

LODDON SHIRE COUNCIL

FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2013



LODDON
SHIRE

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COMPREHENSIVE INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 \$	2012 \$
INCOME			
Rates and charges	3.1	8,157,404	7,732,252
Recurrent grants	3.2	11,524,728	12,791,607
Non-recurrent grants	3.3	18,174,294	11,834,470
Reimbursements and subsidies	3.5	1,501,320	2,586,283
User charges and statutory fees	3.6	3,568,789	3,032,455
Interest earnings	3.7	700,054	860,461
Net gain/(loss) on disposal of property, infrastructure, plant & equipment	3.8	11,658	(19,690)
Share of net profits of associates and joint ventures accounted for by the equity method	3.9	(3,077)	2,777
Other income	3.10	5,285	7,555
TOTAL INCOME		43,640,455	38,828,170
EXPENSES FROM TRANSACTIONS			
Economic development and tourism	4.1	1,260,643	1,622,116
Leadership	4.1	570,842	2,855,885
Works and infrastructure	4.1	29,725,699	8,522,009
Good management	4.1	4,243,563	4,030,878
Environment	4.1	1,614,349	1,777,483
Community services and recreation	4.1	7,893,855	6,177,940
Finance costs	4.5	35,258	41,492
Bad debts expense	4.6	(5,510)	7,348
TOTAL EXPENSES	4.1	45,338,699	25,035,151
Profit/(Loss)		(1,698,244)	13,793,019
OTHER COMPREHENSIVE INCOME			
Net asset revaluation increment/(decrement)	15	22,828,178	(5,439,671)
Share of other comprehensive income of associates and joint ventures accounted for by the equity method	3.9	(47,309)	(8,144)
COMPREHENSIVE RESULT		21,082,625	8,345,204

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

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013

	Note	2013 \$	2012 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	17,311,650	14,500,865
Trade and other receivables	6	4,195,664	7,174,377
Financial assets	7	557,807	655,126
Inventories		251,034	279,003
Non-current assets classified as held for sale	8	33,775	207,475
TOTAL CURRENT ASSETS		22,349,930	22,816,846
NON-CURRENT ASSETS			
Trade and other receivables	6	53,398	62,915
Financial assets	7	375,311	425,697
Intangible assets	9	440,378	494,284
Property, infrastructure, plant & equipment	10	254,066,794	234,943,374
TOTAL NON-CURRENT ASSETS		254,935,881	235,926,270
TOTAL ASSETS		277,285,811	258,743,116
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	1,921,328	4,022,776
Trust funds and deposits	12	417,629	315,736
Provisions	13	2,440,858	2,226,990
Interest bearing loans & borrowings	14	144,448	135,854
TOTAL CURRENT LIABILITIES		4,924,263	6,701,356
NON-CURRENT LIABILITIES			
Provisions	13	1,983,855	2,683,230
Interest bearing loans & borrowings	14	298,428	442,929
TOTAL NON-CURRENT LIABILITIES		2,282,283	3,126,159
TOTAL LIABILITIES		7,206,546	9,827,515
NET ASSETS		270,079,265	248,915,601
EQUITY			
Accumulated surplus		95,117,920	93,964,994
Reserves	15	174,961,345	154,950,607
TOTAL EQUITY		270,079,265	248,915,601

The above Statement of Financial Position should be read with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2013

2013

	Note	Total 2013 \$	Accumulated surplus/ (deficit) 2013 \$	Asset revaluation reserve 2013 \$	Other reserves 2013 \$
Balance at beginning of the financial year		248,915,600	93,964,994	137,519,396	17,431,210
Profit/(Loss)		(1,698,244)	(1,698,244)	-	-
Transfers to other reserves	15	-	(14,291,853)	-	14,291,853
Transfers from other reserves	15	-	17,109,292	-	(17,109,292)
Net asset revaluation increment/(decrement)		22,909,218	81,040	22,828,178	-
Share of other comprehensive income		(47,309)	(47,309)	-	-
BALANCE AT END OF FINANCIAL YEAR		270,079,265	95,117,920	160,347,574	14,613,771

2012

	Note	Total 2012 \$	Accumulated surplus/ (deficit) 2012 \$	Asset revaluation reserve 2012 \$	Other reserves 2012 \$
Balance at beginning of the financial year		240,570,397	79,432,604	142,959,068	18,178,725
Profit/(Loss)		13,793,019	13,793,019	-	-
Transfers to other reserves	15	-	(20,060,963)	-	20,060,963
Transfers from other reserves	15	-	20,808,478	-	(20,808,478)
Net asset revaluation increment/(decrement)		(5,439,671)	-	(5,439,671)	-
Share of other comprehensive income		(8,144)	(8,144)	-	-
BALANCE AT END OF FINANCIAL YEAR		248,915,601	93,964,994	137,519,397	17,431,210

The above Statement of Changes in Equity should be read with the accompanying notes.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 Inflows/ (outflows) \$	2012 Inflows/ (outflows) \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Rates and garbage charges (inclusive of GST)		8,174,512	7,708,083
User charges and statutory fees (inclusive of GST)		3,774,675	3,309,477
Recurrent grants (inclusive of GST)		11,617,261	12,881,865
Non-recurrent grants (inclusive of GST)		20,662,596	6,917,087
Reimbursements and subsidies (inclusive of GST)		2,459,880	1,924,161
Interest		682,953	940,693
Net GST refund		2,314,556	1,739,636
Payments to employees (including redundancies)		(7,718,953)	(8,276,060)
Payments to suppliers (inclusive of GST)		(32,145,209)	(8,653,049)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	22	9,822,271	18,491,893
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of plant and equipment	3.8	265,998	474,185
Proceeds from sale of non current assets held for sale	3.8	-	16,682
Reduction of loans by community organisations		21,717	29,307
Payments for buildings	10	(603,967)	(1,184,639)
Payments for plant and equipment	10	(786,314)	(4,508,056)
Payments for infrastructure assets	10	(5,847,587)	(18,940,697)
Loans provided to community organisations		-	(64,707)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		(6,950,153)	(24,177,925)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of interest bearing loans and borrowings		(135,907)	(126,874)
Finance costs		(27,318)	(44,700)
Increase/(reduction) of trust funds	12	101,892	157,724
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		(61,333)	(13,850)
Net increase/(decrease) in cash and cash equivalents		2,810,785	(5,699,882)
Cash & cash equivalents at the beginning of the financial year		14,500,865	20,200,747
CASH & CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	5	17,311,650	14,500,865

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

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.

The purpose of the Council is to:

- ▶ provide for the peace, order and good government of its municipal district;
- ▶ promote the social, economic and environmental viability and sustainability of the municipal district;
- ▶ ensure that resources are used efficiently and effectively and services are provided in accordance with the Best Value Principles to best meet the needs of the local community;
- ▶ improve the overall quality of life of people in the local community;
- ▶ promote appropriate business and employment opportunities;
- ▶ ensure that services and facilities provided by the Council are accessible and equitable;
- ▶ ensure the equitable imposition of rates and charges; and
- ▶ ensure transparency and accountability in Council decision making.

External Auditor
Internal Auditor
Solicitor
Banker

Auditor-General of Victoria
HLB Mann Judd (Vic) Pty Ltd
Radford & Associates
National Australia Bank

Further information about Council can be found at: www.loddon.vic.gov.au

This financial report is a general purpose financial report that consists of a Comprehensive Income Statement, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, 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 (Finance and Reporting) Regulations 2004.

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

This financial report has been prepared under the historical cost convention, except where specifically stated in the Notes 1(g), 1(k), 1(t), 1(x) and 1(y).

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.

All entities controlled by Council, that have material assets or liabilities, such as Special Committees of Management, have been included in this financial report. All transactions between these entities and the Council have been eliminated in full. Details of entities not included in this financial report based on their materiality are detailed in Note 1(v).

(b) Rounding

Amounts shown in the financial statements have been rounded to the nearest dollar. Figures in the financial statements may not equate due to rounding.

(c) Revenue recognition

Rates, grants, contributions, reimbursements & subsidies

Rates, grants, contributions, reimbursements, and subsidies are recognised as revenues when the Council obtains control over the assets comprising these receipts. Control over assets acquired from rates is obtained at the commencement of the rating year, as it is an enforceable debt linked to the rateable property or, where earlier, upon receipt of the rates.

Control over granted assets is normally obtained upon their receipt (or acquittal) or upon earlier notification that a grant has been secured. Granted assets are valued at their fair value at the date of transfer.

Income is recognised when the Council obtains control of the contribution or the right to receive the contribution, it is probable that the economic benefits comprising the contribution will flow to the Council, and the amount of the contribution can be measured reliably.

Where grants or contributions recognised as revenues during the financial year were obtained on the condition that they be expended in a particular manner or used over a particular period and those conditions were undischarged as at balance date, the unused grant or contribution is disclosed in Note 3.4. The note also discloses the amount of unused grant or contribution from prior years that was expended on Council's operations during the current year.

Income is recognised when control over reimbursements and subsidies are obtained upon their receipt or acquittal.

A liability is recognised in respect of the revenue that is reciprocal in nature to the extent that the requisite service has not been provided at balance date.

User charges & statutory fees

User charges and other fees are recognised as revenue when the service has been provided, the payment is received, or when the penalty has been applied, whichever first occurs.

A provision for doubtful debts is recognised when collection in full is no longer probable.

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Revenue recognition (continued)

Sale of property, plant & equipment, infrastructure

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

Interest

Interest is recognised progressively as it is earned.

Trade and other receivables

Receivables are carried at amortised cost using the effective interest rate method. A provision for doubtful debts is recognised when there is objective evidence that an impairment has occurred.

Rental

Rents are recognised as revenue when the payment is due or the payment is received, whichever first occurs. Rental payments received in advance are recognised as a prepayment until they are due.

(d) Depreciation of property, plant, equipment and infrastructure

Buildings, land improvements, plant and equipment, infrastructure and other assets having limited useful lives are systematically depreciated over their useful lives to Council in a manner that reflects the consumption of the service potential embodied in those assets. Estimates of remaining useful lives and residual values are made on a regular basis, with major asset classes reassessed 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 is determined for each component. Land and Road Formations are not depreciated on the basis that they are assessed as not having a limited useful life.

All assets with a cost in excess of the recognition threshold (per Note 1(g)) are recognised.

Straight-line depreciation is used for Buildings, Infrastructure Assets, Computers, Office Furniture & Equipment. Reducing-balance depreciation is used for Plant and Photocopiers

Major depreciation periods used are listed below and are consistent with the previous year unless otherwise stated:

Land & buildings

Buildings	50 to 100 years
Recreation assets	20 to 40 years

Infrastructure assets

Roads – pavement (unsealed)	30 years
Roads – formation (unsealed)	No depreciation
Roads – seal	13 to 26 years
Roads – pavement (sealed)	80 years
Roads – formation (sealed)	No depreciation
Kerbs & channels	60 years
Footpaths	50 years
Bridges & culverts	80 to 100 years
Minor culverts	80 years
Urban drains	50 to 80 years
Street furniture	10 to 80 years

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Depreciation of property, plant, equipment and infrastructure (continued)

Plant & equipment

Minor plant	5 to 10 years
Motor vehicles	4 to 8 years
Other plant & equipment	5 to 10 years

Furniture & equipment

Computers & associated equipment	3 years
Other furniture & equipment	5 to 10 years

A review of depreciation periods for each class of asset was undertaken during the year in accordance with Accounting Standards to ensure that depreciation periods and methods accurately portray consumption patterns.

There were no changes required to depreciation periods or methods during the year.

(e) Repairs and maintenance

Routine maintenance, repair costs and minor renewal costs are expensed as incurred. 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.

(f) Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred, except where they are capitalised as part of a qualifying asset constructed by Council. Except where specific borrowings are obtained for the purpose of specific asset acquisition, the weighted average interest rate applicable to borrowings at balance date, excluding borrowings associated with superannuation, is used to determine the borrowing costs to be capitalised.

Borrowing costs include interest on bank overdraft and interest on borrowings.

(g) Recognition and measurement of assets

Acquisition

The purchase method of accounting is used for the initial recording of all acquisitions of assets, being the fair value of the assets provided as consideration at the date of acquisition. Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

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 policy, the threshold limit applied when recognising assets is \$1,000. Each acquisition above \$1,000 will be recognised as a Non-Current Asset provided the expenditure results in the addition of a new asset, or adds to the value of an existing asset.

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Recognition and measurement of assets (continued)

Revaluation

Subsequent to the initial recognition of assets, non-current physical assets, other than plant and equipment and office furniture and equipment, are measured at their fair value, being the amount for which the assets could be exchanged between knowledgeable willing parties in an arm's length transaction. 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.

In addition, Council undertakes a formal revaluation of land, buildings, and infrastructure assets on a regular basis ranging from 1 to 2 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.

(h) Land under roads

Land under roads acquired after 30 June 2008 is brought to account using the cost basis.

(i) Cash and cash equivalents

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

(j) Investments

Investments, other than investments in associates, are measured at cost.

(k) Interest in regional library corporation

Council recognised its interest in the North Central Goldfields Regional Library Corporation in accordance with the equity method of accounting by recording an investment in its financial statements at a value based on the Shire's underlying interest in the net assets of the service as disclosed in the annual financial statements of the service at 30 June 2013.

The Council's 5.6% (5.71% at 30 June 2012) share of the net assets is calculated on the same ratio as it contributes to the operating costs of the service. The Council's share of the financial result of the Corporation is recognised in the Statement of Financial Position. Annual contributions to the service are included as expenditure in the Comprehensive Income Statement.

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Trust funds

Amounts received as tender deposits, unclaimed monies and retention amounts controlled by the Loddon Shire Council are included in the amounts disclosed as Trust Funds within the Liabilities section of the accounts until they are refunded or forfeited (refer to Note 12).

(m) Employee benefits

Wages & salaries

Liabilities for wages and salaries and rostered days off are recognised, and are measured as the amount unpaid at balance date and include appropriate oncosts such as workcover and payroll costs.

Annual leave

Annual leave entitlements are accrued on a pro rata basis in respect of services provided by employees up to balance date.

Annual leave expected to be paid within 12 months is measured at nominal value based on the amount, including appropriate oncosts, expected to be paid when settled.

Annual leave expected to be paid later than one year has been measured at the present value of the estimated future cash outflows to be made for these accrued entitlements. Victorian Treasury advises rates to be used for discounting future cash flows.

Long service leave

Long service leave entitlements payable are assessed at balance date having regard to expected employee remuneration rates on settlement, employment related oncosts and other factors including accumulated years of employment on settlement, and experience of employee departure per year of service.

Long service leave expected to be paid within 12 months is measured at nominal value based on the amount expected to be paid when settled.

Long service leave expected to be paid later than one year has been measured at the present value of the estimated future cash outflows to be made for these accrued entitlements. Victorian Treasury advises rates to be used for discounting future cash flows.

