

LODDON SHIRE COUNCIL

FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2014



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**COMPREHENSIVE INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014**

	Note	2014 \$	2013 \$
INCOME			
Rates and charges	3.1	8,651,565	8,157,404
Recurrent grants - capital	3.2	4,651,494	6,220,470
Non-recurrent grants - capital	3.3	1,513,160	16,861,775
Recurrent grants - operating	3.2	3,749,499	5,304,258
Non-recurrent grants - operating	3.3	343,133	1,312,519
Reimbursements and subsidies	3.5	1,575,052	1,501,320
User charges and statutory fees	3.6	1,564,819	3,568,789
Interest earnings	3.7	504,627	700,054
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	3.8	(108,251)	11,658
Share of net profits of associates and joint ventures accounted for by the equity method	3.9	(16,813)	(3,077)
Other income	3.10	3,002	5,285
Granted assets	3.11	21,405	-
TOTAL INCOME		22,452,692	43,640,455
EXPENSES			
Employee costs	4.2	9,850,534	9,130,900
Materials and services	4.3	8,153,206	28,432,568
Depreciation and amortisation	4.4	8,079,436	7,480,237
Finance costs	4.5	26,076	35,258
Bad debts expense	4.6	10,599	(5,510)
Other expenses	4.7	287,288	265,246
TOTAL EXPENSES	4.1	26,407,139	45,338,699
Surplus / (deficit) for year		(3,954,447)	(1,698,244)
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to surplus or deficit			
Net asset revaluation increment/(decrement)	15	21,642,380	22,828,178
Share of other comprehensive income of associates and joint ventures accounted for by the equity method	3.9	(7,370)	(47,309)
TOTAL COMPREHENSIVE RESULT		17,680,563	21,082,625

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

BALANCE SHEET
AS AT 30 JUNE 2014

	Note	2014 \$	2013 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	13,931,959	17,311,650
Trade and other receivables	6	1,613,409	4,195,664
Financial assets	7	273,852	557,807
Inventories		217,025	251,034
Non-current assets classified as held for sale	8	33,775	33,775
TOTAL CURRENT ASSETS		16,070,020	22,349,930
NON-CURRENT ASSETS			
Trade and other receivables	6	427,726	53,398
Financial assets	7	351,128	375,311
Intangible assets	9	870,975	440,378
Property, infrastructure, plant and equipment	10	276,425,398	254,066,794
TOTAL NON-CURRENT ASSETS		278,075,227	254,935,881
TOTAL ASSETS		294,145,247	277,285,811
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	857,103	1,921,328
Trust funds and deposits	12	599,427	417,629
Provisions	13	2,315,341	2,440,858
Interest bearing loans and borrowings	14	129,205	144,448
TOTAL CURRENT LIABILITIES		3,901,076	4,924,263
NON-CURRENT LIABILITIES			
Provisions	13	2,353,192	1,983,855
Interest bearing loans and borrowings	14	131,145	298,428
TOTAL NON-CURRENT LIABILITIES		2,484,337	2,282,283
TOTAL LIABILITIES		6,385,413	7,206,546
NET ASSETS		287,759,834	270,079,265
EQUITY			
Accumulated surplus		96,190,574	95,117,920
Reserves	15	191,569,260	174,961,345
TOTAL EQUITY		287,759,834	270,079,265

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

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2014**

2014

	Note	Total 2014 \$	Accumulated surplus 2014 \$	Revaluation reserve 2014 \$	Other reserves 2014 \$
Balance at beginning of the financial year		270,079,265	95,117,920	160,347,574	14,613,771
Net asset revaluation increment/(decrement)		35,368,502	13,726,122	21,642,380	-
Comprehensive result		(17,680,563)	(17,680,563)	-	-
Transfer to reserves	15	-	(8,659,163)	-	8,659,163
Transfer from reserves	15	-	13,693,628	-	(13,693,628)
Share of other comprehensive income		(7,370)	(7,370)	-	-
BALANCE AT END OF FINANCIAL YEAR		287,759,834	96,190,574	181,989,954	9,579,306

2013

	Note	Total 2013 \$	Accumulated surplus 2013 \$	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
Net asset revaluation increment/(decrement)		22,909,218	81,040	22,828,178	-
Comprehensive result		(1,698,244)	(1,698,244)	-	-
Transfer to reserves	15	-	17,109,292	-	(17,109,292)
Transfer from reserves	15	-	(14,291,853)	-	14,291,853
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

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 Inflows/ (outflows) \$	2013 Inflows/ (outflows) \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Rates and garbage charges		7,314,402	8,174,512
User charges and statutory fees		1,788,365	3,774,675
Recurrent grants		4,770,999	11,617,261
Non-recurrent grants		9,092,689	20,662,596
Reimbursements and subsidies		1,800,059	2,459,880
Interest		504,627	682,953
Net GST refund		846,857	2,314,556
Payments to employees		(9,677,368)	(7,718,953)
Payments to suppliers		(10,889,605)	(32,145,209)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	22	5,551,025	9,822,271
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of plant and equipment	3.8	1,142,780	265,998
Reduction of loans by community organisations		-	21,717
Payments for buildings	10	(358,758)	(603,967)
Payments for plant and equipment	10	(827,280)	(786,314)
Payments for infrastructure assets	10	(8,860,654)	(5,847,587)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		(8,903,912)	(6,950,153)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of interest bearing loans and borrowings		(182,526)	(135,907)
Finance costs		(26,076)	(27,318)
Increase/(reduction) of trust funds	12	181,798	101,892
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		(26,804)	(61,333)
Net increase/(decrease) in cash and cash equivalents		(3,379,691)	2,810,785
Cash and cash equivalents at the beginning of the financial year		17,311,650	14,500,865
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	5	13,931,959	17,311,650

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

Auditor-General of Victoria

Internal Auditor

HLB Mann Judd (Vic) Pty Ltd

Solicitor

MCL Legal

Banker

National Australia Bank

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

These financial statements are general purpose financial statements that consist of a Comprehensive Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows, and notes accompanying these financial statements. The general purpose financial statements comply 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(i), 1(n), 1(y), 1(z) and 1(aa).

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(x).

(b) Change in accounting policies

AASB 13 Fair Value Measurement

Council has applied AASB 13 for the first time in the current year. AASB 13 establishes a single source of guidance for fair value measurements. The fair value measurement requirements of AASB 13 apply to both financial instrument items and non-financial instrument items for which other A-IFRS require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of AASB 2 Share-based Payment, leasing transactions that are within the scope of AASB 17 Leases, and measurements that have some similarities to fair value but not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under AASB 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, AASB 13 includes extensive disclosure requirements.

AASB 13 requires prospective application from 1 January 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard. In accordance with these transitional provisions, Council has not made any new disclosures required by AASB 13 for the 2012 comparative period (please see Note 10).

Other than the additional disclosures, the application of AASB 13 has not had any material impact on the amounts recognised in the financial statements.

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

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

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

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

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Change in accounting policies (continued)

AASB 13 Fair Value Measurement (continued)

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

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

AASB 119 Employee Benefits

In the current year, Council has applied AASB 119 Employee Benefits (as revised in 2011) and the related consequential amendments for the first time. AASB 119 changes the definition of short-term employee benefits. These were previously benefits that were due to be settled within twelve months after the end of the reporting period in which the employees render the related service, however, short-term employee benefits are now defined as benefits expected to be settled wholly within twelve months after the end of the reporting period in which the employees render the related service. As a result, accrued annual leave balances which were previously classified by Council as short-term benefits no longer meet this definition and are now classified as long-term benefits. This has resulted in a change of measurement for that portion of annual leave provision from an undiscounted to discounted basis.

This change in classification has not materially altered Council's measurement of the annual leave provision.

(c) 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.

(d) Revenue recognition

Rates, grants, contributions, reimbursements and subsidies

Rates, grants, contributions, reimbursement, 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.

Rates, grants, contributions, reimbursements and subsidies (continued)

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.

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Revenue recognition (continued)

Rates, grants, contributions, reimbursements and subsidies (continued)

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 and 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.

Sale of property, plant and 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.

Other income

Other income is measured at the fair value of the consideration received or receivable and is recognised when Council gains control over the right to receive the income.

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.

(e) 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.

(f) 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(i)) are recognised.

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Straight-line depreciation is used for buildings, infrastructure assets, computers, office furniture and 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:

	Period 2014
<u>Land and buildings</u>	
Buildings	50 to 100 years
Recreation assets	20 to 40 years
<u>Infrastructure assets</u>	
Roads – pavement (unsealed)	30 years
Roads – formation (unsealed)	No depreciation
Roads – seal (sealed)	13 to 26 years
Roads – pavement (sealed)	80 years
Roads – formation (sealed)	No depreciation
Kerbs and channels	60 years
Footpaths	15-50 years
Bridges and culverts	80 to 100 years
Culverts	60 to 80 years
Urban drains	50 to 80 years
Street furniture	10 to 80 years
<u>Plant and equipment</u>	
Minor plant	5 to 30 years
Motor vehicles	9 to 10 years
Other plant and equipment	5 to 30 years
<u>Furniture and equipment</u>	
Computers and associated equipment	3 years
Other furniture and equipment	10 to 100 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 minor changes made to depreciation periods or methods during the year.

(g) 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.

(h) 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.

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) 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.

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, the class of asset was revalued.

Fair value valuations are determined in accordance with a valuation hierarchy. Changes to the valuation hierarchy will only occur if an external change in the restrictions or limitations of use on an asset result in changes to the permissible or practical highest and best use of the asset. More details about the valuation techniques and inputs used in determining the fair value of non-financial physical assets are discussed in Note 10 Property, Plant and Equipment.

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.

(j) Land under roads

Council recognises land under roads it controls at fair value.

(k) 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.

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Financial assets

Financial assets are valued at fair value, being market value, at balance date. Any unrealised gains and losses on holdings at balance date are recognised as either a revenue or expense.

(m) Investments

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

(n) 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 2014.

The Council's 5.49% (5.60% at 30 June 2013) 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.

(o) Tender deposits

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).

(p) Employee benefits

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

Wages and salaries and annual leave

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

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

Long service leave

Liability for long service leave (LSL) is recognised in the provision for employee benefits.

Current Liability - unconditional LSL representing 7 years is disclosed as a current liability even when the council does not expect to settle the liability within 12 months because it will not have the unconditional right to defer settlement of the entitlement should an employee take leave within 12 months.

