.

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 2021.

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

(d) Liquidity risk

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

To help reduce these risks Council:

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

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

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

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

(e) Sensitivity disclosure analysis

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

- A parallel shift of + 1.5% and -1.5% in market interest rates (AUD) from year-end rates of 0.40%.

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

NOTE 8 MANAGING UNCERTAINTIES (Continued)

8.4 Fair value measurement

Fair value hierarchy

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

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

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

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

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

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

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

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

Revaluation

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

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

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

NOTE 8 MANAGING UNCERTAINTIES (Continued)

8.4 Fair value measurement (continued)

Impairment of assets

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

8.5 Events occurring after balance date

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

NOTE 9 OTHER MATTERS

9.1 Reserves

(a) Asset revaluation reserve

2021

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

2020

	Balance at beginning of reporting period \$	Revaluation increment / (decrement) \$	Balance at end of the reporting period \$
Property			
Land	8,612,532	483,635	9,096,167
Buildings	30,700,051	2,982,460	33,682,511
	39,312,583	3,466,095	42,778,678
Infrastructure assets			
Sealed roads	149,664,910	4,570,728	154,235,638
Unsealed roads	61,200,290	4,693,615	65,893,905
Footpaths	1,564,603	(332,718)	1,231,885
Street furniture	65,379	29,292	94,671
Kerbs	873,309	59,233	932,542
Bridges	10,219,647	384,021	10,603,668
Drains	776,454	(150,900)	625,554
Other infrastructure	224,364,592	9,253,271	233,617,863
Total tangible assets	263,677,175	12,719,366	276,396,541
Intangible assets			
Water rights	1,765,499	277,105	2,042,604
Total	265,442,674	12,996,471	278,439,145

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****2021**

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

NOTE 9 OTHER MATTERS (Continued)**9.1 Reserves (continued)****(b) General reserves (continued)****2020**

	Balance at beginning of reporting period	Transfer from accumulated surplus	Transfer to accumulated surplus	Balance at end of reporting period
	\$	\$	\$	\$
Land and buildings reserve	726,889	36,363	(778,322)	(15,070)
Boundary and township signage reserve	-	123,206	(40,000)	83,206
Capital expenditure reserve	3,436,895	6,244,527	(3,436,895)	6,244,527
Caravan park development reserve	361,187	13,206	(325,000)	49,393
Community planning reserve	1,625,220	1,157,039	(775,220)	2,007,039
Economic development reserve	385,410	100,000	(113,670)	371,740
Fleet replacement reserve	523,757	221,834	(104,637)	640,954
Gravel and sand pit restoration reserve	558,192	240,700	(398,892)	400,000
Heritage loan scheme reserve	100,000	-	-	100,000
Information technology reserve	1,115,596	285,000	(600,596)	800,000
Little Lake Boort water reserve	17,069	7,000	-	24,069
Waste management reserve	352,207	35,010	(87,217)	300,000
Major projects reserve	259,796	80,000	(185,800)	153,996
Plant replacement reserve	1,410,711	895,357	(819,115)	1,486,953
Professional development reserve	3,619	6,000	-	9,619
Recreation facilities improvement reserve	100,000	-	-	100,000
Skidders Flat water reserve	7,535	-	(7,535)	-
Swimming pool major projects reserve	100,000	50,000	-	150,000
Unfunded superannuation liability reserve	797,616	101,192	-	898,808
Units reserve	113,744	14,741	(68,485)	60,000
Unsuitably premises enforcement provision reserve	100,000	-	-	100,000
Unspent grants reserve	8,688,188	8,009,548	(8,688,189)	8,009,547
Urban drainage reserve	800,598	550,000	(506,640)	843,958
Valuations reserve	123,206	-	(123,206)	-
War memorial reserve	3,000	-	(3,000)	-
Total	21,710,435	18,170,723	(17,062,419)	22,818,739