Classification of employee benefits

An employee benefit liability is classified as a Current Liability if the Council does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the period. This would include all annual leave and unconditional long service leave entitlements.

Superannuation

A liability is recognised in respect of Council's present obligation to meet the unfunded obligations of the defined benefit superannuation schemes to which its employees are members. The liability is defined as the Council's share of the scheme's unfunded position, being the difference between the present value of employees' accrued benefits and the net market value of the scheme's assets at balance date. The liability also includes applicable contributions tax of 15%. A reserve has been established to provide for potential future calls for the Defined Benefits Fund.

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Employee benefits (continued)

Superannuation (continued)

The amount charged to the Comprehensive Operating Statement in respect of superannuation represents contributions made or due by Loddon Shire Council to the relevant superannuation plans in respect to the services of Loddon Shire Council's staff (both past and present). Superannuation contributions are made to the plans based on the relevant rules of each plan and any relevant compulsory superannuation requirements that Loddon Shire Council is required to comply with.

Oncosts

Oncosts relating to employee benefits are included as Payables in the Statement of Financial Position if they are material, otherwise they form part of the provision.

(n) Allocation between current and non-current

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next twelve months, being the Council's operational cycle, or if the Council does not have an unconditional right to defer settlement of a liability for at least 12 months after the reporting date.

(o) Agreements equally proportionately unperformed

Council does not recognise assets and liabilities arising from agreements that are equally proportionately unperformed in the Statement of Financial Position.

Such agreements are recognised on an 'as incurred' basis.

(p) Web site costs

Costs in relation to Council's web site are charged as an expense in the period in which they are incurred.

(q) Inventories

Inventories held for distribution are measured at cost, adjusted when applicable for any loss of service potential. Other inventories are measured at the lower of cost and net realisable value.

(r) Related party disclosures

Related Party Disclosures are made in accordance with the Minister's directive. Responsible Persons have been determined to be Councillors and the Chief Executive Officer. Senior Officers are determined to be any officer who has management responsibilities and reports directly to the Chief Executive Officer, and any other member of Council staff whose total annual remuneration exceeds \$130,000. Disclosures are made at Note 20.

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Remediation of quarries and rehabilitation of tips

Remediation of quarries

At 30 June 2005 Council made provision for the rehabilitation of Neivandt's Pit. Council extracts gravel from the pit for use in roadworks. A calculation was undertaken for rehabilitating the pit when it is no longer required for use. A review of the provision was carried out at 30 June 2013 and an increase of \$2,124 in the provision was recorded.

Rehabilitation of tips

At 30 June 2005 Council made provision for the rehabilitation of 8 tip sites. A calculation was undertaken based on the Environment Protection Authority's (EPA) guidelines for rehabilitating tip sites when they are no longer required for use. A review of the provision was carried out at 30 June 2013 and a decrease of \$532,721 in the provision was recorded.

The rehabilitation calculation includes purchase and cartage of fill material to the respective sites, and spreading and compacting the fill to the level required by the EPA.

Council has two reserves for the remediation of quarries and tips. At 30 June 2013 the combined balance of these reserves was \$723,269 (\$687,481 in 2011/12). Details of these reserves are included at Note 15.

(t) Leases

Finance leases

Leases of assets where substantially all the risks and rewards incidental to ownership of the asset, are transferred to the Council are classified as finance leases. Finance leases are capitalised, recording an asset and a liability at the lower of the fair value of the asset and the present value of the minimum lease payments, including any guaranteed residual value. Lease payments are allocated between the reduction of the lease liability and the interest expense. Leased assets are depreciated on a straight line basis over their estimated useful lives to the Council where it is likely that the Council will obtain ownership of the asset or over the term of the lease, whichever is the shorter. Council currently has no leased assets.

Operating leases

Lease payments for operating leases are required by the accounting standard to be recognised on a straight line basis, rather than expensed in the years in which they are incurred.

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Section 86 committees of management

Council controls a number of Section 86 Committees of Management whose activities are not material and are not reported in these financial statements. They are:

Boort Aerodrome Committee
Boort Development Committee
Boort Memorial Hall Committee
Boort Resource & Information Centre
Boort Tourism Committee
Bridgewater on Loddon Memorial Hall Committee
Bridgewater on Loddon Development
Campbells Forrest Hall Committee
Dingee Progress Association
Donaldson Park Committee
East Loddon Community Centre
Inglewood Community Sports Centre
Inglewood Riding Club
Inglewood Lions Community Elderly Persons Units Committee
Inglewood Town Hall
Jones Eucalyptus Distillery Site
Kingower Development & Tourism Committee
Korong Vale Mechanics Hall Committee
Korong Vale Sports Centre
Little Lake Boort Committee
Loddon Southern Tourism & Development
Mitiamo Municipal Recreation Reserve
Pyramid Hill Memorial Hall Committee
Pyramid Hill Swimming Pool Committee of Management
Serpentine Bowls and Tennis Reserve
Wedderburn Community Centre
Wedderburn Engine Park
Wedderburn Mechanics & Literary Institute Hall
Wedderburn Tourism Inc.
Yando Public Hall Committee

The Council's assets that these committees manage are recorded in these financial statements.

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Goods & services tax

Revenues, expenses, and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Trade and Other Receivables and Trade and Other Payables in the Statement of Financial Position are shown inclusive of GST.

Cash flows are presented in the Cash Flow Statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(w) 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 asset's 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.

(x) Non-current assets held for sale

A non-current asset held for sale (including disposal groups) is measured at the lower of its carrying amount and fair value less costs to sell, and is not subject to depreciation. Non current assets, disposal groups and related 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.

(y) Financial guarantees

Financial guarantee contracts are recognised as a liability at the time the guarantee is issued. The liability is initially measured at fair value, and if there is material increase in the likelihood that the guarantee may have to be exercised. This is at the higher of the amount determined in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised less cumulative amortisation, where appropriate. In the determination of fair value, consideration is given to factors including the probability of default by the guaranteed party and the likely loss to Council in the event of default.

As at 30 June 2013 no such guarantees have been issued by Loddon Shire Council.

(z) Contingent assets and contingent liabilities and commitments

Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position, but are disclosed by way of a note and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

Commitments are not recognised in the Statement of Financial Position. Commitments are disclosed at their nominal value by way of note and are presented inclusive of the GST payable.

NOTE 2 PENDING ACCOUNTING STANDARDS

The following Australian Accounting Standards have been issued or amended and are applicable to the Council but are not yet effective. They have not been adopted in preparation of the financial statements at the reporting date.

Standard / interpretation	Summary	Applicable for annual reporting periods beginning or ending on	Impact on Local Government financial statements
AASB 9: Financial Instruments and AASB 2010-11: Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]	These standards are applicable retrospectively and amend the classification and measurement of financial assets. Council has not yet determined the potential impact on the financial statements. Specific changes include:	Applicable for annual reporting periods commencing on or after 1 January 2015.	These changes are expected to provide some simplification in the accounting for and disclosure of financial instruments.
	* simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;		
	* removing the tainting rules associated with held-to-maturity assets;		
	* simplifying the requirements for embedded derivatives;		
	* removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;		
	* allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument; and		
	* reclassifying financial assets where there is a change in an entity's business model as they are initially classified based on:		
	a. the objective of the entity's business model for managing the financial assets; and		
	b. the characteristics of the contractual cash flows.		

NOTE 2 PENDING ACCOUNTING STANDARDS (CONTINUED)

Standard / interpretation	Summary	Applicable for annual reporting periods beginning or ending on	Impact on Local Government financial statements
Benefits, AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 and AASB 2011-11 Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements	The standards require the recognition of all re-measurements of defined benefit liabilities/assets immediately in other comprehensive income (removal of the so-called "corridor" method), the immediate recognition of all past service cost in profit or loss and the calculation of a net interest expense or income by applying the discount rate to the net defined benefit liability or asset.	1 January 2013	As there is inadequate information available, the entity is unable to assess the full impact.

NOTE 3.1 RATES AND CHARGES

	2013	2012
	\$	\$
General rates	6,389,154	6,071,392
Municipal charges	920,258	865,320
Kerbside recycling charges	219,555	204,169
Garbage charges	628,437	591,371
TOTAL RATES AND GARBAGE CHARGES	8,157,404	7,732,252

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 2012/13 was \$1,556,834,500. The valuation base used in 2011/12 was \$1,478,984,500.

Differential rates have been used since 2002/03. The Rural Production Rate in 2012/13 was 0.4044% of the C.I.V. (0.3996% in 2011/12), while all other rates were 0.4621% of the C.I.V. (0.4435% in 2011/12).

In 2012/13 Municipal Charges were \$169.00, Residential Garbage Charges were \$188.00, Commercial Garbage Charges were \$255.00, and Kerbside Recycling Charges were \$71.00. In 2011/12 Municipal Charges were \$160.00, Residential Garbage Charges were \$179.00, Commercial Garbage Charges were \$243.00 and Kerbside Recycling Charges were \$67.00.

The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2012, and the valuation was first applied in the rating year commencing 1 July 2012.

NOTE 3.2 RECURRENT GRANTS

Recurrent grants were brought to account as revenue in respect of the following:

	2013	2012
	\$	\$
Commonwealth government		
Roads to recovery	2,159,843	1,498,118
State government		
Victorian Grants Commission - unallocated	3,833,034	4,827,665
Victorian Grants Commission - local roads	4,060,627	4,840,097
Aged services	847,107	854,807
Pre-schools	368,143	325,194
State government water unbundling package	-	145,000
Families and children	113,466	116,322
Transport connections	85,250	83,750
Youth development	24,400	34,300
Community safety	20,861	55,061
Other health	4,316	11,293
Tips & recycling	7,681	-
TOTAL RECURRENT GRANTS	11,524,728	12,791,607

NOTE 3.3 NON-RECURRENT GRANTS

Non-recurrent grants were brought to account as revenue in respect of the following:

	2013	2012
	\$	\$
Commonwealth government		
Flood recovery	15,199,623	5,161,181
State government		
Flood recovery	60,000	159,450
Infrastructure	740,572	2,841,914
Recreation facilities	964,735	38,350
Environment	212,513	-
Youth development	27,000	-
Families & children	39,500	-
Tourism	-	3,000
Staff training	64,021	26,690
Economic development	188,000	105,657
Tips & recycling	-	20,843
Aged care	20,000	44,496
Community facilities	472,679	196,805
Caravan parks	163,174	3,059,810
Aerodromes	-	86,246
Rural recovery	-	60,000
Floods - building	-	15,743
Valuations	-	1,963
Pre-schools	8,463	-
Community safety	14,014	2,304
Council residences	-	7,418
Other	-	2,600
TOTAL NON-RECURRENT GRANTS	18,174,294	11,834,470

NOTE 3.4 UNEXPENDED GRANTS

Grants recognised as revenue and received during the year that were obtained on the condition that they be expended in a specified manner that had not occurred at balance date were:

	2013	2012
	\$	\$
Infrastructure works		
Korong Vale water & sewerage	-	21,330
Flood manager position	-	57,634
Flood height markers	-	13,000
Tarnagulla streetscape improvements	-	456
Public facilities		
Bridgewater garden	-	15,000
Korong Vale Borella Park	-	5,000
Serpentine Memorial Hall	-	20,000
Pyramid Hill Aerodrome	-	16,443
Pyramid Hill Memorial Hall access	-	79,674
Inglewood Town Hall Hub project	8,645	-
Wedderburn Community Centre	301,493	-
Local Government Infrastructure Program (LGIP) Inglewood Town Hall	194,084	-
LGIP Boort Caravan Park	121,302	-
Recreation facilities		
Bridgewater walking track	-	58,882
Pyramid Hill walking track	-	16,623
Bridgewater Public Caravan Park restoration	-	3,014,810
Newbridge Recreation Reserve facilities	-	1,153,858
Calivil netball/tennis courts	-	54,000
Inglewood Sports Centre	-	30,000
Sporting weekend	-	20,000
Loddon soccer strategy	-	21,000
Laanecoorie Reserve	-	4,742
Bridgewater Bowling Club	109,195	26,799
Serpentine netball/tennis courts	-	85,500
Bridgewater entertainment site	-	12,786
Pyramid Hill netball courts	92,500	-
LGIP Serpentine Pavilion	147,926	-
LGIP Wedderburn streetscape	242,605	-
LGIP Bridgewater foreshore	48,521	-
LGIP Pyramid Hill streetscape	48,521	-
LGIP Boort Park Pavilion	97,041	-
Environment		
Rural recovery officer position	-	67,701
Keep Australia beautiful	-	3,209
Weed and pest program	50,000	-
Waste water project	138,886	-

NOTE 3.4 UNEXPENDED GRANTS (CONTINUED)

	2013 \$	2012 \$
Economic development and tourism		
Free range table eggs	-	5,000
Other		
General revenue grant - Victorian Grants Commission (VGC)	41,723	1,009,063
Local roads funding (VGC)	36,911	808,781
Home and community care service development	52,089	-
Universal access project	-	4,329
Regional assessment officer	-	3,803
Children's week	-	137
Flood recovery movie night	-	5,000
Flood recovery photographic exhibition	-	10,000
Victorian Farmers Federation (VFF) rural grant	-	1,609
Municipal Association Victoria (MAV) flood recovery fund	-	2,674
Transport connections - innovation fund - Bline	4,768	18,750
Improving liveability projects	-	67,860
Freeza	5,299	3,069
Vulnerable persons register	13,105	-
Immunisation initiative project	39,500	-
Murray River Group	1,148	-
Sustainability plan	937	-
Regional Development Victoria (RDV) projects	35,902	-
Flood recovery various	54,770	-
TOTAL	1,886,871	6,738,522

NOTE 3.4 UNEXPENDED GRANTS (CONTINUED)

Grants which were recognised as revenue and received in prior years and were expended during the current year in the manner specified by the grantor were:-

	2013	2012
	\$	\$
Infrastructure works		
Roads to recovery	174,740	286,597
Flood recovery infrastructure works	356,437	9,170,112
V/line bus shelters	-	350
Korong Vale water & sewerage	132,910	-
Korong Vale educational package	34,151	-
Bridgewater Raywood Road construction	176,345	-
Recreation facilities		
Bridgewater sports platform	40,686	12,743
Climate proof sporting surfaces	-	4,411
Regional Community Local Infrastructure Program (RCLIP) Captain Melvilles walking track	-	25,057
RCLIP Rudkins reserve landscaping	-	16,000
RCLIP Donaldson park floodlighting	-	10,000
RCLIP Wedderburn streetscape	-	15,000
RCLIP Boort park power	24,116	34,920
RCLIP Pyramid Hill raw water	-	7,500
RCLIP Bridgewater sports precinct	-	20,000
RCLIP Wedderburn town square	9,423	1,719
Calivil netball/tennis courts	54,000	-
Flood Recovery (FR) Bridgewater garden	15,000	-
FR Korong Vale Borella Park	5,000	-
FR Sporting weekend	20,000	-
Inglewood Sports Centre	30,000	-
Loddon soccer strategy	4,390	-
Victorian Flood Program (VFP) Laanecoorie Reserve	4,742	-
Serpentine netball/tennis courts	85,500	-
VFP Pyramid Hill Aerodrome	16,443	-
Pyramid Hill Memorial Hall access	79,674	-
VFP Bridgewater Caravan Park	194,711	-
VFP Pyramid Hill walking track	16,623	-
VFP Bridgewater walking track	58,882	-
VFP Newbridge Recreation Reserve	1,153,858	-
Environment		
Naturally Loddon	1,500	-
Keep Australia beautiful	3,209	-
Economic development		
Provincial vic marketing	5,669	3,185
Rural recovery officer	67,701	-
Free range table eggs	5,000	-