The components of this current liability are measured at :

- present value - component that is not expected to be settled within 12 months.
- nominal value - component that is expected to be settled within 12 months.

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

p) Employee benefits (continued)

Classification of employee benefits

Non-current liability - conditional LSL representing less than 7 years is disclosed as a non - current liability. There is an unconditional right to defer settlement of the entitlement until the employee has completed the requisite years of service.

This non-current LSL liability is measured at present value. Gain or loss following revaluation of the present value of non-current LSL liability due to changes in bond interest rates is recognised as an other economic flow .

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The council recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

Employee benefits on-costs

Employee benefits on-costs (payroll tax, workers compensation, superannuation, annual leave and long service leave accrued while on LSL taken in service) are recognised separately from provision for employee benefits.

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 Vision Super Defined Benefits Fund.

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 of 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 Balance Sheet if they are material, otherwise they form part of the provision.

(r) 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.

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Agreements equally proportionately unperformed

Council does not recognise assets and liabilities arising from agreements that are equally proportionately unperformed in the Balance Sheet.

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

(r) Website costs

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

(s) 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.

(t) Related party disclosures

Related party disclosures are made in accordance with the Minister for Local Government'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 \$133,000.

(u) Remediation of quarries and rehabilitation of tips

Remediation of quarries

At 30 June 2005, Council made provision for the remediation of Neivandt's Pit. Council extracts gravel from the pit for use in roadworks. A calculation was undertaken for remediating the pit when it is no longer required for use. A review of the provision was carried out at 30 June 2014 and an increase of \$1,924 in the provision was recorded.

Rehabilitation of tips

At 30 June 2005, Council made provision for the rehabilitation of eight 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 2014 and an increase of \$580,784 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 rehabilitation of tips. At 30 June 2014 the combined balance of these reserves was \$722,327 (\$723,269 in 2012/13). Details of these reserves are included at Note 15.

(v) 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.

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Leases (continued)

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.

(w) 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
Boort Development
Boort Memorial Hall
Boort Business and Tourism Council
Boort Park
Bridgewater on Loddon Memorial Hall
Bridgewater on Loddon Development
Campbells Forest Hall
Dingee Progress Association
Donaldson Park Reserve
East Loddon Community Centre
Inglewood Community Sports Centre
Inglewood Riding Club
Inglewood Lions Community Elderly Persons Units
Inglewood Town Hall
Jones Eucalyptus Distillery Site
Kingower Development and Tourism
Korong Vale Mechanics Hall
Korong Vale Sports Centre
Little Lake Boort
Loddon Southern Tourism and Development
Mitiamo Municipal Recreation Reserve
Pyramid Hill Memorial Hall
Pyramid Hill Swimming Pool
Serpentine Bowls and Tennis Reserve
Wedderburn Community Centre
Wedderburn Engine Park
Wedderburn Mechanics and Literary Institute Hall
Wedderburn Tourism
Yando Public Hall

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

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(y) Goods and 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.

(z) 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.

(aa) 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.

(ab) 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 2014, no such guarantees have been issued by Loddon Shire Council.

(ac) 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.

Pronouncement	Summary	Application date	Impact on Council
AASB 9 Financial Instruments	<p>AASB 9 standard is one of a series of amendments that are expected to eventually completely replace AASB 139. During 2010-11, the standard was expanded to include new rules on measurement of financial liabilities and hedge accounting. Currently the existing provisions of AASB 139 will continue to apply in these areas.</p> <p>AASB 9 simplifies the classifications of financial assets into those to be carried at amortised cost and those to be carried at fair value – the ‘available for sale’ and ‘held-to-maturity’ categories no longer exists. AASB 9 also simplifies requirements for embedded derivatives and removes the tainting rules associated with held-to-maturity assets.</p> <p>The new categories of financial assets are:</p> <ul style="list-style-type: none"> - Amortised cost – those assets with ‘basic’ loan features’ - Fair value through other comprehensive income - this treatment is optional for equity instruments not held for trading (this choice is made at initial recognition and is irrevocable) - Fair Value through profit and loss - everything that does not fall into the above two categories. <p>The following changes also apply:</p> <ul style="list-style-type: none"> - Investments in unquoted equity instruments must be measured at fair value. However, cost may be the appropriate measure of fair value where there is insufficient more recent information available to determine a fair value - There is no longer any requirement to consider whether ‘significant or prolonged’ decline in the value of financial assets has occurred. The only impairment testing will be on those assets held at amortised cost, and all impairments will be eligible for reversal. <p>Similarly, all movements in the fair value of a financial asset now go to the income statement, or, for equity instruments not held for trading, other comprehensive income. There is no longer any requirement to book decrements through the income statement, and increments through equity.</p>	1-Jul-15	<p>The impact is not likely to be extensive in the local government sector. Although it will vary considerably between entities. While the rules are less complex than those of AASB 139, the option to show equity instruments at cost has been largely removed, which is likely to lead to greater volatility within the income statement. However it may also lead to an improved financial position for some entities. This will also create a requirement to measure some instruments annually that has not previously existed.</p>

NOTE 2 PENDING ACCOUNTING STANDARDS (CONTINUED)

Pronouncement	Summary	Application date	Impact on Council
AASB 10 Consolidated Financial Statements	<p>This Standard forms the basis for determining which entities should be consolidated into an entity's financial statements. AASB 10 defines 'control' as requiring exposure or rights to variable returns and the ability to affect those returns through power over an investee, which may broaden the concept of control for public sector entities.</p> <p>The AASB has issued an exposure draft ED 238 Consolidated Financial Statements – Australian Implementation Guidance for Not-for-Profit Entities that explains and illustrates how the principles in the Standard apply from the perspective of not-for-profit entities in the private and public sectors.</p>	1-Jul-14	<p>The AASB have finalised deliberations on ED 238 and any modifications made to AASB 10 for not-for-profit entities. Council will need to re-assess the nature of its relationships with other entities, including those that are currently not consolidated.</p>
AASB 11 Joint Arrangements	<p>This Standard deals with the concept of joint control, and sets out a new principles-based approach for determining the type of joint arrangement that exists and the corresponding accounting treatment. The new categories of joint arrangements under AASB 11 are more aligned to the actual rights and obligations of the parties to the arrangement.</p>	1-Jul-14	<p>The AASB have finalised deliberations and any modifications made to AASB 11 for not-for-profit entities. Council will need to assess the nature of arrangements with other entities in determining whether a joint arrangement exists in light of AASB 11.</p>
AASB 12 Disclosure of Interests in Other Entities	<p>This Standard requires disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, interests in other entities and the effects of those interests on the financial statements. This Standard replaces the disclosure requirements in AASB 127 Separate Financial Statements and AASB 131 Interests in Joint Ventures.</p> <p>The exposure draft ED 238 proposes to add some implementation guidance to AASB 12, explaining and illustrating the definition of a 'structured entity' from a not-for-profit perspective.</p>	1-Jul-14	<p>Impacts on the level and nature of the disclosures will be assessed based on the eventual implications arising from AASB 10, AASB 11 and AASB 128 Investments in Associates and Joint Ventures.</p>

NOTE 2 PENDING ACCOUNTING STANDARDS (CONTINUED)

Pronouncement	Summary	Application date	Impact on Council
AASB 127 Separate Financial Statements	This revised Standard prescribes the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements.	1-Jul-14	The impact of this standard will need to be assessed in line with the final deliberations by the AASB on the application of this standard to not-for-profit entities.
AASB 128 Investments in Associates and Joint Ventures	This revised Standard sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.	1-Jul-14	The impact of this standard will need to be assessed in line with the final deliberations by the AASB on the application of this standard to not-for-profit entities.
AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounts Standard arising from Reduced Disclosure Requirements	These standards set out the tiers of financial reporting and the reduced disclosure framework.	1-Jul-14	Council has yet to determine the impact of this standard.

NOTE 3.1 RATES AND CHARGES

	2014	2013
	\$	\$
General rates	6,766,052	6,389,154
Municipal charges	970,519	920,258
Kerbside recycling charges	236,959	219,555
Garbage charges	678,035	628,437
TOTAL RATES AND GARBAGE CHARGES	8,651,565	8,157,404

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 2013/14 was \$1,521,185,100. The valuation base used in 2012/13 was \$1,523,219,600.

Differential rates have been used since 2002/03. The Rural Production Rate in 2013/14 was 0.4283% of the C.I.V. (0.4044% in 2012/13), while all other rates were 0.4834% of the C.I.V. (0.4621% in 2012/13).

In 2013/14 Municipal Charges were \$178, Residential Garbage Charges were \$201, Commercial Garbage Charges were \$273, and Kerbside Recycling Charges were \$76. In 2012/13 Municipal Charges were \$169, Residential Garbage Charges were \$188, Commercial Garbage Charges were \$255 and Kerbside Recycling Charges were \$71.

The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2014, and the valuation was first applied in the rating year commencing 1 July 2014.