NOTE 9 OTHER MATTERS (Continued)

9.1 Reserves (continued)

(b) General reserves (continued)

Purpose of general reserves

Land and buildings reserve

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

Boundary and township signage reserve

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

Capital expenditure reserve

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

Caravan park development reserve

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

Community planning reserve

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

Economic development reserve

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

Fleet replacement reserve

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

Gravel and sand pit (GSP) restoration reserve

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

Heritage loan scheme reserve

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

NOTE 9 OTHER MATTERS (Continued)

9.1 Reserves (continued)

(b) General reserves (continued)

Purpose of general reserves (continued)

Information technology reserve

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

Little Lake Boort water

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

Waste management reserve

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

Major projects reserve

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

Plant replacement reserve

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

Professional development reserve

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

Recreation facilities improvement reserve

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

Skidders Flat water reserve

The Skidders Flat water reserve is used to fund major repairs and capital works on the Skidders Flat Water Supply. The surplus on operations of the water supply is transferred to the reserve annually and the cost of major repairs and capital works is transferred from the reserve. This reserve was closed in 2020.

Swimming pool major projects reserve

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

NOTE 9 OTHER MATTERS (Continued)

9.1 Reserves (continued)

(b) General reserves (continued)

Purpose of general reserves (continued)

Unfunded superannuation liability reserve

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

Units reserve

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

Unightly premises enforcement provision reserve

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

Unspent contributions reserve

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

Unspent grants reserve

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

Urban drainage reserve

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

Valuations reserve

The valuations reserve is used to fund the cost of Council's bi-annual valuations for rating purposes. Council transfers to the reserve the net surplus of valuations in the years that Council is paid for the provision of its data to state government authorities, and amounts determined during the budget process sufficient to fund the bi-annual revaluation process. Council transfers from the reserve the net cost of the revaluation process. This reserve was closed in 2020.

War memorial restoration reserve

The war memorial restoration reserve is used to fund the cost of maintaining and renewing war memorials across the Shire. Council transfers to the reserve annually an amount determined during the budget process as sufficient to fund the war memorial program, and transfers the cost of works to war memorials from the reserve. This reserve was closed in 2020.

NOTE 9 OTHER MATTERS (Continued)

9.2 Reconciliation of cash flows from operating activities to surplus/(deficit)

	2021 \$	2020 \$
Surplus / (deficit) for the period	2,750,490	(649,742)
Depreciation	9,959,894	9,898,344
(Profit) / loss on disposal of assets	(88,633)	(29,889)
Impairment of financial assets	-	32
Reversal of impairment of assets	(32)	(103)
Bad debts expense	(4,720)	9,255
Share of other comprehensive income of associates	(3,886)	(18,003)
Change in assets and liabilities		
(Increase) / decrease in receivables (net of advances)	(539,818)	1,692,656
(Increase) / decrease in accrued income	97,823	488,559
(Increase) / decrease in prepayments	128,743	(148,819)
(Increase) / decrease in other assets and liabilities	-	(1,783,876)
Increase / (decrease) in unearned income	2,271,276	705,000
Increase / (decrease) in trust funds and deposits	8,791	(15,632)
(Increase) / decrease in inventories	2,662	13,496
Increase / (decrease) in payables	837,797	540,284
Increase / (decrease) in employee benefits	382,513	(106,807)
Increase / (decrease) in other provisions	(267,416)	21,816
(Increase) / decrease in library equity	(9,347)	5,764
Net cash provided by / used by operating activities	15,526,137	10,622,335

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 2021, this was 9.5% required under Superannuation Guarantee Legislation).

Defined benefit

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

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

Therefore, the Fund Actuary is unable to allocate benefit liabilities, assets and costs between employers for the purposes of AASB119.

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 review for the Defined Benefit category as at 30 June 2020 was conducted and completed by the due date of 31 December 2020.