NOTE 3.4 UNEXPENDED GRANTS (CONTINUED)

	2013	2012
	\$	\$
Other		
Pre-schools other funding	-	9,569
Children's week	894	500
Pre school cluster information technology	12,208	292
Transport connections	28,646	3,364
Flood community recovery activities	35,250	45,750
Volunteer coordinaton program	23,114	2,000
East Loddon community bus	-	10,000
Special needs pre-school	981	-
Regional assessment officer	2,102	-
Universal access project	14,329	-
Flood recovery manager	57,634	-
Improving liveablility project	29,908	-
FR movie night	5,000	-
FR photographic exhibit	10,000	-
FR flood height markers	13,000	-
MAV flood recovery night	1,000	-
TOTAL	3,004,776	9,679,069

Note: RCLIP is the Regional Community Local Infrastructure Program

NOTE 3.5 REIMBURSEMENTS AND SUBSIDIES

	2013	2012
	\$	\$
Main roads maintenance and construction	867,488	835,147
Insurance claims	4,464	609,611
Workcover	95,561	92,206
Fuel rebate	148,858	112,654
Main roads private and contracted works	39,584	30,991
Flood administration	-	905,489
Community buildings	213,966	-
Economic development and tourism	13,300	-
Training and education	35,000	-
Valuations	82,661	-
Health services	438	-
Donations	-	185
TOTAL REIMURSEMENTS AND SUBSIDIES	1,501,320	2,586,283

NOTE 3.6 USER CHARGES AND STATUTORY FEES

	2013	2012
	\$	\$
User charges		
Aged services fees	638,709	544,460
Road occupancy charges	7,330	7,189
Gravel pit fees	1,975,836	1,626,884
Caravan park fees	188,733	131,757
Loddon discovery tours fees	82,697	98,530
Tip and recycling fees	77,239	77,629
Private works charges	66,412	105,384
Other	50,695	27,935
Pre-schools	103,552	73,421
Water rights	6,579	9,064
Sale of tools and equipment	136	-
Hire of Council plant	-	1,964
Standpipes and truckwashes	36,723	18,668
Section 181 sales shortfall	-	29,548
Statutory fees		
Building services fees	112,280	59,682
Town planning fees	52,323	40,889
Animal control	37,313	38,889
Health Act fees	19,317	24,338
Land information certificates	6,780	7,540
Local laws	5,916	4,809
Fire hazards	3,590	2,900
Roadside collection	-	1,620
Rent received		
Elderly persons' units	47,703	50,150
Commercial properties	32,827	39,085
Council residences	16,099	10,120
TOTAL USER CHARGES AND STATUTORY FEES	3,568,789	3,032,455

NOTE 3.7 INTEREST RECEIVED

	2013	2012
	\$	\$
Interest on investments	658,023	819,760
Rates interest	42,031	40,701
TOTAL INTEREST RECEIVED	700,054	860,461

NOTE 3.8 NET GAIN/(LOSS) ON DISPOSAL OF PROPERTY, INFRASTRUCTURE, PLANT & EQUIPMENT

	2013	2012
	\$	\$
Plant and equipment		
Proceeds from sale of plant and equipment	265,498	474,185
LESS : written down value of assets disposed	(250,820)	(486,864)
Profit/(loss) on disposal of plant and equipment	14,678	(12,679)
Furniture and equipment		
Proceeds from sale of furniture and equipment	500	-
LESS : written down value of assets disposed	(3,520)	(4,923)
Profit/(loss) on disposal of furniture and equipment	(3,020)	(4,923)
Assets held for sale		
Proceeds from sale of non current assets held for resale	-	16,682
LESS : written down value of assets disposed	-	(18,770)
Profit/(loss) on disposal of assets held for sale	-	(2,088)
Total profit/(loss) on disposal of assets	11,658	(19,690)
Summary		
Proceeds from disposal of assets	265,998	490,867
LESS : written down value of assets disposed	(254,340)	(510,557)
NET GAIN/(LOSS) ON PROPERTY, INFRASTRUCTURE, PLANT & EQUIPMENT	11,658	(19,690)

NOTE 3.9 INVESTMENT IN ASSOCIATES

North Central Goldfields Regional Library Corporation

The Council is a member of the North Central Goldfields Regional Library Corporation. At 30 June 2013 Council's equity in the corporation was \$375,211. At 30 June 2012 the equity was \$425,597.

The Council has a 5.60% share of the net assets, and this is calculated on the same ratio as the Shire contributes to the operating costs of the service. At 30 June 2012 the Shire's share of the net assets was 5.71%. Any adjustments required due to the reduction in the share of net assets from 2012 to 2013 is reflected as Variation Account - Change in Equity in the following schedules.

The value of the Shire's equity is reflected in Other Assets at Note 7. The income or expense for the year is reflected in the Comprehensive Income Statement.

North Central Goldfields Regional Library Corporation (continued)

	2013	2012
	\$	\$
Council's share of accumulated surplus/(deficit)		
Council's share of accumulated surplus/(deficit) at start of year	166,933	164,156
Share of reported surplus/(deficit) for year	(3,077)	2,777
Variation account - change in equity	(95,487)	-
Council's share of accumulated surplus/(deficit) at end of year	68,369	166,933
Council's share of reserves		
Council's share of reserves at start of year	258,664	266,808
Variation account - change in equity	48,178	(8,144)
Council's share of reserves at end of year	306,842	258,664
Movement in carrying value of share in library		
Carrying value of Investment at start of year	425,597	430,964
Share of accumulated surplus/(deficit) for the year	(3,077)	2,777
Variation account - change in equity	(47,309)	(8,144)
Carrying value of share in library at end of year	375,211	425,597
Council's share of expenditure commitments		
Operating commitments	6,727	9,989
Capital commitments	30,800	57,100
	37,527	67,089

Adjustment to the carrying value of North Central Goldfields Regional Library

	2013	2012
	\$	\$
Adjustment to the carrying value of North Central Goldfields Regional Library Corporation	(50,386)	(5,367)
Total adjustment to the carrying value of North Central Goldfields Regional Library	(50,386)	(5,367)

NOTE 3.10 OTHER INCOME

	2013	2012
	\$	\$
Reversal of impairment of assets	5,285	7,555
TOTAL OTHER INCOME	5,285	7,555

NOTE 4.1 EXPENSES BY NATURE AND FUNCTION

2013

Activities / functions	Economic development and tourism \$	Leadership \$	Works and infrastructure \$	Good management \$	Environment \$	Community services and recreation \$	Total \$
Employee costs	421,807	293,748	3,440,665	2,362,883	348,544	2,263,253	9,130,900
Materials, services, and contracts	720,827	277,094	20,177,206	1,482,860	914,228	4,860,353	28,432,568
Depreciation	118,009	-	6,107,828	132,574	351,577	770,249	7,480,237
Other expenses	-	-	-	265,246	-	-	265,246
Bad debts expense	-	-	-	(5,510)	-	-	(5,510)
Borrowing costs expenses	-	35,258	-	-	-	-	35,258
Loss on sale of assets	-	-	-	-	-	-	-
Total expenses	1,260,643	606,100	29,725,699	4,238,053	1,614,349	7,893,855	45,338,699

2012

Activities / functions	Economic development and tourism \$	Leadership \$	Works and infrastructure \$	Good management \$	Environment \$	Community services and recreation \$	Total \$
Employee costs	498,527	2,357,695	1,884,737	2,520,084	381,003	2,433,943	10,075,989
Materials, services, and contracts	995,688	248,314	943,864	1,391,980	885,560	2,909,161	7,374,567
Depreciation	127,901	-	5,693,408	113,529	510,920	834,836	7,280,594
Other expenses	-	249,876	-	5,285	-	-	255,161
Bad debts expense	-	-	-	7,348	-	-	7,348
Borrowing costs expenses	-	41,492	-	-	-	-	41,492
Loss on sale of assets	-	-	-	-	-	-	-
Total expenses	1,622,116	2,897,377	8,522,009	4,038,226	1,777,483	6,177,940	25,035,151

NOTE 4.2 EMPLOYEE COSTS

	2013	2012
	\$	\$
Salaries and wages	6,955,455	6,086,092
Superannuation expense - accumulation scheme	649,531	601,242
Superannuation expense - defined benefit scheme	143,378	147,280
Additional superannuation call	-	2,065,378
Annual leave and long service leave	805,891	793,761
Fringe benefits tax and workcover	576,645	382,236
TOTAL EMPLOYEE COSTS	9,130,900	10,075,989

NOTE 4.3 MATERIALS, SERVICES AND CONTRACTS

	2013	2012
	\$	\$
Materials and services		
Flood rectification works	16,208,909	-
Plant operating costs	659,049	1,514,609
Utilities	403,728	279,856
Corporate governance	101,752	-
Local road materials	184,884	404,430
Flood recovery	169,445	136,406
Building maintenance	193,627	186,836
Aged care services	303,130	304,586
Training and subscriptions	382,970	266,982
Computer costs and computer programs	337,930	295,860
Office expenses	173,593	55,720
Regional Library Corporation	167,972	166,201
Gravel pit operations	417,341	763,572
Community plan projects	35,095	91,823
Recreation reserves allocations	108,033	119,120
Recreation projects	271,682	-
Insurances	332,205	217,711
Pool maintenance & strategy	175,902	85,135
Loddon discovery tours	50,284	78,317
Main roads materials	45,143	197,901
Parks and gardens maintenance	48,317	113,859
Tips maintenance	45,361	146,767
Families and children	97,332	101,711
Caravan park maintenance	136,246	125,177
Economic development and tourism initiatives	285,430	221,750
Private works materials	7,290	38,967
Community grant projects	204,797	99,585
Community safety	65,825	88,832
Scholarships and leadership programs	10,500	13,499
Drought proof projects	501,674	-
Workshop & depot	24,682	-
Election costs	59,009	-

NOTE 4.3 MATERIALS, SERVICES AND CONTRACTS (CONTINUED)

	2013	2012
	\$	\$
Youth & transport services	52,066	-
Valuations	27,680	-
Volunteer services	23,114	-
Regulatory services	35,664	-
Water services	32,769	-
Other materials and services	67,871	197,201
Total Materials and Services	22,448,301	6,312,413
Contracts		
Flood rectification works	3,308,647	-
Economic development & tourism	128,417	-
Garbage collection	618,569	672,731
Pool management	214,002	194,013
Valuations	57,801	115,365
Wedderburn Caravan Park	44,603	44,050
Cleaning	32,098	31,243
Building surveyor	70	4,752
Public facilities	53,319	-
Newbridge Recreation Reserve	1,516,741	-
Other contracts	10,000	-
Total Contracts	5,984,267	1,062,154
TOTAL MATERIALS, SERVICES AND CONTRACTS	28,432,568	7,374,567

NOTE 4.4 DEPRECIATION

	2013	2012
	\$	\$
Depreciation expense was charged in respect of:		
Roads	4,489,044	4,101,966
Buildings	1,111,528	1,204,726
Plant and equipment	1,059,825	1,045,556
Bridges	274,783	267,516
Urban drains	187,928	182,096
Furniture and equipment	116,627	96,241
Footpaths	107,995	105,837
Kerb and channel	75,095	75,030
Landfills	30,636	172,179
Street furniture	24,682	27,497
Quarries	2,094	1,950
TOTAL DEPRECIATION	7,480,237	7,280,594

NOTE 4.5 BORROWING COSTS

	2013 \$	2012 \$
Interest - borrowings	35,258	41,492
TOTAL BORROWING COSTS	35,258	41,492

NOTE 4.6 BAD DEBTS EXPENSE

	2013 \$	2012 \$
Rates debtors	(5,510)	7,348
TOTAL BAD DEBTS EXPENSE	(5,510)	7,348

NOTE 4.7 OTHER EXPENSES

	2013 \$	2012 \$
Councillors' emoluments	195,155	184,407
Internal audit remuneration	36,589	35,269
External audit remuneration	30,500	30,200
Impairment of interest free loans	3,002	5,285
TOTAL OTHER EXPENSES	265,246	255,161

NOTE 5 CASH AND CASH EQUIVALENTS

	2013	2012
	\$	\$
Financial		
Cash on hand	3,850	3,850
Cash at bank (CEO's advance account)	4,000	4,000
Cash at bank (general account)	1,843,756	724,725
Cash at bank (trust account)	117,605	112,303
Term deposits (general accounts)	13,667,883	12,055,987
Term deposit (long service leave)	1,674,556	1,600,000
Cash at the end of the period as shown in the statement of cash flows	17,311,650	14,500,865
Comprising:		
Unrestricted cash assets	6,745,843	2,989,709
Cash assets subject to external restrictions	10,565,807	11,511,156
TOTAL CASH AND CASH EQUIVALENTS	17,311,650	14,500,865

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:

	2013	2012
	\$	\$
Unspent grants (refer to Note 15)	8,473,622	9,591,527
Long service leave (refer to Note 13)	1,674,556	1,603,893
Trust funds (refer Note 12)	417,629	315,736
Restricted Funds	10,565,807	11,511,156

NOTE 6 TRADE AND OTHER RECEIVABLES

	2013	2012
	\$	\$
Current		
Rates debtors	197,571	167,075
LESS provision for doubtful debts	(13,388)	(19,473)
	184,183	147,602
Sundry debtors	3,223,267	6,399,471
Net receivable GST	784,214	611,104
Loans and advances to community organisations	4,000	16,200
	4,011,481	7,026,775
Total current	4,195,664	7,174,377
Non-current		
Loans and advances to community organisations	53,398	62,915
Total non-current	53,398	62,915
TOTAL TRADE AND OTHER RECEIVABLES	4,249,062	7,237,292

NOTE 7 FINANCIAL ASSETS

	2013	2012
	\$	\$
Current		
Accrued income	362,586	351,296
Prepayments	195,221	303,830
Total current	557,807	655,126
Non-current		
Equity in Regional Library Corporation	375,211	425,597
Maps shares	100	100
Total non-current	375,311	425,697
TOTAL OTHER ASSETS	933,118	1,080,823