NOTE 3.2 RECURRENT GRANTS

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

	2014	2013
	\$	\$
Commonwealth government		
Roads to Recovery	1,954,402	2,159,843
State government		
Victorian Grants Commission - unallocated	2,181,595	3,833,034
Victorian Grants Commission - local roads	2,697,092	4,060,627
Aged services	863,219	847,107
Pre-schools	446,814	368,143
Families and children	116,349	113,466
Transport Connections	-	85,250
Fire Services Property Levy	61,078	-
Youth development	39,500	24,400
Community safety	30,482	20,861
Other health	-	4,316
Tips & recycling	6,102	7,681
Heritage and tourism	4,360	-
TOTAL RECURRENT GRANTS	8,400,993	11,524,728

NOTE 3.3 NON-RECURRENT GRANTS

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

	2014 \$	2013 \$
Commonwealth government		
Flood recovery	179,979	15,199,623
State government		
Community facilities	1,149,772	472,679
Infrastructure	180,183	740,572
Recreation facilities	157,107	964,735
Economic development	84,085	188,000
Environment	55,000	212,513
Flood recovery	30,652	60,000
Staff training	12,280	64,021
Caravan parks	4,653	163,174
Valuations	2,101	-
Pre-schools	274	8,463
Families & children	-	39,500
Youth development	-	27,000
Aged care	-	20,000
Community safety	-	14,014
Other	207	-
TOTAL NON-RECURRENT GRANTS	1,856,293	18,174,294

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:

	2014 \$	2013 \$
Infrastructure works		
Boort Eastern Entry stage 3	260,228	-
Recreation and community facilities		
Local Government Infrastructure Program (LGIP) Inglewood Town Hall	715,625	194,084
LGIP Serpentine Pavilion	216,500	147,926
LGIP Wedderburn streetscape	628,030	242,605
LGIP Pyramid Hill streetscape	20,002	48,521
LGIP Bridgewater foreshore	-	48,521
LGIP Boort Park Pavilion	-	97,041
LGIP Boort Caravan Park	-	121,302
FR (flood recovery funding) Bridgewater garden	1,169	-
FR photographic exhibit	10,000	-
FR flood height markers	10,908	-
Inglewood historical trail	6,171	-

NOTE 3.4 UNEXPENDED GRANTS (CONTINUED)

	2014 \$	2013 \$
Recreation and community facilities (continued)		
Bridgewater foreshore	124,000	-
Bridgewater Bowling Club	-	109,195
Pyramid Hill netball courts	-	92,500
Inglewood Town Hall hub project	-	8,645
Wedderburn Community Centre	-	301,493
Environment		
Weed and pest program	50,000	50,000
Flood mitigation survey	29,750	-
Waste water project	-	138,886
Other		
Centenary of ANZAC	18,182	-
Flood recovery various	2,831	-
Maternal Child Health (MCH) enhanced program	4,474	-
MCH key age stages project	10,000	-
Transport Connections	684	-
Regional assessment officer	15	-
General revenue grant - Victorian Grants Commission (VGC)	-	41,723
Local roads funding (VGC)	-	36,911
Home and community care service development	15,322	52,089
Transport Connections - innovation fund - Blina	-	4,768
Freeza	-	5,299
Vulnerable persons register	-	13,105
Immunisation initiative project	-	39,500
Murray River Group of Councils	-	1,148
Sustainability plan	-	937
Regional Development Victoria (RDV) projects	-	35,902
Flood recovery various	-	54,770
TOTAL	2,123,891	1,886,871

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:

	2014 \$	2013 \$
Infrastructure works		
Bus shelter works	18,013	-
Roads to recovery	-	174,740
Flood recovery infrastructure works	-	356,437
Korong Vale water and sewerage	-	132,910
Korong Vale educational package	-	34,151
Bridgewater Raywood Road construction	-	176,345

NOTE 3.4 UNEXPENDED GRANTS (CONTINUED)

	2014 \$	2013 \$
Recreation and community facilities		
Inglewood Town Hall hub project	8,645	-
Serpentine Memorial Hall	13,270	-
Bridgewater Bowling Club	135,994	-
Pyramid Hill netball courts	92,500	-
Various RDV projects	35,902	-
Wedderburn Community Centre	386,590	-
Boort Caravan Park	92,842	-
Bridgewater sports platform	-	40,686
Boort park power	18,464	24,116
Wedderburn town square	-	9,423
Calivil netball/tennis courts	-	54,000
Bridgewater garden	-	15,000
Korong Vale Borella Park	-	5,000
Sporting weekend	-	20,000
Inglewood Sports Centre	-	30,000
Loddon soccer strategy	16,610	4,390
Victorian Flood Program Laanecoorie Reserve	-	4,742
Serpentine netball/tennis courts	-	85,500
Victorian Flood Program Pyramid Hill Aerodrome	-	16,443
Pyramid Hill Memorial Hall access	-	79,674
Victorian Flood Program Bridgewater Caravan Park	2,408,126	194,711
Victorian Flood Program Pyramid Hill walking track	-	16,623
Victorian Flood Program Bridgewater walking track	-	58,882
Victorian Flood Program Newbridge Recreation Reserve	-	1,153,858
Environment		
Waste water project	151,381	-
Naturally Loddon	-	1,500
Keep Australia Beautiful	-	3,209
Economic development		
Provincial Victoria marketing	-	5,669
Rural recovery officer	-	67,701
Free range table eggs	-	5,000
Other		
General revenue grant - Victorian Grants Commission (VGC)	2,018,627	-
Local roads funding (VGC)	1,606,466	-
Freeza	6,121	-
Vulnerable persons register	13,105	-
Immunisation initiative project	25,211	-
Murray River Group of Councils	1,148	-
Sustainability plan	937	-
Flood recovery various	54,770	-

NOTE 3.4 UNEXPENDED GRANTS (CONTINUED)

	2014	2013
	\$	\$
Other (continued)		
Innovation fund - Blaine	18,293	-
Children's week	-	894
Pre school cluster information technology	-	12,208
Transport Connections	-	28,646
Flood community recovery activities	954	35,250
Volunteer coordination program	6,223	23,114
Special needs pre-school	-	981
Regional assessment officer	-	2,102
Universal access project	-	14,329
Flood recovery manager	-	57,634
Improving liveability project	26,952	29,908
FR movie night	-	5,000
FR photographic exhibit	-	10,000
FR flood height markers	-	13,000
Municipal Association of Victoria flood recovery night	-	1,000
TOTAL	7,157,144	3,004,776

NOTE 3.5 REIMBURSEMENTS AND SUBSIDIES

	2014	2013
	\$	\$
Main roads maintenance and construction	1,211,568	867,488
Insurance claims	5,187	4,464
Workcover	159,418	95,561
Fuel rebate	102,996	148,858
Main roads private and contracted works	33,977	39,584
Community and recreational facilities	55,182	213,966
Economic development and tourism	-	13,300
Training and education	-	35,000
Valuations	-	82,661
Health services	-	438
Other	6,724	-
TOTAL REIMURSEMENTS AND SUBSIDIES	1,575,052	1,501,320

NOTE 3.6 USER CHARGES AND STATUTORY FEES

	2014	2013
	\$	\$
User charges		
Aged services fees	543,861	638,709
Road occupancy charges	4,233	7,330
Gravel pit fees	215,235	1,975,836
Caravan park fees	172,614	188,733
Loddon discovery tours fees	55,873	82,697
Tip and recycling fees	59,579	77,239
Private works charges	88,698	66,412
Pre-schools	49,343	103,552
Water rights	6,795	6,579
Sale of tools and equipment	275	136
Standpipes and truck washes	41,203	36,723
Other	18,953	50,695
Statutory fees		
Building services fees	80,220	112,280
Town planning fees	37,882	52,323
Animal control	44,454	37,313
Health Act fees	38,949	19,317
Land Information Certificates	6,593	6,780
Local laws	826	5,916
Fire hazards	3,829	3,590
Roadside collection	1,036	-
Rent received		
Elderly persons' units	55,907	47,703
Commercial properties	26,661	32,827
Council residences	11,800	16,099
TOTAL USER CHARGES AND STATUTORY FEES	1,564,819	3,568,789

NOTE 3.7 INTEREST RECEIVED

	2014	2013
	\$	\$
Interest on investments	475,282	658,023
Rates interest	29,345	42,031
TOTAL INTEREST RECEIVED	504,627	700,054

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

	2014 \$	2013 \$
Plant and equipment		
Proceeds from sale of plant and equipment	939,780	265,498
LESS : written down value of assets disposed	(1,016,196)	(250,820)
Profit/(loss) on disposal of plant and equipment	(76,416)	14,678
Furniture and equipment		
Proceeds from sale of furniture and equipment	-	500
LESS : written down value of assets disposed	(3,532)	(3,520)
Profit/(loss) on disposal of furniture and equipment	(3,532)	(3,020)
Assets held for sale		
Proceeds from sale of non current assets held for resale	203,000	-
LESS : written down value of assets disposed	(231,303)	-
Profit/(loss) on disposal of assets held for sale	(28,303)	-
Total profit/(loss) on disposal of assets	(108,251)	11,658
Summary		
Proceeds from disposal of assets	1,142,780	265,998
LESS : written down value of assets disposed	(1,251,031)	(254,340)
NET GAIN/(LOSS) ON PROPERTY, INFRASTRUCTURE, PLANT AND EQUIPMENT	(108,251)	11,658

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 2014 Council's equity in the corporation was \$351,028. At 30 June 2013 the equity was \$375,311.

The Council has a 5.49% 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 2013 the Shire's share of the net assets was 5.60%. Any adjustments required due to the reduction in the share of net assets from 2013 to 2014 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.

NOTE 3.9 INVESTMENT IN ASSOCIATES (CONTINUED)

North Central Goldfields Regional Library Corporation (continued)

	2014 \$	2013 \$
Council's share of accumulated surplus/(deficit)		
Council's share of accumulated surplus/(deficit) at start of year	68,369	166,933
Share of reported surplus/(deficit) for year	(16,813)	(3,077)
Variation account - change in equity	58,498	(95,487)
Council's share of accumulated surplus/(deficit) at end of year	110,054	68,369
Council's share of reserves		
Council's share of reserves at start of year	306,842	258,664
Variation account - change in equity	(65,868)	48,178
Council's share of reserves at end of year	240,974	306,842
Movement in carrying value of share in library		
Carrying value of investment at start of year	375,211	425,597
Share of accumulated surplus/(deficit) for the year	(16,813)	(3,077)
Variation account - change in equity	(7,370)	(47,309)
Carrying value of share in library at end of year	351,028	375,211
Council's share of expenditure commitments		
Operating commitments	8,314	6,727
Capital commitments	-	30,800
	8,314	37,527

Adjustment to the carrying value of North Central Goldfields Regional Library

	2014 \$	2013 \$
Adjustment to the carrying value of North Central Goldfields Regional Library Corporation	(24,183)	(50,386)
Total adjustment to the carrying value of North Central Goldfields Regional Library Corporation	(24,183)	(50,386)

NOTE 3.10 OTHER INCOME

	2014 \$	2013 \$
Reversal of impairment of assets	3,002	5,285
TOTAL OTHER INCOME	3,002	5,285