The vested benefit index (VBI) of the Defined Benefit category of which Council is a contributing employer was 104.6%. The financial assumptions used to calculate the VBI were:

Net investment returns	5.6% pa
Salary information	2.5% pa for 2 years and 2.75% pa thereafter
Price inflation (CPI)	2.0% pa

As at 30 June 2021, an interim actuarial investigation is underway as the Fund provides lifetime pensions in the Defined Benefit category.

Vision Super has advised that the VBI at 30 June 2021 was 109.7%. The financial assumptions used to calculate this VBI were:

Net investment returns	4.8% pa
Salary information	2.75% pa
Price inflation (CPI)	2.25% pa

The VBI is used as the primary funding indicator. Because the VBI was above 100%, the June 2020 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 2020 full actuarial investigation conducted by the Fund Actuary, Council makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2021, this rate was 9.5% of members' salaries (9.5% in 2019/20). This rate is expected to increase in line with any increases in the SG contribution rate and was reviewed as part of the 30 June 2020 triennial valuation.

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

Funding calls

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

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

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

NOTE 9 OTHER MATTERS (Continued)

9.3 Superannuation (continued)

Funding calls (continued)

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.

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 2020 triennial actuarial investigation surplus amounts

An actuarial investigation is conducted annually for the Defined Benefit category of which Council is a contributing employer. Generally, a full actuarial investigation is conducted every three years and interim actuarial investigation are conducted for each intervening year. A full actuarial 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:

	2020 (Triennial)	2019 (Interim)
	\$M	\$M
- A VBI surplus	100.00	151.30
- A total service liability surplus	200.00	233.40
- A discounted accrued benefits surplus	217.80	256.70

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 2020.

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

The discounted accrued benefit surplus means that the current value of the assets in the Fund's Defined Benefit category exceeds the value of benefits payable in the future but accrued in respect of service to 30 June 2020.

Council was notified of the 30 June 2020 VBI during August 2020 (2019: August 2019).

The 2021 interim actuarial investigation

An interim actuarial investigation is being conducted for the Fund's position as at 30 June 2021 as the fund provides lifetime pensions in the Defined Benefit category. It is anticipated that this actuarial investigation will be completed by October 2021.

Superannuation contributions

Contributions by Council (excluding any unfunded liability payments) to the above superannuation plans for the financial year ended 30 June 2021 are detailed below:

Scheme - Type of Scheme - Rate	2021 \$	2020 \$
Vision super - Defined Benefit - 9.50%	71,017	69,522
Vision super - Accumulation fund - 9.50%	539,760	521,537
Other super funds	506,052	392,311

There were no contributions outstanding and no loans issued from or to the above schemes as at 30 June 2021. The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2021 is \$Nil.

NOTE 10 CHANGE IN ACCOUNTING POLICY

AASB 1059 Service Concession Arrangements: Grantors (AASB1059) (applies 2020/21 for LG Sector)

Council has adopted *AASB 1059 Service Concession Arrangements: Grantors* from 1 July 2020. This has resulted in a review and no material changes to accounting policies and adjustments to the amounts recognised in the financial statements.

AASB 2018-7 Amendments to Australian Accounting Standards - Definition of Material (applies 2020/21 for LG Sector)

Council has adopted *AASB 2018-7 Amendments to Australian Accounting Standards - Definition of Material* from 1 July 2020. This has resulted in a review and no material changes to accounting policies and adjustments to the amounts recognised in the financial statements.

AASB 2019-1 Amendments to Australian Accounting Standards - References to the Conceptual Framework (applies 2020/21 for LG Sector)

Council has adopted *2019-1 Amendments to Australian Accounting Standards - References to the Conceptual Framework* from 1 July 2020. This has resulted in a review and no material changes to accounting policies and adjustments to the amounts recognised in the financial statements.

It is not expected that these standards will have any significant impact on Council.



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Bird mural at Wedderburn Travellers Rest
by artist Bryan Itch.