NOTE 8 ASSETS HELD FOR SALE

	2013	2012
	\$	\$
Current		
Recognition of asset- industrial estate	-	180,000
Recognition of asset - housing estate	35,000	35,000
LESS selling costs	(1,225)	(7,525)
TOTAL ASSETS HELD FOR SALE	33,775	207,475

NOTE 9 INTANGIBLE ASSETS

	2013	2012
	\$	\$
Non-current		
Water rights	440,378	494,284
TOTAL INTANGIBLE ASSETS	440,378	494,284

Reconciliation of movements in Intangible Assets for the reporting period

	2013	2012
	\$	\$
Water rights		
Gross carrying amount at beginning of period	494,284	497,716
Revaluation increment (decrement)	(53,906)	(3,432)
Gross carrying amount at end of period	440,378	494,284

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

NOTE 10 PROPERTY, PLANT, INFRASTRUCTURE & EQUIPMENT

	2013	2012
	\$	\$
NON-FINANCIAL		
Summary		
At cost	17,449,853	20,018,905
Less accumulated depreciation	(7,073,726)	(6,510,331)
	10,376,127	13,508,574
At fair value as at 30 June 2013	380,988,212	-
Less accumulated depreciation	(137,297,545)	-
	243,690,667	-
At fair value as at 30 June 2012	-	362,683,892
Less accumulated depreciation	-	(141,249,092)
	-	221,434,800
TOTAL	254,066,794	234,943,374

NOTE 10 PROPERTY, PLANT, INFRASTRUCTURE & EQUIPMENT (CONTINUED)

	2013	2012
	\$	\$
Land and buildings		
Land - freehold		
At fair value as at 30 June 2013	5,548,996	-
At fair value as at 30 June 2012	-	5,370,296
Total	5,548,996	5,370,296
Land - other controlled		
At fair value as at 30 June 2013	3,686,116	-
At fair value as at 30 June 2012	-	3,686,116
Total	3,686,116	3,686,116
Total land	9,235,112	9,056,412
Building on freehold land		
At fair value as at 30 June 2013	42,557,739	-
Less accumulated depreciation	(20,520,695)	-
	22,037,044	-
At fair value as at 30 June 2012	-	42,113,371
Less accumulated depreciation	-	(19,833,317)
	-	22,280,054
Total	22,037,044	22,280,054
Buildings on other controlled land		
At fair value as at 30 June 2013	18,190,210	-
Less accumulated depreciation	(10,242,913)	-
	7,947,297	-
At fair value as at 30 June 2012	-	17,711,794
Less accumulated depreciation	-	(10,178,051)
	-	7,533,743
Total	7,947,297	7,533,743
Total buildings	29,984,341	29,813,797
Plant and equipment		
At cost	12,481,696	12,751,350
Less accumulated depreciation	(5,175,453)	(4,733,537)
Total plant and equipment	7,306,243	8,017,813
Furniture and equipment		
At cost	1,099,248	984,715
Less accumulated depreciation	(766,430)	(677,681)
Total furniture and equipment	332,818	307,034

NOTE 10 PROPERTY, PLANT, INFRASTRUCTURE & EQUIPMENT (CONTINUED)

	2013 \$	2012 \$
Infrastructure		
Unsealed roads formation		
At fair value as at 30 June 2013	12,419,549	-
	12,419,549	-
At fair value as at 30 June 2012	-	11,827,571
	-	11,827,571
Unsealed roads pavement		
At fair value as at 30 June 2013	42,620,274	-
Less accumulated depreciation	(8,750,878)	-
	33,869,396	-
At fair value as at 30 June 2012	-	39,547,079
Less accumulated depreciation	-	(15,326,927)
	-	24,220,152
Total unsealed roads	46,288,945	36,047,723
Road seal		
At fair value as at 30 June 2013	14,805,250	-
Less accumulated depreciation	(5,237,113)	-
	9,568,137	-
At fair value as at 30 June 2012	-	14,256,472
Less accumulated depreciation	-	(5,171,305)
	-	9,085,167
Sealed roads pavement		
At fair value as at 30 June 2013	168,195,418	-
Less accumulated depreciation	(69,115,737)	-
	99,079,681	-
At fair value as at 30 June 2012	-	158,184,108
Less accumulated depreciation	-	(67,890,358)
	-	90,293,750
Sealed roads formation		
At fair value as at 30 June 2013	7,900,816	-
	7,900,816	-
At fair value as at 30 June 2012	-	7,676,182
	-	7,676,182
Total sealed roads	116,548,634	107,055,099
Footpaths		
At fair value as at 30 June 2013	6,090,414	-
Less accumulated depreciation	(1,562,675)	-
	4,527,739	-
At fair value as at 30 June 2012	-	5,762,610
Less accumulated depreciation	-	(1,543,838)
	-	4,218,772
Total footpaths	4,527,739	4,218,772

NOTE 10 PROPERTY, PLANT, INFRASTRUCTURE & EQUIPMENT (CONTINUED)

	2013	2012
	\$	\$
Culverts		
At fair value as at 30 June 2013	12,682,698	-
Less accumulated depreciation	(4,585,173)	-
	8,097,525	-
At fair value as at 30 June 2012	-	11,874,923
Less accumulated depreciation	-	(5,057,068)
	-	6,817,855
Total culverts	8,097,525	6,817,855
Bridges		
At fair value as at 30 June 2013	28,121,626	-
Less accumulated depreciation	(9,434,086)	-
	18,687,540	-
At fair value as at 30 June 2012	-	27,126,099
Less accumulated depreciation	-	(8,854,450)
	-	18,271,649
Total bridges	18,687,540	18,271,649
Kerbs		
At fair value as at 30 June 2013	4,822,584	-
Less accumulated depreciation	(2,049,172)	-
	2,773,412	-
At fair value as at 30 June 2012	-	4,684,657
Less accumulated depreciation	-	(1,993,766)
	-	2,690,891
Total kerbs	2,773,412	2,690,891
Street furniture		
At fair value as at 30 June 2013	596,678	-
Less accumulated depreciation	(172,179)	-
	424,499	-
At fair value as at 30 June 2012	-	578,344
Less accumulated depreciation	-	(166,489)
	-	411,855
Total street furniture	424,499	411,855

NOTE 10 PROPERTY, PLANT, INFRASTRUCTURE & EQUIPMENT (CONTINUED)

	2013 \$	2012 \$
Urban drains		
At fair value as at 30 June 2013	12,749,844	-
Less accumulated depreciation	(5,626,924)	-
	7,122,920	-
At fair value as at 30 June 2012	-	12,284,270
Less accumulated depreciation	-	(5,233,523)
	-	7,050,747
Total urban drains	7,122,920	7,050,747
Landfills		
At cost	1,800,059	2,291,475
Less accumulated depreciation	(1,117,405)	(1,086,769)
Total landfills	682,654	1,204,706
Quarries		
At cost	56,583	54,459
Less accumulated depreciation	(14,438)	(12,344)
Total quarries	42,145	42,115
Works in progress		
At cost	2,012,267	3,936,906
Total works in progress	2,012,267	3,936,906
TOTAL PROPERTY, PLANT, INFRASTRUCTURE & EQUIPMENT	254,066,794	234,943,374

Land and buildings

An independent revaluation of land and buildings was made by Peter F. Hann FAPI, Certified Practising Valuer of L.G. Valuations Pty. Ltd. at the time of a general valuation of the municipality with effect from 1 June 2012.

Infrastructure assets

Infrastructure Assets were valued by Terrence Watson, Dip CE, Manager Policy, Infrastructure and Strategy of the Loddon Shire Council, as at 30 June 2013. Valuations are based on fair value, which takes into account the replacement cost of acquiring a modern equivalent asset, less a depreciation amount to reflect the expired service potential of the asset.

NOTE 10 PROPERTY, PLANT, INFRASTRUCTURE & EQUIPMENT (CONTINUED)

Movements in asset groups for the reporting period

	Balance at beginning of financial year	Acquisition of assets	Transfers - W.I.P.	Impairment/ Reversal of Impairment	Mov't in asset class	Change in restoration liabilities	Written down value of disposals	Reval increment /(decrement)	Dep'n expense	Balance at end of financial year
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
2013										
Land and buildings										
Freehold land	5,370,296	5,000	-	-	173,700	-	-	-	-	5,548,996
Other controlled land	3,686,116	-	-	-	-	-	-	-	-	3,686,116
Buildings on freehold land	22,280,054	390,934	53,434	63,128	-	-	-	-	(750,506)	22,037,044
Buildings on other controlled land	7,533,743	208,033	270,383	296,160	-	-	-	-	(361,022)	7,947,297
Total	38,870,209	603,967	323,817	359,288	173,700	-	-	-	(1,111,528)	39,219,453
Sealed roads										
Formation	7,676,182	381,527	-	3,297	-	-	-	(160,190)	-	7,900,816
Pavement	90,293,750	1,395,254	740	1,002,235	-	-	-	8,490,145	(2,102,443)	99,079,681
Seal	9,085,167	538,381	-	145,574	-	-	-	611,542	(812,527)	9,568,137
Total	107,055,099	2,315,162	740	1,151,106	-	-	-	8,941,497	(2,914,970)	116,548,634
Unsealed roads										
Formation	11,827,571	219,941	-	126,378	-	-	-	245,659	-	12,419,549
Pavement	24,220,152	880,556	-	3,116,636	-	-	-	7,067,172	(1,415,120)	33,869,396
Total	36,047,723	1,100,497	-	3,243,014	-	-	-	7,312,831	(1,415,120)	46,288,945
Other infrastructure assets										
Bridges	18,271,649	356,672	37,687	-	-	-	-	296,315	(274,783)	18,687,540
Street furniture	411,855	-	-	-	-	-	-	37,326	(24,682)	424,499
Culverts	6,817,855	-	-	69,600	-	-	-	1,369,024	(158,954)	8,097,525
Kerb & channel	2,690,891	102,938	38,650	-	-	-	-	16,028	(75,095)	2,773,412
Footpaths	4,218,772	66,779	-	66,563	-	-	-	283,620	(107,995)	4,527,739
Urban drains	7,050,747	310,510	132,679	-	-	-	-	(183,088)	(187,928)	7,122,920
Total	39,461,769	836,899	209,016	136,163	-	-	-	1,819,225	(829,437)	41,633,635
Other assets										
Plant & equipment	8,017,813	599,075	-	-	-	-	(250,820)	-	(1,059,825)	7,306,243
Office furniture & equipment	307,034	145,934	-	-	-	-	(3,520)	-	(116,630)	332,818
Landfills	1,204,706	41,305	-	-	-	(532,721)	-	-	(30,636)	682,654
Quarries	42,115	-	-	-	-	2,124	-	-	(2,094)	42,145
Works In progress	3,936,906	1,595,030	(3,519,669)	-	-	-	-	-	-	2,012,267
Total	13,508,574	2,381,344	(3,519,669)	-	-	(530,597)	(254,340)	-	(1,209,185)	10,376,127
Total	234,943,374	7,237,869	(2,986,096)	4,889,571	173,700	(530,597)	(254,340)	18,073,553	(7,480,240)	254,066,794

(a) Impairment losses

Impairment losses are credited to the Asset Revaluation Reserve to the extent that a previous revaluation credit balance for that Asset Class exists. Any impairment losses exceeding the prior revaluation credits for the relevant asset class are recognised as an expense in the Comprehensive Income Statement.

NOTE 10 PROPERTY, PLANT, INFRASTRUCTURE & EQUIPMENT (CONTINUED)

Movements in asset groups for the reporting period (continued)

2012

	Balance at beginning of financial year	Acquisition of assets	Transfers - W.I.P.	Impairment/ Reversal of Impairment	Mov't in asset class	Change in restoration liabilities	Written down value of disposals	Reval increment /(decrement)	Depreciation expense	Balance at end of financial year
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land and buildings										
Freehold land	4,712,565	137,296	57,710	-	(13,071)	-	(90,870)	566,666	-	5,370,296
Other controlled land	3,692,410	-	-	-	-	-	-	(6,294)	-	3,686,116
Buildings on freehold land	23,336,472	17,073	1,245,635	63,128	-	-	(255,821)	(1,290,438)	(835,995)	22,280,054
Buildings on other controlled land	7,473,550	70,468	35,586	680,404	-	-	-	(357,534)	(368,731)	7,533,743
Total	39,214,997	224,837	1,338,931	743,532	(13,071)	-	(346,691)	(1,087,600)	(1,204,726)	38,870,209
Sealed roads										
Formation	8,387,395	143,652	-	(3,297)	-	-	-	(851,568)	-	7,676,182
Pavement	87,908,190	1,221,041	-	(499,305)	-	-	-	3,575,286	(1,911,462)	90,293,750
Seal	9,281,192	1,124,993	-	(69,563)	-	-	-	(348,082)	(903,373)	9,085,167
Total	105,576,777	2,489,686	-	(572,165)	-	-	-	2,375,636	(2,814,835)	107,055,099
Unsealed roads										
Formation	18,009,139	1,448,578	-	(126,378)	-	-	-	(7,503,768)	-	11,827,571
Pavement	21,032,086	9,726,212	251,766	(1,095,596)	-	-	-	(4,555,622)	(1,138,694)	24,220,152
Total	39,041,225	11,174,790	251,766	(1,221,974)	-	-	-	(12,059,390)	(1,138,694)	36,047,723
Other infrastructure assets										
Bridges	18,206,308	1,021,731	118,176	59,020	-	-	-	(866,070)	(267,516)	18,271,649
furniture	485,152	3,088	-	-	-	-	-	(48,888)	(27,497)	411,855
Culverts	-	-	-	(69,600)	-	-	-	7,035,892	(148,437)	6,817,855
Kerb & channel	2,427,315	182,907	86,118	-	-	-	-	69,581	(75,030)	2,690,891
Footpaths	3,259,997	311,751	33,874	(66,563)	-	-	-	785,550	(105,837)	4,218,772
Urban drains	7,014,335	590,085	141,624	-	-	-	-	(513,201)	(182,096)	7,050,747
Total	31,393,107	2,109,562	379,792	(77,143)	-	-	-	6,462,864	(806,413)	39,461,769
Other assets										
Plant & equipment	4,869,118	4,358,037	-	-	-	-	(163,786)	-	(1,045,556)	8,017,813
Office furniture & equipment	253,336	150,019	-	-	-	-	(80)	-	(96,241)	307,034
Landfills	1,285,074	-	-	-	-	91,811	-	-	(172,179)	1,204,706
Quarries	42,223	-	-	-	-	1,842	-	-	(1,950)	42,115
Works In progress	1,780,936	4,126,459	(1,970,489)	-	-	-	-	-	-	3,936,906
Total	8,230,687	8,634,515	(1,970,489)	-	-	93,653	(163,866)	-	(1,315,926)	13,508,574
Total	223,456,793	24,633,390	-	(1,127,750)	(13,071)	93,653	(510,557)	(4,308,490)	(7,280,594)	234,943,374

(a) Impairment losses

Impairment losses are credited to the Asset Revaluation Reserve to the extent that a previous revaluation credit balance for that Asset Class exists. Any impairment losses exceeding the prior revaluation credits for the relevant asset class are recognised as an expense in the Comprehensive Income Statement.