NOTE 3.11 GRANTED ASSETS

	2014 \$	2013 \$
Boort Park water rights	21,405	-
TOTAL OTHER INCOME	21,405	-

NOTE 4.1 EXPENSES BY NATURE AND FUNCTION

2014

Activities / functions	Economic development and tourism \$	Leadership \$	Works and infrastructure \$	Good management \$	Environment \$	Community services and recreation \$	Total \$
Employee costs	487,480	328,398	2,989,094	2,899,107	391,451	2,755,004	9,850,534
Materials, services, and contracts	495,900	354,647	2,398,732	1,549,965	828,252	2,525,710	8,153,206
Depreciation	118,042	-	6,671,577	148,060	439,215	702,542	8,079,436
Other expenses	-	-	-	287,288	-	-	287,288
Bad debts expense	-	-	-	10,599	-	-	10,599
Borrowing costs expenses	-	26,076	-	-	-	-	26,076
Loss on sale of assets	-	-	-	-	-	-	-
Total expenses	1,101,422	709,121	12,059,403	4,895,019	1,658,918	5,983,256	26,407,139

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

NOTE 4.2 EMPLOYEE COSTS

	2014	2013
	\$	\$
Salaries and wages	7,793,808	6,955,455
Superannuation expense - accumulation scheme	653,250	649,531
Superannuation expense - defined benefits scheme	141,611	143,378
Annual leave and long service leave	885,987	805,891
Fringe benefits tax and workcover	375,878	576,645
TOTAL EMPLOYEE COSTS	9,850,534	9,130,900

NOTE 4.3 MATERIALS, SERVICES AND CONTRACTS

	2014	2013
	\$	\$
Materials and services		
Flood rectification works	-	16,208,909
Plant operating costs	1,131,055	659,049
Utilities	480,990	403,728
Corporate governance	173,106	101,752
Local road materials	620,960	184,884
Flood recovery	53,034	169,445
Building maintenance	131,576	193,627
Aged care services	257,176	303,130
Training and subscriptions	190,665	382,970
Computer costs and computer programs	328,491	337,930
Office expenses	291,467	173,593
North Central Goldfields Regional Library Corporation	171,169	167,972
Gravel pit operations	348,689	417,341
Community plan projects	37,023	35,095
Recreation reserves allocations	114,034	108,033
Recreation projects	213,920	271,682
Insurances	391,378	332,205
Pool maintenance and strategy	261,640	175,902
Loddon Discovery Tours	45,552	50,284
Main roads materials	188,514	45,143
Parks and gardens maintenance	102,125	48,317
Tips maintenance	215,148	45,361
Families and children	97,737	97,332
Caravan park maintenance	85,994	136,246
Economic development and tourism initiatives	176,055	285,430
Private works materials	35,298	7,290
Community grant projects	211,967	204,797
Community safety	24,415	65,825
Scholarships and leadership programs	9,000	10,500
Drought proof projects	-	501,674
Workshop and depot	99,828	24,682
Election costs	1,440	59,009

NOTE 4.3 MATERIALS, SERVICES AND CONTRACTS (CONTINUED)

	2014	2013
	\$	\$
Materials and services (continued)		
Youth and transport services	59,927	52,066
Valuations	107,329	27,680
Volunteer services	4,400	23,114
Regulatory services	95,178	35,664
Water services	53,584	32,769
Other materials and services	-	67,871
	6,809,864	22,448,301
Contracts		
Flood rectification works	-	3,308,647
Economic development and tourism	7,968	128,417
Garbage collection	574,777	618,569
Pool management	198,284	214,002
Valuations	110,024	57,801
Wedderburn Caravan Park	54,398	44,603
Cleaning	31,832	32,098
Building surveyor	-	70
Public facilities	159,984	53,319
Recreation projects	195,015	1,516,741
Other contracts	11,060	10,000
Total contracts	1,343,342	5,984,267
TOTAL MATERIALS, SERVICES AND CONTRACTS	8,153,206	28,432,568

NOTE 4.4 DEPRECIATION

	2014	2013
	\$	\$
Depreciation expense was charged in respect of:		
Roads	5,117,465	4,489,044
Buildings	1,120,318	1,111,528
Plant and equipment	883,269	1,059,825
Bridges	331,592	274,783
Urban drains	182,399	187,928
Furniture and equipment	129,061	116,627
Footpaths	112,031	107,995
Kerb and channel	78,889	75,095
Landfills	99,677	30,636
Street furniture	22,483	24,682
Quarries	2,253	2,094
TOTAL DEPRECIATION	8,079,436	7,480,237

NOTE 4.5 BORROWING COSTS

	2014 \$	2013 \$
Interest - borrowings	26,076	35,258
TOTAL BORROWING COSTS	26,076	35,258

NOTE 4.6 BAD DEBTS EXPENSE

	2014 \$	2013 \$
Rates debtors	8,851	(5,510)
Sundry debtors	1,748	-
TOTAL BAD DEBTS EXPENSE	10,599	(5,510)

NOTE 4.7 OTHER EXPENSES

	2014 \$	2013 \$
Councillors' emoluments	209,380	195,155
Internal audit remuneration	45,335	36,589
External audit remuneration	30,700	30,500
Impairment of interest free loans	1,873	3,002
TOTAL OTHER EXPENSES	287,288	265,246

NOTE 5 CASH AND CASH EQUIVALENTS

	2014 \$	2013 \$
Financial		
Cash on hand	4,300	3,850
Cash at bank (CEO's advance account)	4,000	4,000
Cash at bank (general account)	1,492,452	1,843,756
Cash at bank (trust account)	120,711	117,605
Term deposits (general accounts)	10,564,636	13,667,883
Term deposit (long service leave)	1,745,860	1,674,556
Cash at the end of the period as shown in the statement of cash flows	13,931,959	17,311,650
Comprising:		
Unrestricted cash assets	8,146,303	6,745,843
Cash assets subject to external restrictions	5,785,656	10,565,807
TOTAL CASH AND CASH EQUIVALENTS	13,931,959	17,311,650

NOTE 5 CASH AND CASH EQUIVALENTS (CONTINUED)

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:

	2014	2013
	\$	\$
Unspent grants (refer to Note 15)	3,440,369	8,473,622
Long service leave (refer to Note 13)	1,745,860	1,674,556
Trust funds (refer Note 12)	599,427	417,629
Restricted funds	5,785,656	10,565,807

NOTE 6 TRADE AND OTHER RECEIVABLES

	2014	2013
	\$	\$
Current		
Rates debtors	289,121	197,571
LESS provision for doubtful debts	(22,239)	(13,388)
	266,882	184,183
Sundry debtors	1,056,628	3,223,267
Net receivable GST	279,899	784,214
Loans and advances to community organisations	10,000	4,000
	1,346,527	4,011,481
Total current	1,613,409	4,195,664
Non-current		
Loans and advances to community organisations	427,726	53,398
Total non-current	427,726	53,398
TOTAL TRADE AND OTHER RECEIVABLES	2,041,135	4,249,062

NOTE 7 FINANCIAL ASSETS

	2014 \$	2013 \$
Current		
Accrued income	98,643	362,586
Prepayments	175,209	195,221
Total current	273,852	557,807
Non-current		
Equity in North Central Goldfields Regional Library Corporation	351,028	375,211
Maps shares	100	100
Total non-current	351,128	375,311
TOTAL FINANCIAL ASSETS	624,980	933,118

NOTE 8 ASSETS HELD FOR SALE

	2014 \$	2013 \$
Current		
Recognition of asset - housing estate	35,000	35,000
LESS selling costs	(1,225)	(1,225)
TOTAL ASSETS HELD FOR SALE	33,775	33,775

	Carrying value at 30 June	Fair value measurement at the end of the period using (1)		
		Level 1	Level 2	Level 3
Land	33,775	-	33,775	-

(1) - Classified in accordance with the fair value hierarchy

NOTE 9 INTANGIBLE ASSETS

	2014 \$	2013 \$
Non-current		
Water rights	870,975	440,378
TOTAL INTANGIBLE ASSETS	870,975	440,378

Reconciliation of movements in intangible assets for the reporting period

	2014 \$	2013 \$
Water rights		
Gross carrying amount at beginning of period	440,378	494,284
Additional water rights obtained during the period	351,767	-
Water rights disposed of during the period	-	-
Revaluation increment (decrement)	78,830	(53,906)
Gross carrying amount at end of period	870,975	440,378

Water rights are revalued at 30 June 2014 to the published water trade market rate applying at that date.

NOTE 10 PROPERTY, PLANT, INFRASTRUCTURE AND EQUIPMENT

	2014	2013
	\$	\$
NON-FINANCIAL		
Summary		
At cost	19,819,223	17,449,853
Less accumulated depreciation	(7,288,055)	(7,073,726)
	12,531,168	10,376,127
At fair value	424,126,937	380,988,212
Less accumulated depreciation	(160,232,707)	(137,297,545)
	263,894,230	243,690,667
TOTAL	276,425,398	254,066,794

	2014	2013
	\$	\$
Land and buildings		
Land - freehold		
At fair value	5,269,702	5,548,996
Total	5,269,702	5,548,996
Land - other controlled		
At fair value	3,705,249	3,686,116
Total	3,705,249	3,686,116
Total land	8,974,951	9,235,112
Buildings on freehold land		
At fair value	45,954,825	42,557,739
Less accumulated depreciation	(22,242,041)	(20,520,695)
	23,712,784	22,037,044
Total	23,712,784	22,037,044

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

	2014 \$	2013 \$
Land and buildings (continued)		
<i>Buildings on other controlled land</i>		
At fair value	20,498,605	18,190,210
Less accumulated depreciation	(10,580,482)	(10,242,913)
	9,918,123	7,947,297
Total	9,918,123	7,947,297
Total buildings	33,630,907	29,984,341
Plant and equipment		
At cost	11,468,311	12,481,696
Less accumulated depreciation	(5,311,963)	(5,175,453)
Total plant and equipment	6,156,348	7,306,243
Furniture and equipment		
At cost	1,020,258	1,099,248
Less accumulated depreciation	(742,320)	(766,430)
Total furniture and equipment	277,938	332,818
Infrastructure		
<i>Unsealed roads formation</i>		
At fair value	12,687,900	12,419,549
	12,687,900	12,419,549
<i>Unsealed roads pavement</i>		
At fair value	45,488,968	42,620,274
Less accumulated depreciation	(8,472,073)	(8,750,878)
	37,016,895	33,869,396
Total unsealed roads	49,704,795	46,288,945