NOTE 11 TRADE AND OTHER PAYABLES

	2013	2012
	\$	\$
Current		
Trade creditors	1,464,801	756,060
Accrued expenses	456,527	3,266,716
TOTAL TRADE AND OTHER PAYABLES	1,921,328	4,022,776

NOTE 12 TRUST FUNDS AND DEPOSITS

	2013	2012
	\$	\$
Current		
Contract retentions	260,668	169,079
Building sureties	37,732	32,731
Unclaimed monies	23	23
Other refundable deposits:		
St. Andrews church repair fund	1,600	1,600
Wedderburn pre school investment	117,606	112,303
TOTAL CURRENT TRUST FUNDS AND DEPOSITS	417,629	315,736

The nature and purpose of trust funds and deposits held at the reporting date are:

Contract retentions

Council collects contract retentions under normal commercial practice. These amounts are refundable to the contractor after the satisfactory completion of a warranty period.

Building sureties

Under the provisions of the Building Act 1993, Council may issue a Building Permit subject to a condition that the applicant deposit with the Council a bond, for an amount determined in accordance with the regulations,

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 on 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 13 PROVISIONS

2013

	Annual leave	Long service leave	RDO's	Landfill rehabilitation	Gravel pit rehabilitation	Total
Balance at beginning of the financial year	826,674	1,603,893	133,717	2,291,475	54,459	4,910,218
Additional provisions	672,543	199,998	572,574	-	2,124	1,447,239
Amounts used	(676,448)	(129,443)	(594,240)	(532,721)	-	(1,932,852)
Variation in the discounted amount arising because of time and the effect of any change in the discount rate	-	108	-	-	-	108
Balance at the end of the financial year	822,769	1,674,556	112,051	1,758,754	56,583	4,424,713

2012

	Annual leave	Long service leave	RDO's	Landfill rehabilitation	Gravel pit rehabilitation	Total
Balance at beginning of the financial year	936,145	1,405,198	108,994	2,199,663	52,617	4,702,617
Additional provisions	545,020	306,107	589,518	91,812	3,131	1,535,588
Amounts used	(654,491)	(139,270)	(564,795)	-	(1,289)	(1,359,845)
Variation in the discounted amount arising because of time and the effect of any change in the discount rate	-	31,858	-	-	-	31,858
Balance at the end of the financial year	826,674	1,603,893	133,717	2,291,475	54,459	4,910,218

NOTE 13 PROVISIONS (CONTINUED)

(a) Employee benefits

	2013	2012
	\$	\$
Current		
Annual leave	822,769	826,674
Long service leave	1,506,038	1,266,599
R.D.O.'s	112,051	133,717
Total current	2,440,858	2,226,990
Non-current		
Long service leave	168,518	337,294
Total non-current	168,518	337,294
Aggregate carrying amount of employee benefits		
Current	2,440,858	2,226,990
Non-current	168,518	337,294
TOTAL EMPLOYEE BENEFITS	2,609,376	2,564,284
The following assumptions were adopted in measuring the present value of long service leave:		
Weighted average increase in employee costs	7.31%	9.65%
Weighted average discount rates	4.24%	4.54%
Weighted average settlement period	20.00 months	21.00 months

In accordance with the accounting standards employee benefits that are presently entitled are included as current liabilities, however, the expectation of expenditure for these provisions is:

	2013	2012
	\$	\$
Within 12 months:		
Annual leave	822,769	826,674
Long service leave	159,083	115,480
R.D.O.'s	112,051	133,717
Total within 12 months	1,093,903	1,075,871
After 12 months:		
Long service leave	1,515,473	1,488,413
Total after 12 months	1,515,473	1,488,413
TOTAL EMPLOYEE BENEFITS	2,609,376	2,564,284

NOTE 13 PROVISIONS (CONTINUED)

(b) Tip rehabilitation

Council is obligated to restore landfill sites to a particular standard. Current engineering projections indicate that the 8 landfill sites across the Shire will have all ceased operation by 2035 and restoration work is expected to commence shortly thereafter. 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 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.

Council does not expect to receive reimbursement from a third party.

	2013	2012
	\$	\$
Non-current	1,758,754	2,291,475
TOTAL	1,758,754	2,291,475

(c) Gravel pit rehabilitation

Council is obligated to restore gravel pit sites to a particular standard. Current engineering projections indicate that the Neivandt's quarry site will have ceased operation by 2040 and restoration work is expected to commence shortly thereafter. 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.

Council does not expect to receive reimbursement from a third party.

	2013	2012
	\$	\$
Non-current	56,583	54,459
TOTAL	56,583	54,459

NOTE 14 INTEREST BEARING LOANS AND BORROWINGS

	2013	2012
	\$	\$
Current		
Borrowings - secured	144,448	135,854
Total current	144,448	135,854
Non-current		
Borrowings - secured	298,428	442,929
Total non-current	298,428	442,929
TOTAL INTEREST BEARING LOANS AND BORROWINGS	442,876	578,783
The maturity profile for Council's borrowings is:		
Not later than one year	144,448	135,854
Later than one year and not later than five years	298,428	442,929
Later than five years	-	-
TOTAL INTEREST BEARING LOANS AND BORROWINGS	442,876	578,783

There has been a Deed of Charge issued under seal which provides the general rates of Council as security for the loans.

NOTE 15 RESERVES

(a) Asset revaluation reserve

2013

	Balance at beginning of reporting period \$	Revaluation Increment/ (decrement) \$	Impairment Increment / (decrement) \$	Net movement for the reporting period \$	Balance at end of the reporting period \$
Property					
Land	6,938,909	-	-	-	6,938,909
Buildings	21,512,934	-	359,288	359,288	21,872,222
Infrastructure assets					
Sealed roads	79,207,262	8,941,496	1,151,106	10,092,602	89,299,864
Unsealed roads	16,803,605	8,681,855	3,312,614	11,994,469	28,798,074
Footpaths	1,973,522	283,620	66,563	350,183	2,323,705
Street furniture	11,779	37,326	-	37,326	49,105
Kerbs	814,594	16,028	-	16,028	830,622
Bridges	9,149,376	296,316	-	296,316	9,445,692
Drains	943,370	(183,088)	-	(183,088)	760,282
Total tangible assets	137,355,351	18,073,553	4,889,571	22,963,124	160,318,475
Intangible assets					
Water rights	164,045	(134,946)	-	(134,946)	29,099
TOTAL	137,519,396	17,938,607	4,889,571	22,828,178	160,347,574

2012

	Balance at beginning of reporting period \$	Revaluation Increment/ (decrement) \$	Impairment Increment / (decrement) \$	Net movement for the reporting period \$	Balance at end of the reporting period \$
Property					
Land	6,378,537	560,372	-	560,372	6,938,909
Buildings	22,417,374	(1,647,972)	743,532	(904,440)	21,512,934
Infrastructure assets					
Sealed roads	77,403,791	2,375,636	(572,165)	1,803,471	79,207,262
Unsealed roads	23,118,857	(5,023,678)	(1,291,574)	(6,315,252)	16,803,605
Footpaths	1,254,535	785,550	(66,563)	718,987	1,973,522
Street furniture	60,667	(48,888)	-	(48,888)	11,779
Kerbs	745,013	69,581	-	69,581	814,594
Bridges	9,956,426	(866,070)	59,020	(807,050)	9,149,376
Drains	1,456,391	(513,021)	-	(513,021)	943,370
Total tangible assets	142,791,591	(4,308,490)	(1,127,750)	(5,436,240)	137,355,351
Intangible assets					
Water rights	167,477	(3,432)	-	(3,432)	164,045
TOTAL	142,959,068	(4,311,922)	(1,127,750)	(5,439,672)	137,519,396

Purpose and movement of asset revaluation reserve

The purpose of the Asset Revaluation Reserve is referred to in Note 1(g) – Revaluation of Non-Current Assets.

NOTE 15 RESERVES (CONTINUED)

(b) General reserves

2013

	Balance at beginning of reporting period \$	Transfer from accumulated surplus \$	Transfer to accumulated surplus \$	Balance at end of reporting period \$
Building reserve	175,138	-	175,138	-
Capital expenditure reserve	1,356,131	844,620	1,356,131	844,620
Caravan park development reserve	125,274	75,744	17,028	183,990
Community planning reserve	969,985	1,277,098	969,985	1,277,098
Councillors' initiatives reserve	337,904	103,248	-	441,152
Economic development reserve	333,197	120,000	22,960	430,237
Fleet replacement reserve	44,746	250,000	138,731	156,015
G.S.P. restoration reserve	548,714	678,118	522,500	704,332
Information technology reserve	424,720	285,000	417,282	292,438
Lake Boort water reserve	-	5,781	-	5,781
Landfill rehabilitation reserve	138,767	30,170	150,000	18,937
Plant replacement reserve	1,514,369	1,482,000	2,212,082	784,287
Professional development reserve	28,068	8,000	4,349	31,719
Rates reserve	22,103	774	-	22,877
Interest free loans reserve	100,000	-	-	100,000
Skinners flat water reserve	8,994	4,788	-	13,782
Superannuation liability reserve	150,000	150,000	300,000	-
Units reserve	-	-	-	-
Unspent contributions reserve	575,221	94,567	575,221	94,567
Unspent grants reserve	9,591,527	8,473,622	9,591,527	8,473,622
Urban drainage reserve	752,672	250,000	379,013	623,659
Valuations reserve	43,136	107,661	58,701	92,096
War memorial reserve	3,000	-	-	3,000
Water unbundling reserve	187,544	50,662	218,644	19,562
TOTAL	17,431,210	14,291,853	17,109,292	14,613,771

NOTE 15 RESERVES (CONTINUED)

(b) General reserves (continued)

2012

	Balance at beginning of reporting period \$	Transfer from accumulated surplus \$	Transfer to accumulated surplus \$	Balance at end of reporting period \$
Building reserve	28,998	313,182	167,042	175,138
Capital expenditure reserve	1,132,988	1,356,131	1,132,988	1,356,131
Caravan park development reserve	135,206	-	9,932	125,274
Community planning reserve	624,375	969,985	624,375	969,985
Councillors' initiatives reserve	237,904	100,000	-	337,904
Economic development reserve	338,047	120,000	124,850	333,197
Fleet replacement reserve	137,007	250,000	342,261	44,746
G.S.P. restoration reserve	140,464	408,250	-	548,714
Information technology reserve	328,781	285,000	189,061	424,720
Lake Boort water reserve	6,516	-	6,516	-
Landfill rehabilitation reserve	108,597	30,170	-	138,767
Plant replacement reserve	445,132	4,860,000	3,790,763	1,514,369
Professional development reserve	27,027	8,000	6,959	28,068
Rates reserve	456,442	15,661	450,000	22,103
Interest free loans reserve	70,000	45,000	15,000	100,000
Skinners flat water reserve	8,994	-	-	8,994
Superannuation liability reserve	-	150,000	-	150,000
Units reserve	-	-	-	-
Unspent contributions reserve	224,176	575,221	224,176	575,221
Unspent grants reserve	12,532,074	9,591,527	12,532,074	9,591,527
Urban drainage reserve	588,514	750,000	585,842	752,672
Valuations reserve	86,538	71,963	115,365	43,136
War memorial reserve	3,000	-	-	3,000
Water unbundling reserve	517,945	160,873	491,274	187,544
TOTAL	18,178,725	20,060,963	20,808,478	17,431,210

NOTE 15 RESERVES (CONTINUED)

(b) General reserves (continued)

Purpose of general reserves

Buildings reserve

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

Councillors' initiatives reserve

The Councillors' initiatives reserve is used to set aside unspent funds from the Councillors' Initiatives Fund budget on an annual basis for use in future years. Council transfers to the reserve cumulative unspent funds, and transfers from the reserve the amount placed into 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 transfers from the reserve the cost of economic development initiatives during the financial year.

Fleet replacement reserve

The fleet replacement reserve is used to fund the replacement of office 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 from the year.

NOTE 15 RESERVES (CONTINUED)

(b) General reserves (continued)

Purpose of general reserves (continued)

Granite sand pit (GSP) restoration reserve

The granite sand pit (GSP) restoration reserve is used to fund the restoration of granite sand pits used by Council for the extraction of gravel. Council transfers from the reserve the annual cost of quarry rehabilitation, and transfers to the reserve profit made from gravel pits.

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.

Lake Boort water

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

Landfill rehabilitation reserve

The landfill rehabilitation reserve has been established to assist with the cost of rehabilitating Council's landfills. 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 landfill rehabilitation.

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 from the year.

Professional development reserve

The professional development reserve is used to fund 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 professional development undertaken during the year is transferred from the reserve.

Rates reserve

The rates reserve has been established to offset the effect of unbundling of water rights from Council valuations from 1 July 2007, and the subsequent effect that this will have on Council's ability to raise rates on the affected properties in the 2008/09 and future rating periods. Movements are in accordance with Council's Rating Strategy.

NOTE 15 RESERVES (CONTINUED)

(b) General reserves (continued)

Purpose of general reserves (continued)

Interest free loans reserve

The interest free loans reserve is an allocation of funds used to provide interest free loans to community groups.

Skinner's flat water reserve

The Skinner's flat water reserve is used to fund major repairs and capital works at the Skinner's 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.

Superannuation liability reserve

The 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.

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 grant monies 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 cost of annual cost of urban drainage work.

NOTE 15 RESERVES (CONTINUED)

(b) General reserves (continued)

Purpose of general reserves (continued)

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.

War memorial 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.

Water unbundling reserve

The Water unbundling reserve is used to offset the effects of unbundling of water rights from Council valuations from 1 July 2007, and the subsequent effect this will have on Council's ability to raise rates on the affected properties in 2008/09 and future rating periods. Movements are made in accordance with Councils Rating Strategy.

NOTE 16 COMMITMENTS FOR EXPENDITURE

At the reporting date Council had entered into contracts with external parties for the following capital and other expenditure:-

2013

	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 \$
Environment services	495,971	280,948	206,273	103,136	1,086,328
Pool management services	-	-	-	-	-
Library corporation	37,527	-	-	-	37,527
Internal audit	30,000	30,000	-	-	60,000
Valuation services	121,096	-	-	-	121,096
Infrastructure	4,118,538	143,386	143,386	-	4,405,310
TOTAL COMMITMENTS FOR EXPENDITURE	4,803,132	454,334	349,659	103,136	5,710,261

2012

	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 \$
Environment services	465,546	272,577	-	-	738,123
Pool management services	160,925	195,000	-	-	355,925
Library corporation	167,972	-	-	-	167,972
Internal audit	27,720	28,440	29,160	-	85,320
Valuation services	17,543	-	-	-	17,543
Infrastructure	4,468,340	-	-	-	4,468,340
TOTAL COMMITMENTS FOR EXPENDITURE	5,308,046	496,017	29,160	-	5,833,223

NOTE 17 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. The defined benefit section provides lump sum benefits based on years of service and final average salary. The defined contribution section receives fixed contributions from Council and the Council's legal or constructive obligation is limited to these contributions.