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

	2014	2013
	\$	\$
Road seal		
At fair value	18,059,592	14,805,250
Less accumulated depreciation	(6,675,662)	(5,237,113)
	11,383,930	9,568,137
Sealed roads pavement		
At fair value	191,554,940	168,195,418
Less accumulated depreciation	(79,563,735)	(69,115,737)
	111,991,205	99,079,681
Sealed roads formation		
At fair value	8,669,546	7,900,816
	8,669,546	7,900,816
Total sealed roads	132,044,681	116,548,634
Footpaths		
At fair value	5,370,200	6,090,414
Less accumulated depreciation	(1,613,815)	(1,562,675)
	3,756,385	4,527,739
Total footpaths	3,756,385	4,527,739

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

	2014 \$	2013 \$
Culverts		
At fair value	14,866,587	12,682,698
Less accumulated depreciation	(4,774,843)	(4,585,173)
	10,091,744	8,097,525
Total culverts	10,091,744	8,097,525
Bridges		
At fair value	32,731,519	28,121,626
Less accumulated depreciation	(17,084,448)	(9,434,086)
	15,647,071	18,687,540
Total bridges	15,647,071	18,687,540
Kerbs		
At fair value	5,007,492	4,822,584
Less accumulated depreciation	(2,060,937)	(2,049,172)
	2,946,555	2,773,412
Total kerbs	2,946,555	2,773,412
Street furniture		
At fair value	526,946	596,678
Less accumulated depreciation	(152,078)	(172,179)
	374,868	424,499
Total street furniture	374,868	424,499

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

	2014 \$	2013 \$
Urban drains		
At fair value	13,734,866	12,749,844
Less accumulated depreciation	(7,012,593)	(5,626,924)
	6,722,273	7,122,920
Total urban drains	6,722,273	7,122,920
Landfills		
At cost	1,994,306	1,800,059
Less accumulated depreciation	(1,217,081)	(1,117,405)
Total landfills	777,225	682,654
Quarries		
At cost	58,507	56,583
Less accumulated depreciation	(16,691)	(14,438)
Total quarries	41,816	42,145
Works in progress		
At cost	5,277,841	2,012,266
Total works in progress	5,277,841	2,012,266
TOTAL PROPERTY, PLANT, INFRASTRUCTURE AND EQUIPMENT	276,425,398	254,066,794

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

Details of the Council's land and buildings and information about the fair value hierarchy as at 30 June 2014 are as follows:

	Level 1	Level 2	Level 3
Land - freehold	-	1,280,670	3,989,032
Land - other controlled	-	97,500	3,607,749
Buildings on freehold land	-	2,456,721	21,256,064
Buildings on controlled land	-	233,411	9,684,712
TOTAL	-	4,068,302	38,537,557

Details of the Council's infrastructure and information about the fair value hierarchy as at 30 June 2014 are as follows:

	Level 1	Level 2	Level 3
Unsealed roads formation	-	-	12,687,900
Unsealed roads pavement	-	-	37,016,895
Road seal	-	-	11,383,930
Sealed roads pavement	-	-	111,991,205
Sealed roads formation	-	-	8,669,546
Footpaths	-	-	3,756,385
Culverts	-	-	10,091,744
Bridges	-	-	15,647,071
Kerbs	-	-	2,946,555
Street furniture	-	-	374,868
Urban drains	-	-	6,722,273
Landfills	-	-	777,225
Quarries	-	-	41,816
TOTAL	-	-	222,107,413

Valuation basis

Land and buildings - Level 2

Non-specialised land and non-specialised buildings are valued using the market based direct comparison method. Under this valuation method, the assets are compared to recent comparable sales or sales of comparable assets which are considered to have nominal or no added improvement value.

For non-specialised land and non-specialised buildings, an independent valuation was performed by LG Valuations to determine the fair value using the market based direct comparison method. Valuation of the assets was determined by analysing comparable sales and allowing for share, size, topography, location and other relevant factors specific to the asset being valued. From the sales analysed, an appropriate rate per square metre has been applied to the subject asset. The effective date of the valuation is 31 May 2014.

To the extent that non-specialised land and non-specialised buildings do not contain significant, unobservable adjustments, these assets are classified as Level 2 under the market based direct comparison approach.

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

Valuation basis (continued)

Land and buildings - Level 3

The market based direct comparison method is also used for specialised land although is adjusted to reflect the specialised nature of the assets being valued. For Council specialised buildings, the depreciated replacement cost method is used, adjusting for the associated depreciations. Specialised assets contain significant, unobservable adjustments, therefore these assets are classified as Level 3 fair value measurements.

An adjustment is made to reflect a restriction on the sale or use of an asset by Council. The adjustment is an allowance made to reflect the difference in value between unrestricted assets and those held by the Council which are impacted by external restraints on their use.

An independent valuation of Council's specialised land and specialised buildings was performed by LG Valuations. The valuation was performed using either the market based direct comparison method or depreciated replacement cost, adjusted for restrictions in use. The effective date of the valuation is 31 May 2014.

Infrastructure

Infrastructure is valued using the depreciated replacement cost method. This cost represents the replacement cost of the building/component after applying depreciation rates on a useful life basis. Replacement costs relate to costs to replace the property to an "as new" standard. Economic obsolescence has also been factored into the depreciated replacement cost calculation.

Where it has not been possible to examine hidden works such as structural frames and floors, the use of reasonable materials and methods of construction have been assumed bearing in mind the age and nature of the building. The estimated cost of reconstruction including structure services and finishes, also factors in any heritage classifications as applicable.

Infrastructure assets contain significant unobservable adjustments, therefore these assets are classified as Level 3.

A valuation of Council's, infrastructure assets was performed by Terrence Watson, Dip CE, Manager Policy, Infrastructure and Strategy of the Loddon Shire Council, as at 30 June 2014. The valuation was performed based on the depreciated reproduction cost of the assets.

There were no changes in valuation techniques throughout the period to 30 June 2014.

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

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

Reconciliation of level 3 fair value

2014	Specialised land and land improvements	Specialised buildings	Infrastructure
Opening balance	7,513,385	27,249,359	205,196,013
Depreciation	-	(979,644)	(5,946,789)
Change in restoration	-	-	196,172
Revaluation	86,396	3,786,594	17,712,548
Acquisitions (disposals)	(3,000)	884,467	4,949,469
Closing balance	7,596,781	30,940,776	222,107,413

Description of significant unobservable inputs into level 3 valuations

	Valuation technique	Significant unobservable inputs	Range	Sensitivity
Specialised land and land improvements	Market based direct comparison approach (refer above)	Extent and impact of restriction of use	\$1 - \$120/m2 (\$33)	Increase or decrease in the extent of restriction would result in a significantly higher or lower fair value.
Specialised buildings	Depreciated replacement cost	Direct cost per square metre	\$1 - \$420/m2 (\$34)	Increase or decrease in the direct cost per square metre adjustment would result in a significantly higher or lower fair value.
		Useful life of specialised buildings	40 years	Increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower fair value.
Unsealed roads formation	Depreciated replacement cost	Cost per unit	\$0.26 - \$3.17 (\$0.47)	Increase or decrease in the cost per unit would result in a significantly higher or lower fair value.
		Useful life of infrastructure	100 years	Increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower fair value.

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

Description of significant unobservable inputs into level 3 valuations (continued)

	Valuation technique	Significant unobservable inputs	Range	Sensitivity
Unsealed roads pavement	Depreciated replacement cost	Cost per unit	\$2.40 - \$4.75 (\$3.89)	Increase or decrease in the cost per unit would result in a significantly higher or lower fair value.
		Useful life of infrastructure	30 years	Increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower fair value.
Roads seal	Depreciated replacement cost	Cost per unit	\$1.66 - \$35.45 (\$4.08)	Increase or decrease in the cost per unit would result in a significantly higher or lower fair value.
		Useful life of infrastructure	13 - 26 years	Increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower fair value.
Sealed roads pavement	Depreciated replacement cost	Cost per unit	\$35.5 (\$35.5)	Increase or decrease in the cost per unit would result in a significantly higher or lower fair value.
		Useful life of infrastructure	80 years	Increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower fair value.
Sealed roads formation	Depreciated replacement cost	Cost per unit	\$0.26 - \$4.22 (\$1.14)	Increase or decrease in the cost per unit would result in a significantly higher or lower fair value.
		Useful life of infrastructure	100 years	Increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower fair value.

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

Description of significant unobservable inputs into level 3 valuations (continued)

	Valuation technique	Significant unobservable inputs	Range	Sensitivity
Footpaths	Depreciated replacement cost	Cost per unit	\$15 - \$103 (\$90)	Increase or decrease in the cost per unit would result in a significantly higher or lower fair value.
		Useful life of infrastructure	15 - 50 years	Increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower fair value.
Culverts	Depreciated replacement cost	Cost per unit	\$238 - \$946 (\$322)	Increase or decrease in the cost per unit would result in a significantly higher or lower fair value.
		Useful life of infrastructure	80 years	Increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower fair value.
Bridges	Depreciated replacement cost	Cost per unit	\$40 - \$4357 (\$1562)	Increase or decrease in the cost per unit would result in a significantly higher or lower fair value.
		Useful life of infrastructure	80 - 100 years	Increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower fair value.
Kerbs	Depreciated replacement cost	Cost per unit	\$47 - \$243 (\$108)	Increase or decrease in the cost per unit would result in a significantly higher or lower fair value.
		Useful life of infrastructure	40 - 60 years	Increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower fair value.

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

Description of significant unobservable inputs into level 3 valuations (continued)

	Valuation technique	Significant unobservable inputs	Range	Sensitivity
Street furniture	Depreciated replacement cost	Cost per unit	\$104 - \$38000 (\$2036)	Increase or decrease in the cost per unit would result in a significantly higher or lower fair value.
		Useful life of infrastructure	10 - 80 years	Increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower fair value.
Urban drains	Depreciated replacement cost	Cost per unit	\$360 - \$45633 (\$1086)	Increase or decrease in the cost per unit would result in a significantly higher or lower fair value.
		Useful life of infrastructure	50 - 80 years	Increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower fair value.
Landfills	Depreciated replacement cost	Cost per unit	\$23.98 (\$23.98)	Increase or decrease in the cost per unit would result in a significantly higher or lower fair value.
		Useful life of infrastructure	5 - 24 years	Increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower fair value.
Quarries	Depreciated replacement cost	Cost per unit	\$58,507 (\$58,507)	Increase or decrease in the cost per unit would result in a significantly higher or lower fair value.
		Useful life of infrastructure	26 years	Increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower fair value.

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

Movements in asset groups for the reporting period

2014

	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 \$
Land and buildings										
Freehold land	5,548,996	-	-	-	-	-	-	(279,294)	-	5,269,702
Other controlled land	3,686,116	-	-	-	-	-	-	19,133	-	3,705,249
Buildings on freehold land	22,037,044	102,892	492,584	-	-	-	(231,303)	2,068,965	(757,399)	23,712,783
Buildings on other controlled land	7,947,298	255,866	35,681	384,244	-	-	-	1,657,954	(362,919)	9,918,124
Total	39,219,454	358,758	528,265	384,244	-	-	(231,303)	3,466,758	(1,120,318)	42,605,858
Sealed roads										
Formation	7,900,816	-	-	-	-	-	-	768,730	-	8,669,546
Pavement	99,079,681	1,283,798	630,613	-	-	-	-	13,389,366	(2,392,253)	111,991,205
Seal	9,568,137	400,614	-	-	-	-	-	2,461,147	(1,045,968)	11,383,930
Total	116,548,634	1,684,412	630,613	-	-	-	-	16,619,243	(3,438,221)	132,044,681
Unsealed roads										
Formation	12,419,549	307,648	-	-	-	-	-	(39,297)	-	12,687,900
Pavement	33,869,396	552,057	-	-	-	-	-	4,090,074	(1,494,632)	37,016,895
Total	46,288,945	859,705	-	-	-	-	-	4,050,777	(1,494,632)	49,704,795
Other infrastructure assets										
Bridges	18,687,540	482,911	36,108	-	-	-	-	(3,227,896)	(331,592)	15,647,071
Street furniture	424,499	11,926	-	-	-	-	-	(39,074)	(22,483)	374,868
Culverts	8,097,525	-	-	-	-	-	-	2,178,831	(184,612)	10,091,744
Kerb and channel	2,773,412	565,152	181	-	-	-	-	(313,301)	(78,889)	2,946,555
Footpaths	4,527,739	149,345	105,861	-	-	-	-	(914,529)	(112,031)	3,756,385
Urban drains	7,122,920	326,641	96,614	-	-	-	-	(641,503)	(182,399)	6,722,273
Total	41,633,635	1,535,975	238,764	-	-	-	-	(2,957,472)	(912,006)	39,538,896
Other assets										
Plant and equipment	7,306,243	749,570	-	-	-	-	(1,016,196)	-	(883,269)	6,156,348
furniture and equipment	332,820	77,710	-	-	-	-	(3,532)	-	(129,060)	277,938
Landfills	682,654	-	-	-	-	194,248	-	-	(99,677)	777,225
Quarries	42,145	-	-	-	-	1,924	-	-	(2,253)	41,816
Works In progress	2,012,266	4,663,217	(1,397,642)	-	-	-	-	-	-	5,277,841
Total	10,376,128	5,490,497	(1,397,642)	-	-	196,172	(1,019,728)	-	(1,114,259)	12,531,168
Total	254,066,796	9,929,347	-	384,244	-	196,172	(1,251,031)	21,179,306	(8,079,436)	276,425,398

(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 AND EQUIPMENT (CONTINUED)

Movements in asset groups for the reporting period (continued)

2013

	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	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)	7,947,298
Total	38,870,209	603,967	323,817	359,288	173,700	-	-	-	(1,111,528)	39,219,454
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 and 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 and equipment	8,017,813	599,075	-	-	-	-	(250,820)	-	(1,059,825)	7,306,243
furniture and equipment	307,034	145,934	-	-	-	-	(3,520)	-	(116,630)	332,820
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)	-	-	-	-	-	-	2,012,266
Total	13,508,574	2,381,344	(3,519,669)	-	-	(530,597)	(254,340)	-	(1,209,185)	10,376,128
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)	254,066,796

NOTE 11 TRADE AND OTHER PAYABLES

	2014	2013
	\$	\$
Current		
Trade creditors	265,899	1,464,801
Accrued expenses	591,204	456,527
TOTAL TRADE AND OTHER PAYABLES	857,103	1,921,328

NOTE 12 TRUST FUNDS AND DEPOSITS

	2014	2013
	\$	\$
Current		
Contract retentions	331,286	260,668
Fire Services Property Levy	96,971	-
Payment in advance	5,000	-
Building sureties	39,990	37,732
Unclaimed monies	34	23
Other refundable deposits:		
St Andrews church repair fund	1,539	1,600
Wedderburn pre school investment	120,711	117,606
Boort Park trust	3,896	-
TOTAL CURRENT TRUST FUNDS AND DEPOSITS	599,427	417,629

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.

Fire Services Property Levy

Council holds these funds on behalf of the State Revenue Office and remit the current holdings quarterly.

Payment in advance

Council has received up front funds as a sign of good faith for a project that is not expected to commence within the next 12 months.

NOTE 12 TRUST FUNDS AND DEPOSITS (CONTINUED)

Building sureties

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

St Andrews church repair fund

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

Wedderburn pre-school investment

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

Boort Park trust

Council is temporarily holding funds on behalf of the Boort Park trust. These funds are expected to be returned to the committee once required.

NOTE 13 PROVISIONS

2014

	Annual leave	Long service leave	RDOs	Landfill rehabilitation	Gravel pit rehabilitation	Total
Balance at beginning of the financial year	822,769	1,674,556	112,051	1,758,754	56,583	4,424,713
Additional provisions	656,976	290,826	482,320	194,247	1,924	1,626,293
Amounts used	(669,345)	(216,642)	(493,606)	-	-	(1,379,593)
Variation in the discounted amount arising because of time and the effect of any change in the discount rate	-	(2,880)	-	-	-	(2,880)
Balance at the end of the financial year	810,400	1,745,860	100,765	1,953,001	58,507	4,668,533

2013

	Annual leave	Long service leave	RDOs	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

NOTE 13 PROVISIONS (CONTINUED)

(a) Employee benefits

	2014	2013
	\$	\$
Current		
Annual leave	810,400	822,769
Long service leave	1,404,176	1,506,038
RDOs	100,765	112,051
Total current	2,315,341	2,440,858
Non-current		
Long service leave	341,684	168,518
Total non-current	341,684	168,518
Aggregate carrying amount of employee benefits		
Current	2,315,341	2,440,858
Non-current	341,684	168,518
TOTAL EMPLOYEE BENEFITS	2,657,025	2,609,376
The following assumptions were adopted in measuring the present value of long service leave:		
Weighted average increase in employee costs	4.44%	7.31%
Weighted average discount rates	3.57%	4.24%
Weighted average settlement period	12.00 months	12.00 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:

	2014	2013
	\$	\$
Within 12 months:		
Annual leave	692,831	822,769
Long service leave	220,000	159,083
RDOs	100,765	112,051
Total within 12 months	1,013,596	1,093,903
After 12 months:		
Annual leave	117,569	-
Long service leave	1,525,860	1,515,473
Total after 12 months	1,643,429	1,515,473
TOTAL EMPLOYEE BENEFITS	2,657,025	2,609,376

NOTE 13 PROVISIONS (CONTINUED)

(b) Tip rehabilitation

Council is obligated to restore landfill sites to a particular standard. Current engineering projections indicate that the eight 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.

	2014	2013
	\$	\$
Non-current	1,953,001	1,758,754
TOTAL	1,953,001	1,758,754

(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.

	2014	2013
	\$	\$
Non-current	58,507	56,583
TOTAL	58,507	56,583

NOTE 14 INTEREST BEARING LOANS AND BORROWINGS

	2014	2013
	\$	\$
Current		
Borrowings - secured	129,205	144,448
Total current	129,205	144,448
Non-current		
Borrowings - secured	131,145	298,428
Total non-current	131,145	298,428
TOTAL INTEREST BEARING LOANS AND BORROWINGS	260,350	442,876
The maturity profile for Council's borrowings is:		
Not later than one year	129,205	144,448
Later than one year and not later than five years	131,145	298,428
Later than five years	-	-
TOTAL INTEREST BEARING LOANS AND BORROWINGS	260,350	442,876

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

2014

	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	(28,859)	-	(28,859)	6,910,050
Buildings	21,872,222	3,495,617	384,244	3,879,861	25,752,083
			-		
Infrastructure assets					
Sealed roads	89,299,864	16,619,244	-	16,619,244	105,919,108
Unsealed roads	28,798,074	6,229,608	-	6,229,608	35,027,682
Footpaths	2,323,705	(914,529)	-	(914,529)	1,409,176
Street furniture	49,105	(39,074)	-	(39,074)	10,031
Kerbs	830,622	(313,301)	-	(313,301)	517,321
Bridges	9,445,692	(3,227,896)	-	(3,227,896)	6,217,796
Drains	760,282	(641,503)	-	(641,503)	118,779
Total tangible assets	160,318,475	21,179,306	384,244	21,563,550	181,882,026
Intangible assets					
Water rights	29,099	78,830	-	78,830	107,929
TOTAL	160,347,574	21,258,136	384,244	21,642,380	181,989,955

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

Purpose and movement of asset revaluation reserve

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

NOTE 15 RESERVES (CONTINUED)

(b) General reserves

2014

	Balance at beginning of reporting period \$	Transfer from accumulated surplus \$	Transfer to accumulated surplus \$	Balance at end of reporting period \$
Land and buildings reserve	-	3,000	-	3,000
Capital expenditure reserve	844,620	960,518	844,620	960,518
Caravan park development reserve	183,990	-	153,658	30,332
Community planning reserve	1,277,098	558,174	1,277,098	558,174
Councillors' initiatives reserve	441,152	-	441,152	-
Economic development reserve	430,237	120,000	62,040	488,197
Fleet replacement reserve	156,015	100,000	153,566	102,449
Granite and sand pit restoration reserve	704,332	136,548	317,500	523,380
Information technology reserve	292,438	385,000	200,422	477,016
Lake Boort water reserve	5,781	18,076	-	23,857
Landfill rehabilitation reserve	18,937	180,010	-	198,947
Major projects reserve	-	520,152	-	520,152
Plant replacement reserve	784,287	650,000	236,466	1,197,821
Professional development reserve	31,719	10,000	1,773	39,946
Rates reserve	22,877	450,801	-	473,678
Interest free loans reserve	100,000	-	-	100,000
Skidders Flat water reserve	13,782	4,721	-	18,503
Unfunded superannuation liability reserve	-	500,000	500,000	-
Units reserve	-	25,000	4,623	20,377
Unspent contributions reserve	94,567	1,512	94,568	1,511
Unspent grants reserve	8,473,622	3,440,369	8,473,622	3,440,369
Urban drainage reserve	623,659	317,250	628,922	311,987
Valuations reserve	92,096	77,101	110,624	58,573
War memorial reserve	3,000	-	-	3,000
Water unbundling reserve	19,562	200,931	192,974	27,519
TOTAL	14,613,771	8,659,163	13,693,628	9,579,306

NOTE 15 RESERVES (CONTINUED)

(b) General reserves (continued)

2013

	Balance at beginning of reporting period \$	Transfer from accumulated surplus \$	Transfer to accumulated surplus \$	Balance at end of reporting period \$
Land and buildings 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
Granite and sand pit 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
Skidders Flat water reserve	8,994	4,788	-	13,782
Unfunded 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)

Purpose of general reserves

Land and buildings reserve

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

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. This reserve will be removed in 2014/15 as per Council Resolution to migrate to a Major Projects Reserve.