Obligations for contributions to the Fund are recognised as an expense in the Comprehensive Operating Statement when they are due.

Accumulation

The Fund's accumulation category, 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 2013, this was 9% required under Superannuation Guarantee Legislation). No further liability accrues to the employer as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Effective from 1 July 2013, the Superannuation Guarantee contribution rate will increase to 9.25%, and will progressively increase to 12% by June 2019.

Defined Benefit

The Fund's Defined Benefit Plan is a multi-employer sponsored plan. As the Fund's assets and liabilities are pooled and are not allocated by employer, the Actuary is unable to reliably allocate benefit liabilities, assets and costs between employers. As provided under Paragraph 32 (b) of AASB 119, Council does not use defined benefit accounting for these contributions.

Council makes employer contributions to the defined benefit category of the Fund at rates determined by the Trustee on the advice of the Fund's Actuary. On the basis of the results of the most recent full actuarial investigation conducted by the Fund's actuary as at 31 December 2011, Council makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. This rate is currently 9.25% of members' salaries (9.25% in 2011/12).

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 (the funded resignation or retirement benefit is calculated as the Vested Benefits Index (VBI) multiplied by the benefit).

Council is also required to make additional contributions to cover the contribution tax payable on the contributions referred to above.

Employees are also required to make additional contributions to the Fund. As such assets accumulate in the Fund to meet member benefits, as defined in the Trust Deed, as they accrue.

NOTE 17 SUPERANNUATION (CONTINUED)

Shortfall amounts

The Local Authorities Superannuation Fund's latest actuarial investigation as at 31 December 2011 identified an unfunded liability of \$406 million (excluding contributions tax) in the defined benefit category of which Council is a contributing employer. Council was made aware of the expected shortfall during the 2011/12 year and was informed of its share of the shortfall on 2 August 2012. Council has not been advised of any further adjustments.

The projected value of Council's contribution to the shortfall at 30 June 2012 (excluding contributions tax) amounted to \$2,065,378 which as accounted for in the 2011/12 Comprehensive Income Statement within Employee Benefits (see Note 4.2) and in the Statement of Financial Position in the Current Liabilities Provisions (see Note 13).

The fund surplus or deficit (i.e. the difference between fund assets and liabilities) is calculated differently for funding purposes (i.e. calculating required contributions) and for the calculation of accrued benefits as required in AAS 25 to provide the values needed for the AASB 119 disclosure in Council's financial statements. AAS 25 requires that the present value of the benefit liability be calculated based on benefits that have accrued in respect of membership of the plan up to the measurement date, with no allowance for future benefits that may accrue.

The amount of the unpaid shortfall at 30 June 2013 is 'Nil', (\$2,065,378 was the unpaid amount in 2011/12).

	31 December 2011 \$'000
Net market value of assets	4,315,324
Accrued benefits (per accounting standards)	4,642,133
Difference between assets and accrued benefits	(326,809)
Vested benefits	4,838,503

The financial assumptions used to calculate the Accrued Benefits for the defined benefit category of the Fund were:

Net investment return	7.50% p.a.
Salary inflation	4.25% p.a.
Price inflation	2.75% p.a.

NOTE 17 SUPERANNUATION (CONTINUED)

Contributions by Council (excluding any unfunded liability payments) to the above superannuation plans for the financial year ended 30 June 2013 are detailed below:

Fund	Type of scheme	Rate	2013 \$'000	2012 \$'000
Vision Super	Defined Benefits	9.25%	143,378	110,703
Total Defined Benefits super			143,378	110,703
AMP Flexible Lifetime Super	Accumulation	9.00%	-	230
ANZ Aust Staff Super	Accumulation	9.00%	-	177
Australian Super	Accumulation	9.00%	35,149	33,706
Bendigo Super	Accumulation	9.00%	674	334
BT Lifetime Super	Accumulation	9.00%	4,552	3,190
C Bus	Accumulation	9.00%	13,431	12,181
Colonial First Choice Super	Accumulation	9.00%	6,584	3,174
Health Super	Accumulation	9.00%	3,722	1,988
Hesta Super	Accumulation	9.00%	10,882	8,654
IIOF Portfolio Services Super	Accumulation	9.00%	6,967	6,397
Local Government Super	Accumulation	9.00%	6,337	8,120
MLC Super	Accumulation	9.00%	10,254	8,358
MTAA Superannuation	Accumulation	9.00%	4,911	6,089
Plum Superannuation Fund	Accumulation	9.00%	1,351	-
Prime Super	Accumulation	9.00%	16,072	13,780
Printing Industry Super	Accumulation	9.00%	4,474	4,160
Quadrant Superannuation	Accumulation	9.00%	6,149	2,059
Recruitment Super	Accumulation	9.00%	1,350	2,137
REST Super	Accumulation	9.00%	4,034	3,188
Self Managed Funds	Accumulation	9.00%	8,096	7,650
Super Trust Australia	Accumulation	9.00%	1,810	4,476
Telstra Super	Accumulation	9.00%	2,845	996
TWU Super	Accumulation	9.00%	4,348	3,222
UniSuper Super	Accumulation	9.00%	1,243	137
Vic Super	Accumulation	9.00%	46,243	35,725
Vision Super	Accumulation	9.00%	448,053	412,535
Total accumulation super			649,531	582,663
TOTAL SUPERANNUATION			792,909	693,366

NOTE 18 CONTINGENCIES

At the reporting date, the municipality was aware of the following contingent liability:

(a) There was a fatal accident on 31 January 2008 at the rail crossing on Hockings Road, Dingle. The accident is being investigated by the Coroner's Court of Victoria. The Loddon Shire Council is protected by an insurance policy against any liability adjudicated by the Court.

As this matter is yet to be finalised, and the financial outcome is unable to be reliably estimated, no allowance for this contingency has been made in the financial report.

NOTE 19 FINANCIAL RATIOS

(a) Debt servicing ratio

To identify the capacity of Council to service its outstanding debt.

$$= \frac{\text{Debt servicing costs}}{\text{Total revenue}}$$

2012/13		2011/12		2010/11	
35,258	0.08%	41,492	0.11%	50,160	0.15%
<u>43,640,455</u>		<u>38,817,838</u>		<u>34,057,428</u>	

Debt servicing costs refer to the payment of interest on loan borrowings, finance leases, and bank overdraft.

The ratio expresses the amount of interest paid as a percentage of Council's total revenue.

(b) Debt commitment ratio

To identify Council's debt redemption strategy

$$= \frac{\text{Debt servicing and redemption costs}}{\text{Rate revenue}}$$

2012/13		2011/12		2010/11	
171,165	2.10%	168,366	2.18%	169,479	2.34%
<u>8,157,404</u>		<u>7,732,252</u>		<u>7,232,052</u>	

The strategy involves the payment of loan principal and interest, finance lease principal and interest.

The ratio expresses the percentage of rate revenue utilised to pay interest and redeem debt principal.

NOTE 19 FINANCIAL RATIOS (CONTINUED)

(c) Revenue ratio

To identify Council's dependence on non-rate income.

$$= \frac{\text{Rate revenue}}{\text{Total revenue}}$$

2012/13		2011/12		2010/11	
8,157,404	18.69%	7,732,252	19.91%	7,232,052	21.23%
43,640,455		38,828,170		34,057,428	

The level of Council's reliance on rate revenue is determined by assessing rate revenue as a proportion of the total revenue of Council.

(d) Debt exposure ratio

To identify Council's exposure to debt.

$$= \frac{\text{Total indebtedness}}{\text{Total realisable assets (excludes infrastructure assets)}}$$

2012/13		2011/12		2010/11	
5,114,361	7.30%	7,907,886	12.62%	4,530,722	7.61%
70,077,531		62,669,951		59,541,449	

For the purpose of the calculation of financial ratios, realisable assets are those assets which can be sold and which are not subject to any restriction on realisation or use.

Any liability represented by a restricted asset at Note 5 is excluded from total indebtedness.

The following assets are excluded from total assets when calculating Council's realisable assets:

Land - Other Controlled; Buildings On Other Controlled Land; Restricted Assets; Heritage Assets; Roads and Streets; Footpaths; Kerb and Channel; Drains; Bridges; and Council's Investment in Associates.

The ratio enables assessment of Council's solvency and exposure to debt. Total indebtedness refers to the total liabilities of Council. Total liabilities are compared to total realisable assets which are all Council assets not subject to any restriction and are able to be realised. The ratio expresses the multiple of total liabilities for each dollar of realisable assets.

NOTE 19 FINANCIAL RATIOS (CONTINUED)

(e) Working capital ratio

To assess Council's ability to meet current commitments.

$$= \frac{\text{Current assets}}{\text{Current liabilities}}$$

2012/13		2011/12		2010/11	
22,349,930	4.54:1	22,816,846	3.40:1	22,252,712	7.43:1
4,924,263		6,701,356		2,995,944	

The ratio expresses the level of current financial assets the Council has available to meet its current financial liabilities.

(f) Adjusted working capital ratio

Current financial liabilities have been reduced to reflect the long service leave that is shown as a current financial liability. Council does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, but it is not likely to fall due within 12 months after the end of the period.

$$= \frac{\text{Current assets}}{\text{Current liabilities} - \text{Current long service leave liability}}$$

2012/13		2011/12		2010/11	
22,349,930	6.54:1	22,816,846	4.20:1	22,252,712	11.98:1
3,418,225		5,434,757		1,858,078	

The ratio expresses the level of current financial assets the Council has available to meet its current financial liabilities.

Definitions

- * "Financial Assets" means cash or other assets of the entity that would in the ordinary course of the operation of the Council be consumed or converted into cash within 12 months after the end of the last reporting period of the Council;
- * "Financial Liabilities" means the total current liabilities as shown in the Statement of Financial Position;
- * "Debt Redemption" includes the principal component of repayments on loans and financial leases and capital items purchased on vendor terms, and contributions to sinking funds;
- * "Debt Servicing Costs" includes interest and charges on loans, overdrafts, financial leases and interest on payments for capital items purchased on vendor terms;
- * "Rate Revenue" includes revenue from general rates, municipal charges, special rates, special charges, service rates and service charges;
- * "Total Indebtedness" means total liabilities, both current and non-current, as shown in the Balance Sheet;
- * "Total Realisable Assets" means total current assets and total realisable non-current assets;
- * "Total Revenue" means total revenue as shown in the Statement of Comprehensive Income.

NOTE 20 RELATED PARTY TRANSACTIONS

(a) Responsible persons

Names of persons holding the position of a responsible person at the Loddon Shire Council at any time during the year were:-

Councillors:

Cr Geoff Curnow (Mayor from July 2012 to June 2013)
 Cr Neil Beattie (from July 2012 to June 2013)
 Cr Christine Brooke (from July 2012 to October 2012)
 Cr Allen Brownbill (from July 2012 to October 2012)
 Cr Gavan Holt (Councillor from July 2012 to June 2013)
 Cr Colleen Condliffe (from October 2012 to June 2013)
 Cr Cheryl McKinnon (from October 2012 to June 2013)

Chief Executive Officer (CEO):

Mr John McLinden (From July 2012 to June 2013)

(b) Remuneration of responsible persons

The number of responsible officers, whose total remuneration from Council and any related entities fall within the following bands:

Income range	2012/13 number	2011/12 number
\$0,000 - \$9,999	2	0
\$10,000 - \$19,999	4	3
\$30,000 - \$39,999	0	1
\$40,000 - \$49,999	0	1
\$50,000 - \$59,999	1	0
\$200,000 - \$209,999	0	1
\$210,000 - \$219,999	1	0
	8	6

Total remuneration for the reporting year for responsible persons included above amounted to \$346,065 in 2012/13 and \$342,012 in 2011/12.

During 2012/13 two directors acted in the role of Chief Executive Officer.

All Councillors are ratepayers in the Loddon Shire Council and have completed appropriate Declaration of Interest Forms.

(c) Transactions with responsible persons

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 2011/12).

No retirement benefits have been made by the Council to a responsible person.

No loans have been made, guaranteed or secured by the Council to a responsible person of the Council during the reporting year (Nil in 2011/12).

NOTE 20 RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Senior officers' remuneration

A Senior Officer includes an officer of Council who has management responsibilities and reports directly to the Chief Executive Officer, or whose total annual remuneration exceeds \$130,000.

The number of senior officers other than responsible persons, are shown below in their relevant income bands: -

Income range	2012/13 number	2011/12 number
\$100,000 - \$109,999	0	1
\$110,000 - \$119,999	2	0
\$120,000 - \$129,999	1	2
\$140,000 - \$149,999	1	0
	4	3
	4	3

Total remuneration for the reporting period of senior officers included above amounted to \$496,304 in 2012/13 and \$360,123 in 2011/12.

NOTE 21 FINANCIAL INSTRUMENTS

(a) Terms, conditions, and accounting policies

The Council's accounting policies, including the terms and conditions of each class of financial asset, financial liability and equity instrument, both recognised and unrecognised at 30 June 2013, are as follows:

(i) Financial assets

Recognised financial instruments	Note	Accounting policies	Terms and conditions
Cash and cash equivalents	5	Cash on hand and at bank are valued at face value.	Cash funds are at call and have an average interest rate of 3.82%. (5.54% for 2011/12).
		Short-term deposits are stated at the lower of cost and net realisable value.	At 30 June 2013 all term deposits are valued at cost.
		Interest is recognised in the Statement of Comprehensive Income as it accrues. Certain investments are restricted as noted in Note 5.	Funds returned fixed interest rates of between 3.52% and 5.25% during the year. (Between 4.70% and 6.00% in 2011/12).
Trade and other receivables	6	Receivables are carried at nominal amounts due less any provision for doubtful debts. A provision for doubtful debts is recognised when collection in full is no longer probable. Collectability of overdue accounts is assessed on an ongoing basis.	General debtors are unsecured and arrears do not attract interest. Credit terms are 30 days.

(ii) Financial liabilities

Recognised financial instruments	Note	Accounting policies	Terms and conditions
Bank overdraft	23	Council has a \$500,000 bank overdraft facility that is used if and when required. Council did not use the facility during the reporting period.	Interest is charged at the bank's benchmark rate. The bank overdraft is secured by a charge over the rates of the Council.
Trade and other payables	11	Trade creditors and accruals are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Council.	General creditors are unsecured and not subject to interest. They are normally settled on 30-day terms.
Trust funds and deposits	12	Monies are held by way of deposit or in trust for Governments or other persons.	Deposits are returned when service has been completed.