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 and sand pit (GSP) restoration reserve

The gravel sand pit (GSP) restoration reserve is used to fund the restoration of gravel and sand pits used by Council for the extraction of road building materials. 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.

Major projects reserve

The major projects reserve is used to assist with the funding of major projects identified by Council.

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

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.

Skidders Flat water reserve

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

Unfunded superannuation liability reserve

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

Units reserve

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

Unspent contributions reserve

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

Unspent grants reserve

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

Urban drainage reserve

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

2014

	Not later than 1 year \$	Later than 1 year and not later than 2 years \$	Later than 2 years and not later than 5 years \$	Later than 5 years \$	Total \$
Operating					
Environment services	703,030	404,893	44,483	-	1,152,406
Pool management services	220,000	220,000	-	-	440,000
Library corporation	180,560	-	-	-	180,560
Internal audit	32,000	-	-	-	32,000
TOTAL OPERATING COMMITMENTS FOR EXPENDITURE	1,135,590	624,893	44,483	-	1,804,966
Capital					
Infrastructure	856,034	143,386	-	-	999,420
TOTAL CAPITAL COMMITMENTS FOR EXPENDITURE	856,034	143,386	-	-	999,420

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 \$
Operating					
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
TOTAL OPERATING COMMITMENTS FOR EXPENDITURE	684,594	310,948	206,273	103,136	1,304,951
Capital					
Infrastructure	4,118,538	143,386	143,386	-	4,405,310
TOTAL CAPITAL COMMITMENTS FOR EXPENDITURE	4,118,538	143,386	143,386	-	4,405,310

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 benefits section provides lump sum benefits based on years of service and final average salary. The defined benefits 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 MySuper / Vision Super Saver, receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2014, this was 9.25% required under Superannuation Guarantee Legislation). Our commitment to defined contribution plans is limited to making contributions in accordance with our minimum statutory requirements. 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 2014, the Superannuation Guarantee contribution rate will increase to 9.5%, and will progressively increase to 12% by 2019. Based on announcements included in the May 2014 Federal Budget, this progressive increase to 12% will be delayed until 2022.

Defined Benefit

As provided under Paragraph 34 of AASB 119, Council does not use defined benefit accounting for its defined benefit obligations under the Fund's Defined Benefit category. This is because the Fund's Defined Benefit category is a multi-employer sponsored plan.

As a multi-employer sponsored plan, the Fund was established as a mutual scheme to allow for the mobility of the workforce between the participating employers without attaching a specific liability to particular employees and their current employer. Therefore, there is no proportional split of the defined benefit liabilities, assets or costs between the participating employers, as the defined benefit obligation is a floating obligation between the participating employers, and the only time that the aggregate obligation is allocated to specific employers is when a call is made. As a result, the level of participation of Council in the Fund cannot be measured as a percentage compared with other participating employers. While there is an agreed methodology to allocate any shortfalls identified by the Fund Actuary for funding purposes, there is no agreed methodology to allocate benefit liabilities, assets and costs between the participating employers for accounting purposes. Therefore, the Actuary is unable to allocate benefit liabilities, assets and costs between employers for the purposes of AASB 119.

NOTE 17 SUPERANNUATION (CONTINUED)

Funding arrangements

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. The Fund's employer funding arrangements comprise three components (which are detailed below):

1. Regular contributions - which are ongoing contributions needed to fund the balance of benefits for current members and pensioners;
2. Funding calls – which are contributions in respect of each participating employer's share of any funding shortfalls that arise; and
3. Retrenchment increments – which are additional contributions to cover the increase in liability arising from retrenchments.

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 member contributions to the Fund. As such, assets accumulate in the Fund to meet member benefits, as defined in the Trust Deed, as they accrue.

Employer contributions

Regular contributions

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. For the year ended 30 June 2014, this rate was 9.25% of members' salaries. This rate increased to 9.5% on 1 July 2014 and is expected to increase in line with the required Superannuation Guarantee contribution rate.

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 benefit index (VBI) multiplied by the benefit).

Funding calls

The Fund is required to comply with the superannuation prudential standards. Under the superannuation prudential standard SPS 160, the Fund is required to target full funding of its vested benefits. There may be circumstances where:

- a fund is in an unsatisfactory financial position at an actuarial investigation (i.e. its VBI is less than 100% at the date of the actuarial investigation); or
- a fund's VBI is below its shortfall limit at any time other than at the date of the actuarial investigations.

If either of the above occur, the fund has a shortfall for the purposes of SPS 160 and the fund is required to put a plan in place so that the shortfall is fully funded within three years of the shortfall occurring. There may be circumstances where the Australian Prudential Regulation Authority (APRA) may approve a period longer than three years.

The Fund monitors its VBI on a quarterly basis and the Fund has set its shortfall limit at 97%.

NOTE 17 SUPERANNUATION (CONTINUED)

Funding calls (continued)

In the event that the Fund Actuary determines that there is a shortfall based on the above requirement, the Fund's participating employers (including Council) are required to make an employer contribution to cover the shortfall. The methodology used to allocate the shortfall was agreed in 1997 to fairly and reasonably apportion the shortfall between the participating employers.

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

The pre-1 July 1993 and post-30 June 1993 service liabilities of the Fund are based on:

- The service periods of all active members split between the active members pre-1 July 1993 and post-30 June 1993 service period;
- The service periods of all deferred members split between the deferred members pre-1 July 1993 and post-30 June 1993 service period; and
- The pensioner (including fixed term pension) liabilities which are allocated to the pre-1993 period.

The pre-1 July 1993 component of the shortfall is apportioned between the participating employers based on the employer's share of the total participating employer payroll at 30 June 1993.

The post-30 June 1993 component of the shortfall is apportioned between the participating employers based on the employer's share of the total participating employer payroll at the date the shortfall has been calculated.

Due to the nature of the contractual obligations between the participating employers and the Fund, and the fact that the Fund includes lifetime pensioners and their reversionary beneficiaries, it is unlikely that the Fund will be wound up. In the unlikely event that the Fund is wound up and there is a surplus in the Fund, the surplus cannot be applied for the benefit of the defined benefit employers where there are on-going defined benefit obligations. The surplus would be transferred to the fund accepting those defined benefit obligations (including the lifetime pension obligations) of the Fund.

In the event that a participating employer is wound-up, the defined benefit obligations of that employer will be transferred to that employer's successor.

Differences between calculations

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), for the calculation of accrued benefits as required in AAS 25 and for the values needed for the AASB 119 disclosure in the Council's financial statements. AAS 25 requires that the present value of the defined 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.

NOTE 17 SUPERANNUATION (CONTINUED)

Retrenchment increments

During 2013-14, Council was not required to make payments to the Fund in respect of retrenchment increments ('Nil' in 2012/13).

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.

Council's share of the shortfall amounted to \$2,065,378 (excluding contributions tax) which was accounted for in the 2011/12 Comprehensive Operating Statement within Employee Benefits and in the Balance Sheet in Current Liabilities Provisions.

No further amount has been accounted for in the 2013/14 Comprehensive Operating Statement within Employee Benefits (see Note 4.2) and in the Balance Sheet in Current Liabilities Provisions (see Note 13).

The amount of the unpaid shortfall at 30 June 2014 is 'Nil' ('Nil' for 2012/13).

	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 2014 are detailed below:

Fund	Type of scheme	Rate	2014 \$'000	2013 \$'000
Vision Super	Defined Benefits	9.25%	141,611	143,378
Total Defined Benefits super			141,611	143,378
AMP Flexible Lifetime Super	Accumulation	9.25%	4,299	-
Australian Super	Accumulation	9.25%	23,371	35,149
BT Lifetime Super	Accumulation	9.25%	9,203	4,552
C Bus	Accumulation	9.25%	15,290	13,431
Colonial First Choice Super	Accumulation	9.25%	12,957	6,584
First State Super	Accumulation	9.25%	2,453	-
Health Super	Accumulation	9.25%	7,346	3,722
Hesta Super	Accumulation	9.25%	13,665	10,882
IOOF Portfolio Services Super	Accumulation	9.25%	7,713	6,967
Local Government Super	Accumulation	9.25%	6,929	6,337
Media Super	Accumulation	9.25%	4,877	-
MLC Super	Accumulation	9.25%	574	10,254
MTAA Superannuation	Accumulation	9.25%	4,878	4,911
Plum Superannuation Fund	Accumulation	9.25%	4,327	1,351
Prime Super	Accumulation	9.25%	11,620	16,072
Printing Industry Super	Accumulation	9.25%	-	4,474
Quadrant Superannuation	Accumulation	9.25%	6,722	6,149
REST Super	Accumulation	9.25%	6,520	4,034
Telstra Super	Accumulation	9.25%	3,681	2,845
TWU Super	Accumulation	9.25%	-	4,348
UniSuper Super	Accumulation	9.25%	10,674	1,243
Vic Super	Accumulation	9.25%	47,811	46,243
Vision Super	Accumulation	9.25%	439,160	448,053
Other self managed funds	Accumulation	9.25%	8,430	8,096
Other minor funds	Accumulation	9.25%	750	3,834
Total accumulation super			653,250	649,531
TOTAL SUPERANNUATION			794,861	792,909

NOTE 18 CONTINGENCIES

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

(a) There was a fatal accident on 31 January 2008 at the rail crossing on Hockings Road, Dingee. 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.