NOTE 21 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Interest rate risk

The Council's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised at the balance date, are as follows:

2013

	Fixed interest rate maturing in:					Total
	Floating interest rate	1 year or less	Over 1 to 5 years	More than 5 years	Non-interest bearing	
Financial assets						
Cash and cash equivalents	17,307,800	-	-	-	3,850	17,311,650
Trade and other receivables (excludes rates)	-	-	-	-	3,280,665	3,280,665
Accrued income	-	-	-	-	362,586	362,586
Total financial assets	17,307,800	-	-	-	3,647,101	20,954,901
Weighted average interest rate	3.82%	0.00%	0.00%	0.00%	0.00%	3.02%
Financial liabilities						
Trade and other payables	-	-	-	-	1,921,328	1,921,328
Trust funds and deposits	-	-	-	-	417,629	417,629
Borrowings	-	144,448	298,428	-	-	442,876
Total financial liabilities	-	144,448	298,428	-	2,338,957	2,781,833
Weighted average interest rate	0.00%	6.56%	6.56%	0.00%	0.00%	1.05%
Net financial assets/(liabilities)	17,307,800	(144,448)	(298,428)	-	1,308,144	18,173,068

NOTE 21 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Interest rate risk (continued)

2012

	Fixed interest rate maturing in:					Total
	Floating interest rate	1 year or less	Over 1 to 5 years	More than 5 years	Non-interest bearing	
Financial assets						
Cash and cash equivalents	14,497,015	-	-	-	3,850	14,500,865
Trade and other receivables (excludes rates)	-	-	-	-	6,478,586	6,478,586
Accrued income	-	-	-	-	351,296	351,296
Total financial assets	14,497,015	-	-	-	6,833,732	21,330,747
Weighted average interest rate	4.90%	0.00%	0.00%	0.00%	0.00%	3.24%
Financial liabilities						
Trade and other payables	-	-	-	-	4,022,776	4,022,776
Trust funds and deposits	-	-	-	-	315,736	315,736
Borrowings	-	135,854	442,929	-	-	578,783
Total financial liabilities	-	135,854	442,929	-	4,338,512	4,917,295
Weighted average interest rate	0.00%	6.56%	6.56%	0.00%	0.00%	1.81%
Net financial assets/(liabilities)	14,497,015	(135,854)	(442,929)	-	2,495,220	16,413,452

NOTE 21 FINANCIAL INSTRUMENTS (CONTINUED)

(c) Net fair values

The aggregate net fair values of financial assets and financial liabilities, both recognised and unrecognised, at 30 June 2013, are as follows:

	Total carrying amount as per the balance sheet		Aggregate net fair value	
	2013 \$	2012 \$	2013 \$	2012 \$
Financial assets				
Cash and cash equivalents	17,311,650	14,500,865	17,311,650	14,500,865
Trade and other receivables (excludes rates)	3,280,665	6,478,586	3,280,665	6,478,586
Accrued income	362,586	351,296	362,586	351,296
Total financial assets	20,954,901	21,330,747	20,954,901	21,330,747
Financial liabilities				
Trade and other payables	1,921,328	4,022,776	1,921,328	4,022,776
Trust funds and deposits	417,629	315,736	417,629	315,736
Interest-bearing loans and borrowings	442,876	578,783	442,876	578,783
Total financial liabilities	2,781,833	4,917,295	2,781,833	4,917,295

The following methods and assumptions are used to determine the net fair values of financial assets and financial liabilities:

Recognised financial instruments

Cash and cash investments:

The carrying amount approximates fair value because of their short term to maturity.

Receivables, payables, and trust funds:

The carrying amount approximates fair value.

Borrowings and other financial assets:

All financial instruments are held at fair value on the Statement of Financial Position as presented above.

Other financial liabilities:

The carrying amount approximates fair value.

(d) Credit risk exposure

The Council's maximum exposures to credit risk at balance date in relation to each class of recognised financial assets is represented by the carrying amount of those assets as indicated in the Statement of Financial Position.

Concentration of credit risk

The Council minimises concentrations of credit risk in relation to receivables by undertaking transactions with a large number of customers.

Credit risk in receivables is managed in the following ways:

- Payment terms are either statutory or 30 days
- A first charge over property applies to rate receivables

NOTE 21 FINANCIAL INSTRUMENTS (CONTINUED)

(e) Risks and mitigation

The risks associated with Council's main financial instruments and Council's policies for minimising these risks are detailed below.

Market risk

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

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. Interest rate risk arises from interest bearing financial assets and liabilities that Council uses. Non derivative interest bearing assets are predominantly short term liquid assets. Council's interest rate liability risk arises primarily from long term borrowings at fixed rates which exposes Council to fair value interest rate risk.

Loan borrowings are sourced from National Australia Bank. Council has no finance leases. Overdrafts are arranged with National Australia Bank. Council has historically minimised borrowings, and therefore minimising interest rate risk.

Council manages the interest rate exposure on Council's net debt portfolio by appropriate budgeting strategies. Council is obliged to obtain approval for borrowings from the Australian Loan Council each year.

Investment of surplus funds is made with approved financial institutions under the Local Government Act 1989. Council manages interest rate risk by only investing with major Australian banks with branches in the Loddon Shire.

Maturity will be staggered to provide for interest rate variations and to minimise interest rate risk.

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 all financial assets included in Council's Statement of Financial Position. To help manage this risk:

- Council may require bank guarantees for contracts where appropriate; and
- Council only invests surplus funds with specified financial institutions.

Trade and other receivables consist of a large number of customers, spread across the consumer, business and government sectors. Credit risk associated with the Council's financial assets is minimal because the main debtor is the Victorian Government. Apart from the Victorian Government, Council does not have any significant credit risk exposure to a single customer or groups of customers. Ongoing credit evaluation is performed on the financial condition of Council's customers and, where appropriate, an allowance for doubtful debts is raised.

Council may also be subject to credit risk for transactions which are not included in the Statement of Financial Performance, such as when Council provides a guarantee for another party. Council has no such guarantees in place. Details of Council's contingent liabilities are disclosed in Note 18.

NOTE 21 FINANCIAL INSTRUMENTS (CONTINUED)

(e) Risks and mitigation (continued)

Credit risk (continued)

Movement in provision for doubtful debts	2013 \$	2012 \$
Balance at beginning of the year	19,473	20,000
New provisions recognised during the year	(5,510)	-
Amounts already provided for and written off as uncollectable	(575)	(527)
Amounts provided for but recovered during the year	-	-
Balance at end of the year	13,388	19,473

At balance date trade and other receivables representing financial assets were due but not impaired. These amounts relate to a number of independent customers for whom there is no recent history of default. The ageing of Council's Trade and Other Receivables was:

	2013 \$	2012 \$
Current (not yet due)	307,143	194,930
Past due (up to 30 days)	2,783,889	6,128,835
Past due (between 31 and 180 days)	136,235	52,347
Past due (between 181 and 365 days)	-	39,559
Past due (by more than 1 year)	-	-
Total trade and other receivables	3,227,267	6,415,671

Liquidity risk

Liquidity risk includes the risk that, as a result of Council's operational liquidity requirements:

- Council will not have sufficient funds to settle a transaction on the date;
- Council will be forced to sell financial assets at a value which is less than what they are worth; or
- Council may be unable to settle or recover financial assets.

To help reduce these risks Council:

- has readily accessible standby facilities and other funding arrangements in place;
- ensures that surplus funds are invested within various bands of liquid instruments;
- monitors budget to actual performance on a regular basis; and
- has historically minimised borrowings in the short to medium term.

The Council's exposure to liquidity risk is deemed insignificant based on prior periods data and current assessment of risk.

NOTE 21 FINANCIAL INSTRUMENTS (CONTINUED)

(e) Risks and mitigation (continued)

Liquidity risk (continued)

The table below lists the contractual maturities for Financial Liabilities.

These amounts represent undiscounted gross payments including loan principal.

2013	6 months or less \$	6-12 months \$	1-2 years \$	2-5 years \$	>5 years \$	Contracted cash flow \$	Carrying amount \$
Trade and other payables	1,921,328	-	-	-	-	1,921,328	1,921,328
Trust funds and deposits	4,726	4,726	408,177	-	-	417,629	417,629
Interest-bearing loans and borrowings	72,224	72,224	151,000	147,428	-	442,876	442,876
Total financial	1,998,278	76,950	559,177	147,428	-	2,781,833	2,781,833

2012	6 months or less \$	6-12 months \$	1-2 years \$	2-5 years \$	>5 years \$	Contracted cash flow \$	Carrying amount \$
Trade and other payables	4,022,776	-	-	-	-	4,022,776	4,022,776
Trust funds and deposits	3,573	3,573	308,591	-	-	315,737	315,737
Interest-bearing loans and borrowings	67,709	67,709	144,448	299,020	-	578,886	578,886
Total financial	4,094,058	71,282	453,039	299,020	-	4,917,399	4,917,399

(f) Sensitivity disclosure analysis

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, the Council believes the following movements are 'reasonably possible' over the next 12 months (Base rates are sourced from Reserve Bank of Australia):

- A parallel shift of -1.5% and 1.5% in market interest rates (AUD) from year-end rates of 2.5% (2012 -1.5% to 1.5% from year-end rates of 5.5%).

The following table discloses the impact on net operating result and equity for each category of financial instruments held by the Council at year-end, if the above movements were to occur.

NOTE 21 FINANCIAL INSTRUMENTS (CONTINUED)

(f) Sensitivity disclosure analysis (continued)

2013		Interest rate risk			
Market risk exposure	Carrying amount subject to interest	-1.5%		+1.5%	
		150	Basis points	150	Basis points
		Profit	Equity	Profit	Equity
	\$	\$	\$	\$	\$
Financial assets:					
Cash and cash equivalents	17,307,800	(259,617)	(259,617)	259,617	259,617
Financial liabilities:					
Interest bearing loans and borrowings	442,876	N/A	N/A	N/A	N/A

2012		Interest rate risk			
Market risk exposure	Carrying amount subject to interest	-1.5%		1.5%	
		150	Basis points	150	Basis points
		Profit	Equity	Profit	Equity
	\$	\$	\$	\$	\$
Financial assets:					
Cash and cash equivalents	14,497,015	(217,455)	(217,455)	217,455	217,455
Financial liabilities:					
Interest bearing loans and borrowings	578,783	N/A	N/A	N/A	N/A

No risk effect is anticipated for Loans and Borrowings as Council borrowings at 30 June 2013 are at fixed rates, with no further borrowings planned and no expectation of using the overdraft facility.

(g) Fair value hierarchy

The table below analyses financial instruments carried at fair value by valuation method.

The different levels have been defined as follows:

- Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 Inputs other than quoted prices included within level one that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices),
- Level 3 Inputs for the asset or liability that are not based on observable market data.

2013	Level 1	Level 2	Level 3	TOTAL
Available for sale financial assets	-	-	-	-
Financial assets at fair value through the comprehensive income statement	375,211	-	-	375,211
2012	Level 1	Level 2	Level 3	TOTAL
Available for sale financial assets	-	-	-	-
Financial assets at fair value through the comprehensive income statement	425,597	-	-	425,597

NOTE 22 RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO PROFIT/(LOSS)

	2013	2012
	\$	\$
Profit/(loss) for the period	(1,698,244)	13,793,019
Depreciation	7,480,237	7,280,594
(Profit)/loss on disposal of assets	(11,658)	19,690
Impairment of financial assets	7,555	5,285
Reversal of impairment of assets	(5,285)	(7,555)
Share of other comprehensive income of associates	3,077	(2,777)
Change in assets and liabilities:		
(Increase)/decrease in receivables (net of advances)	2,978,713	(5,959,037)
(Increase)/decrease in accrued income	(11,290)	(233,685)
(Increase)/decrease in prepayments	108,609	(65,418)
(Increase)/decrease in other assets & liabilities	97,319	(56,293)
(Increase)/decrease 2012 work in progress	2,986,096	-
(Increase)/decrease in inventories	27,969	7,195
Increase/(decrease) in payables	(2,185,919)	3,495,130
Increase/(decrease) in employee benefits	45,092	113,947
Increase/(decrease) in other provisions	-	93,654
(Increase)/decrease in library equity	-	8,144
NET CASH PROVIDED BY/USED BY OPERATING ACTIVITIES	9,822,271	18,491,893

NOTE 23 FINANCING ARRANGEMENTS

	2013	2012
	\$	\$
Bank overdraft	500,000	500,000
Used facilities	-	-
UNUSED FACILITIES	500,000	500,000

NOTE 24 AUDITORS' REMUNERATION

	2013	2012
	\$	\$
Audit fee to conduct external audit - Victorian Auditor General	30,500	30,200
Internal audit fees	36,589	35,269
TOTAL AUDITORS REMUNERATION	67,089	65,469

NOTE 25 EVENTS OCCURRING AFTER BALANCE DATE

World financial markets continue to show volatility that may affect the earning potential of the Loddon Shire Council's investment portfolio. The Loddon Shire Council continues to maintain a conservative investment strategy to manage the exposure to this volatility.

NOTE 26 INCOME, EXPENSES AND ASSETS BY FUNCTION

2013

Functions / activities	Total grants \$	Total other revenue \$	Revenue total \$	Expenses total \$	Net operating result \$	Total assets \$
Economic development and tourism	340,514	483,664	824,178	1,260,643	(436,465)	2,281,562
Leadership	99,598	38,468	138,066	606,100	(468,034)	2,979
Works and infrastructure	17,854,564	3,246,100	21,100,664	29,725,699	(8,625,035)	209,023,833
Good management	7,957,682	7,956,352	15,914,034	4,238,053	11,675,981	24,080,996
Environment	76,103	972,386	1,048,489	1,614,349	(565,860)	8,151,377
Community services and recreation	3,370,561	1,244,463	4,615,024	7,893,855	(3,278,831)	33,745,064
Total	29,699,022	13,941,433	43,640,455	45,338,699	(1,698,244)	277,285,811

2012

Functions / activities	Total grants \$	Total other revenue \$	Revenue total \$	Expenses total \$	Net operating result \$	Total assets \$
Economic development and tourism	3,420,610	330,612	3,751,222	1,622,116	2,129,106	2,371,953
Leadership	-	-	-	2,897,377	(2,897,377)	2,979
Works and infrastructure	11,301,292	3,716,413	15,017,705	8,522,009	6,495,696	190,567,552
Good management	4,981,165	8,670,481	13,651,646	4,038,226	9,613,420	24,059,631
Environment	453,670	259,820	713,490	1,777,483	(1,063,993)	8,436,258
Community services and recreation	4,359,289	1,334,818	5,694,107	6,177,940	(483,833)	33,304,743
Total	24,516,026	14,312,144	38,828,170	25,035,151	13,793,019	258,743,116

NOTE 26 INCOME, EXPENSES AND ASSETS BY FUNCTION (CONTINUED)

The activities relating to the Council's functions reported on in the Statement of Comprehensive Income are as per the Key Delivery Areas contained in Council's Reporting Structure. Details of each Key Delivery Area are as

Economic development and tourism

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

Includes: Tourism, Economic Development, Council Residences, and Area Promotion.

Leadership

Objective: 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.

Includes: Councillors' Costs, Local Laws, and Municipal Emergency Management.

Works and infrastructure

Objective: To enhance living standards and support economic development.

Includes: Main and local road maintenance, bridges and culverts, urban drainage, signs, street lighting, township streets, plant expenditure and income, depots, gravel pits, surveys and investigations.

Good management

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

Includes: General office and staff costs, rate income, financial assistance grants, liability insurance, and information technology costs.

Environment

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

Includes: Town planning, building control, garbage collection, rubbish tips, street cleaning, septic tanks and sewers, fire protection, flood mitigation and heritage advisor.

Community services and recreation

Objective: Enhance the quality of life of all ages through the provision of community services and support of community organisations.

Includes: Domestic animal and livestock control, infants and mothers, preventative services, health act administration, pre-school centres, aged care services, senior citizens' centres, elderly persons' units, public halls, libraries, recreation reserves, community grants scheme, youth initiatives, parks and gardens, and swimming pools.

NOTE 27 RATE DETERMINATION RESULT

	Note	2013 \$	2012 \$
Net result for the reporting period		(1,745,553)	13,784,875
ADD non-cash expenditure			
Depreciation	4.4	7,480,237	7,280,594
(Profit)/loss on disposal of assets	3.8	(11,658)	19,690
Change in equity in library corporation	3.9	50,386	5,367
Accrued loan interest		7,940	-
Impairment of financial assets	4.7	3,002	5,285
Change of 2012 work in progress items to operating expense		2,986,096	-
Bad debts expense	4.6	(5,510)	7,348
Total non-cash expenditure		10,510,493	7,318,284
LESS non-cash income			
Reversal of impairment of financial assets	3.10	5,285	7,555
Total non-cash income		5,285	7,555
Funds available for capital expenditure		8,759,655	21,095,604
CAPITAL EXPENDITURE AND TRANSFERS TO RESERVES			
Capital expenditure			
Economic development and tourism		27,618	377,808
Works and infrastructure		5,779,045	23,298,391
Good management		153,940	157,763
Community services and recreation		1,277,266	799,430
Transfers to reserves	15	14,291,853	20,060,963
Loan repayments		135,907	126,875
Total capital expenditure		21,665,629	44,821,230
CAPITAL EXPENDITURE AND TRANSFERS TO RESERVES WILL BE FUNDED BY:			
Transfers from reserves	15	17,109,292	20,808,478
Proceeds from disposal of assets	3.8	265,998	490,867
Total capital income		17,375,290	21,299,345
Cash surplus (deficit) for the reporting period		4,469,316	(2,426,281)
Accumulated cash surplus brought forward		(1,860,936)	565,345
TOTAL CASH SURPLUS/(DEFICIT)		2,608,380	(1,860,936)

In January 2002 Council's Audit Committee recommended a reporting format for Council's monthly finance reports. That format includes the above report, which calculates the overall cash surplus of Council.

NOTE 28 CAPITAL EXPENDITURE

	2013	2012
	\$	\$
Capital expenditure area		
Roads	4,955,433	18,247,125
Urban drainage	385,423	693,572
Land and buildings	1,117,970	1,184,639
Plant and equipment	779,042	4,508,056
TOTAL CAPITAL EXPENDITURE	7,237,868	24,633,392
Represented by:		
New infrastructure	257,343	604,909
Renewal of infrastructure	2,564,242	17,749,946
Upgrade of infrastructure	2,519,271	585,842
New land and buildings	340,320	383,020
Expansion of land and buildings	-	21,121
Renewal of land and buildings	-	224,767
Upgrade of land and buildings	777,650	555,731
New plant and equipment	779,042	4,508,056
TOTAL CAPITAL EXPENDITURE	7,237,868	24,633,392

Property, plant and equipment, infrastructure movement

The movement between the previous year and the current year in Property, Plant and Equipment, Infrastructure, as shown in the Statement of Financial Position, links to the net of the following items:

	Note	2013	2012
		\$	\$
Total capital works on property, plant and equipment, infrastructure	10	7,237,869	24,633,390
Asset revaluation movement	10	18,073,553	(4,308,490)
Depreciation	10	(7,480,240)	(7,280,594)
Change in restoration liabilities	10	(530,597)	93,653
Movement in asset class	10	173,700	(13,071)
Impairment of assets	10	4,889,571	(1,127,750)
Written down value of assets sold	10	(254,340)	(510,557)
Net movement in property, plant and equipment, infrastructure	10	19,123,420	11,486,581

(a) Renewal

Expenditure on an existing asset which returns the service potential or the life of the asset up to that which it had originally. It is periodically required expenditure, relatively large (material) in value compared with the value of the components or sub-components of the asset being renewed. As it reinstates existing service potential, it has no impact on revenue, but may reduce future operating and maintenance expenditure if completed at the optimum time.

NOTE 28 CAPITAL EXPENDITURE (CONTINUED)

(b) Upgrade

Expenditure which enhances an existing asset to provide a higher level of service or expenditure that will increase the life of the asset beyond that which it had originally. Upgrade expenditure is discretionary and often does not result in additional revenue unless direct user charges apply. It will increase operating and maintenance expenditure in the future because of the increase in the Council's asset base.

(c) Expansion

Expenditure which extends an existing asset, at the same standard as is currently enjoyed by residents, to a new group of users. It is discretionary expenditure which increases future operating and maintenance costs, because it increases Council's asset base, but may be associated with additional revenue from the new user group.

CERTIFICATION OF REPORT

In my opinion the accompanying financial statements have been prepared in accordance with the Local Government Act 1989, the Local Government (Finance and Reporting) Regulations 2004, Australian Accounting Standards and other mandatory professional reporting requirements.

Signed:  Date: 23 / 9 / 13
JUDITH PATRICIA HOLT B Bus (Acct), GAICD, PRINCIPAL ACCOUNTING OFFICER

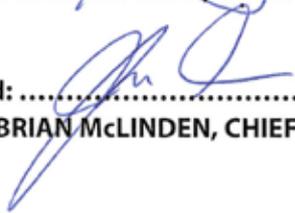
In our opinion the accompanying financial statements present fairly the financial transactions of the Loddon Shire Council for the year ended 30 June 2013 and the financial position of the Council as at that date.

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

We have been authorised by Council on 26 August 2013 to certify the financial statements in their final form.

Signed:  Date: 23 / 9 / 13
GEOFFREY WALLACE CURNOW, MAYOR

Signed:  Date: 23 / 9 / 13
GAVAN LINDSAY HOLT, COUNCILLOR

Signed:  Date: 23 / 9 / 13
JOHN BRIAN McLINDEN, CHIEF EXECUTIVE OFFICER

VAGO

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INDEPENDENT AUDITOR'S REPORT

To the Councillors, Loddon Shire Council

The Financial Report and Standard Statements

The accompanying financial report for the year ended 30 June 2013 of the Loddon Shire Council which comprises comprehensive income statement, statement of financial position, statement of changes in equity, statement of cash flows, notes comprising a summary of the significant accounting policies and other explanatory information, and the certification of report has been audited.

The accompanying standard statements for the year ended 30 June 2013 of the Council which comprises standard income statement, standard balance sheet, standard cash flow statement, standard statement of capital works, the related notes and the certification of standard statements have been audited.

The Councillors' Responsibility for the Financial Report and Standard Statements

The Councillors of the Loddon Shire Council are responsible for the preparation and the fair presentation of:

- the financial report in accordance with Australian Accounting Standards, and the financial reporting requirements of the *Local Government Act 1989*
- the standard statements in accordance with the basis of preparation as described in Note A to the statements and the requirements of the *Local Government Act 1989*.

The Councillors are responsible for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the financial report and standard statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

As required by the *Audit Act 1994* and the *Local Government Act 1989*, my responsibility is to express an opinion on the financial report and standard statements based on the audit, which has been conducted in accordance with Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial report and standard statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report and standard statements. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the financial report and standard statements, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the financial report and standard statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Councillors, as well as evaluating the overall presentation of the financial report and standard statements.

Independent Auditor's Report (continued)

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, the Auditor-General, his staff and delegates complied with all applicable independence requirements of the Australian accounting profession.

Opinion

In my opinion:

- (a) the financial report presents fairly, in all material respects, the financial position of the Loddon Shire Council as at 30 June 2013 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Local Government Act 1989*
- (b) the standard statements present fairly, in all material respects, in accordance with the basis of preparation as described in Note A to the statements and the requirements of the *Local Government Act 1989*.

Basis of Accounting for Standard Statements

Without modifying my opinion, I draw attention to Note A to the standard statements, which describes the basis of accounting. The standard statements are prepared to meet the requirements of the *Local Government Act 1989*. As a result, the standard statements may not be suitable for another purpose.

Matters Relating to the Electronic Publication of the Audited Financial Report and Standard Statements

This auditor's report relates to the financial report and standard statements of the Loddon Shire Council for the year ended 30 June 2013 included both in the Loddon Shire Council's annual report and on the website. The Councillors of the Loddon Shire Council are responsible for the integrity of the Loddon Shire Council's website. I have not been engaged to report on the integrity of the Loddon Shire Council's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report and standard statements are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report and standard statements to confirm the information contained in the website version of the financial report and standard statements.

MELBOURNE
24 September 2013



John Doyle
Auditor-General

PERFORMANCE STATEMENT

Introduction to performance statement

The Victorian Government is of the view that it is reasonable to expect all councils to collect and publish performance information. Local government authorities must develop performance accountability mechanisms which allow for a consistent approach in the collection and reporting of information regarding financial performance, operating costs and community satisfaction. Without comparable figures, a great deal of benefit of measuring performance is lost.

Section 132 of the Local Government Act 1989 states that Council must prepare a Performance Statement, and the Performance Statement must include Key Strategic Activities and performance targets and measures specified in the budget for that financial year. The Performance Statement must also include actual results achieved for that financial year having regard to those performance targets and measures.

The use of performance indicators by local government is a significant first step towards achieving:

- ▶ an improved capacity to objectively measure council performance leading to a better set of relationships between state and local government.
- ▶ better informed local communities.

Strategic focus - economic development

Strategy

Support current business to thrive and grow.

Initiative	Performance measure	Data source	Target	Actual
Survey our existing businesses to determine their development needs	Report regarding survey results presented to Council	Minutes of meetings	30-Jun-13	Not complete. The survey has been undertaken, but results have not been provided to Council.

PERFORMANCE STATEMENT (CONTINUED)

Strategic focus - land use planning

Strategy

Ensure that Council's regulatory regime promotes growth.

Initiative	Performance measure	Data source	Target	Actual
Ensure that the planning scheme review recognises Council's current objectives for growth including: intensive animal industries in the East Loddon Waterworks district; Loddon prime development zones; and renewable energy opportunities.	Planning scheme review undertaken and adopted by Council	Council Minutes	30-Jun-13	Not complete. The review is approximately 95% complete. Some fine tuning is required, after which time the document will be ready to submit to Council.

Strategic focus - asset management

Strategy

Manage Council's current asset base.

Initiative	Performance measure	Data source	Target	Actual
Develop an asset management plan for storm water drainage	Storm Water Asset Management Plan adopted by Council	Council Minutes	30-Jun-13	Not complete. Work has commenced. It is expected that completion will be 31 December 2013.

PERFORMANCE STATEMENT (CONTINUED)

Strategic focus - social connections

Strategy

Reduce barriers to social participation.

Initiative	Performance measure	Data source	Target	Actual
Develop a new Rural Access and Disability Plan	Rural Access and Disability Plan adopted by Council	Council Minutes	30-Jun-13	Complete. Adopted By Council on 25 February 2013

Strategic focus - organisational development

Strategy

Establish an organisational culture that demands excellence.

Initiative	Performance measure	Data source	Target	Actual
Complete the Internal Communication Strategy	Internal Communication Strategy adopted by Management Executive Group (MEG)	Internal Communication Strategy adopted by Management Executive Group (MEG)	30-Jun-13	Not complete. Adopted by Management Executive Group on 2 July 2013

CERTIFICATION OF PERFORMANCE STATEMENT

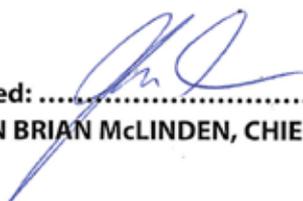
In our opinion the accompanying Performance Statement of the Loddon Shire Council in respect of the 2012/13 financial year is presented fairly in accordance with the Local Government Act 1989.

The statement outlines the performance targets and measures set in relation to key strategic activities in respect of that year described in the Budget, and describes the extent to which the Budget was met in that year having regard to those key strategic activities.

As at the time of signing, we are not aware of any circumstances that would render any particulars in the statement to be misleading or accurate.

Signed:  Date: 23 9 13
GEOFFREY WALLACE CURNOW, MAYOR

Signed:  Date: 23 9 13
GAVAN LINDSAY HOLT, COUNCILLOR

Signed:  Date: 23 9 13
JOHN BRIAN McLINDEN, CHIEF EXECUTIVE OFFICER

VAGO

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INDEPENDENT AUDITOR'S REPORT

To the Councillors, Loddon Shire Council

The Performance Statement

The accompanying performance statement for the year ended 30 June 2013 of the Loddon Shire Council which comprises the statement and the certification of the performance statement has been audited.

The Councillors' Responsibility for the Performance Statement

The Councillors of the Loddon Shire Council are responsible for the preparation and fair presentation of the performance statement in accordance with the *Local Government Act 1989* and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the performance statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

As required by the *Local Government Act 1989*, my responsibility is to express an opinion on the performance statement based on the audit, which has been conducted in accordance with Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the performance statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the performance statement. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the performance statement, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the performance statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the overall presentation of the performance statement.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independent Auditor's Report (continued)

Independence

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, the Auditor-General, his staff and delegates complied with all applicable independence requirements of the Australian accounting profession.

Auditor's Opinion

In my opinion, the performance statement of the Loddon Shire Council in respect of the 30 June 2013 financial year presents fairly, in all material respects, in accordance with the *Local Government Act 1989*.

Matters Relating to the Electronic Publication of the Audited Performance Statement

This auditor's report relates to the performance statement of the Loddon Shire Council for the year ended 30 June 2013 included both in the Loddon Shire Council's annual report and on the website. The Councillors of the Loddon Shire Council are responsible for the integrity of the Loddon Shire Council's website. I have not been engaged to report on the integrity of the Loddon Shire Council's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this statement. If users of the performance statement are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited performance statement to confirm the information contained in the website version of the performance statement.

MELBOURNE
24 September 2013



John Doyle
Auditor-General