(b) On 10 November 2011, there was an incident in which a person suffered spinal damage as a result of a riding a pedal bicycle into a fence in Tarnagulla. The fence divides a Loddon Shire Council property from a Department of Primary Industries property. There is a court case pending in this matter, as the person has residual health issues as a result of his injuries. 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.

(c) Council has obligations under a defined benefit superannuation scheme that may result in the need to make additional contributions to the scheme to ensure that the liabilities of the fund are covered by the assets of the fund. As a result of the volatility in financial markets, the likelihood of making such contributions in future periods exists. At this point in time, it is not known if additional contributions will be required, their timing or potential amount.

NOTE 19 FINANCIAL RATIOS

(a) Debt servicing ratio

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

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

2013/14		2012/13		2011/12	
26,076	0.12%	35,258	0.08%	41,492	0.11%
<u>22,452,692</u>		<u>43,640,455</u>		<u>38,817,838</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.

NOTE 19 FINANCIAL RATIOS (CONTINUED)

(b) Debt commitment ratio

To identify Council's debt redemption strategy.

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

2013/14		2012/13		2011/12	
208,602	2.41%	171,165	2.10%	168,366	2.18%
<u>8,651,565</u>		<u>8,157,404</u>		<u>7,732,252</u>	

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

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

(c) Revenue ratio

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

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

2013/14		2012/13		2011/12	
8,651,565	38.53%	8,157,404	18.69%	7,732,252	19.91%
<u>22,452,692</u>		<u>43,640,455</u>		<u>38,828,170</u>	

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.

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

2013/14		2012/13		2011/12	
4,040,126	6.86%	5,114,361	7.30%	7,907,886	12.62%
<u>58,882,474</u>		<u>70,077,531</u>		<u>62,669,951</u>	

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.

NOTE 19 FINANCIAL RATIOS (CONTINUED)

(d) Debt exposure ratio (continued)

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.

(e) Working capital ratio

To assess Council's ability to meet current commitments.

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

2013/14		2012/13		2011/12	
16,070,020	4.12:1	22,349,930	4.54:1	22,816,846	3.40:1
<u>3,901,076</u>		<u>4,924,263</u>		<u>6,701,356</u>	

The ratio expresses the level of current financial assets that 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.

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

2013/14		2012/13		2011/12	
16,070,020	6.44:1	22,349,930	6.54:1	22,816,846	4.20:1
<u>2,496,900</u>		<u>3,418,225</u>		<u>5,434,757</u>	

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

NOTE 19 FINANCIAL RATIOS (CONTINUED)

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 Comprehensive Income Statement

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 Neil Beattie (Councillor from July 2013 to June 2014)

Cr Geoff Curnow (Mayor from July 2013 to December 2013)

Cr Geoff Curnow (Councillor from December 2013 to June 2014)

Cr Gavan Holt (Councillor from July 2013 to December 2013)

Cr Gavan Holt (Mayor from December 2013 to June 2014)

Cr Colleen Condliffe (Councillor from July 2013 to June 2014)

Cr Cheryl McKinnon (Councillor from July 2013 to June 2014)

Chief Executive Officer (CEO):

Mr John McLinden (From July 2013 to June 2014)

(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	2013/14 number	2012/13 number
\$0,000 - \$9,999	0	2
\$10,000 - \$19,999	3	4
\$30,000 - \$39,999	1	0
\$40,000 - \$49,999	1	0
\$50,000 - \$59,999	0	1
\$210,000 - \$219,999	1	1
	<u>6</u>	<u>8</u>

Total remuneration for the reporting year for responsible persons included above amounted to \$355,093 in 2013/14 and \$346,065 in 2012/13.

NOTE 20 RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Remuneration of responsible persons (continued)

During 2013/14 one director 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 2012/13).

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 2012/13).

(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 \$133,000.

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

Income range	2013/14 number	2012/13 number
Under \$133,000	2	3
\$133,000 - \$139,999	1	1
\$140,000 - \$149,999	1	0
	<u>4</u>	<u>4</u>

Total remuneration for the reporting period of senior officers included above amounted to \$527,957 in 2013/14 and \$496,304 in 2012/13.

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 2014, 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 3.39%. (3.82% for 2012/13).
		Short-term deposits are stated at the lower of cost and net realisable value.	At 30 June 2014 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 3.35% and 4.15% during the year. (Between 3.52% and 5.25% in 2012/13).
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:

2014

	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	13,931,959	-	-	-	-	13,931,959
Trade and other receivables (excludes rates)	-	-	-	-	1,494,354	1,494,354
Accrued income	-	-	-	-	98,643	98,643
Total financial assets	13,931,959	-	-	-	1,592,997	15,524,956
Weighted average interest rate	3.39%	0.00%	0.00%	0.00%	0.00%	3.04%
Financial liabilities						
Trade and other payables	-	-	-	-	857,103	857,103
Trust funds and deposits	-	-	-	-	599,427	599,427
Borrowings	-	129,205	131,145	-	-	260,350
Total financial liabilities	-	129,205	131,145	-	1,456,530	1,716,880
Weighted average interest rate	0.00%	6.63%	6.63%	0.00%	0.00%	0.60%
Net financial assets/(liabilities)	13,931,959	(129,205)	(131,145)	-	136,467	13,808,076

NOTE 21 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Interest rate risk (continued)

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)

(c) Net fair values

The aggregate net fair values of financial assets and financial liabilities, both recognised and unrecognised, at 30 June 2014, are as follows:

	Total carrying amount as per the balance sheet		Aggregate net fair value	
	2014 \$	2013 \$	2014 \$	2013 \$
Financial assets				
Cash and cash equivalents	13,931,959	17,311,650	13,931,959	17,311,650
Trade and other receivables (excludes rates)	1,494,354	3,280,665	1,494,354	3,280,665
Accrued income	98,643	362,586	98,643	362,586
Total financial assets	15,524,956	20,954,901	15,524,956	20,954,901
Financial liabilities				
Trade and other payables	857,103	1,921,328	857,103	1,921,328
Trust funds and deposits	599,427	417,629	599,427	417,629
Interest-bearing loans and borrowings	260,350	442,876	260,350	442,876
Total financial liabilities	1,716,880	2,781,833	1,716,880	2,781,833

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 Balance Sheet.

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, 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 a branch 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	2014	2013
	\$	\$
Balance at beginning of the year	13,388	19,473
New provisions recognised during the year	10,599	(5,510)
Amounts already provided for and written off as uncollectable	(1,748)	(575)
Amounts provided for but recovered during the year	-	-
Balance at end of the year	22,239	13,388

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:

	2014	2013
	\$	\$
Current (not yet due)	707,054	307,143
Past due (up to 30 days)	142,347	2,783,889
Past due (between 31 and 180 days)	217,873	136,235
Past due (between 181 and 365 days)	-	-
Past due (by more than 1 year)	-	-
Total trade and other receivables	1,067,274	3,227,267

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.

2014	6 months or less \$	6-12 months \$	1-2 years \$	2-5 years \$	>5 years \$	Contracted cash flow \$	Carrying amount \$
Trade and other payables	857,103	-	-	-	-	857,103	857,103
Trust funds and deposits	6,783	6,783	585,860	-	-	599,426	599,426
Interest- bearing loans and borrowings	63,549	65,656	131,145	-	-	260,350	260,350
Total financial	927,435	72,439	717,005	-	-	1,716,879	1,716,879

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

(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% (2013 -1.5% to 1.5% from year-end rates of 2.5%).

NOTE 21 FINANCIAL INSTRUMENTS (CONTINUED)

(f) Sensitivity disclosure analysis (continued)

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.

2014		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	13,931,959	(208,979)	(208,979)	208,979	208,979
Financial liabilities:					
Interest bearing loans and borrowings	260,350	N/A	N/A	N/A	N/A

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

No risk effect is anticipated for Loans and Borrowings as Council borrowings at 30 June 2014 are at fixed rates, with no further borrowings planned and no expectation of using the overdraft facility.

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

	2014 \$	2013 \$
Profit/(loss) for the period	(3,954,447)	(1,698,244)
Depreciation	8,079,436	7,480,237
(Profit)/loss on disposal of assets	108,251	(11,658)
Impairment of financial assets	5,285	7,555
Reversal of impairment of assets	(3,002)	(5,285)
Share of other comprehensive income of associates	16,813	3,077
Change in assets and liabilities:		
(Increase)/decrease in receivables (net of advances)	2,582,255	2,978,713
(Increase)/decrease in accrued income	263,943	(11,290)
(Increase)/decrease in prepayments	20,012	108,609
(Increase)/decrease in other assets and liabilities	(1,447,653)	97,319
(Increase)/decrease 2012 work in progress	(2,986,096)	2,986,096
(Increase)/decrease in inventories	34,009	27,969
Increase/(decrease) in payables	2,564,216	(2,185,919)
Increase/(decrease) in employee benefits	47,649	45,092
Increase/(decrease) in other provisions	196,171	-
(Increase)/decrease in library equity	24,183	-
NET CASH PROVIDED BY/USED BY OPERATING ACTIVITIES	5,551,025	9,822,271

NOTE 23 FINANCING ARRANGEMENTS

	2014 \$	2013 \$
Bank overdraft	500,000	500,000
Used facilities	-	-
UNUSED FACILITIES	500,000	500,000

NOTE 24 AUDITORS' REMUNERATION

	2014 \$	2013 \$
Audit fee to conduct external audit - Victorian Auditor General	30,700	30,500
Internal audit fees	45,335	36,589
TOTAL AUDITORS' REMUNERATION	76,035	67,089

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

2014

Functions / activities	Total grants \$	Total other revenue \$	Revenue total \$	Expenses total \$	Net operating result \$	Total assets \$
Economic development and tourism	90,085	391,792	481,877	1,101,422	(619,545)	3,080,486
Leadership	19,084	45,389	64,473	709,121	(644,648)	2,979
Works and infrastructure	2,137,064	1,672,776	3,809,840	12,059,403	(8,249,563)	225,132,444
Good management	4,951,736	8,217,560	13,169,296	4,895,019	8,274,277	18,706,264
Environment	59,462	1,016,283	1,075,745	1,658,918	(583,173)	7,759,047
Community services and recreation	2,999,855	851,606	3,851,461	5,983,256	(2,131,795)	39,464,027
Total	10,257,286	12,195,406	22,452,692	26,407,139	(3,954,447)	294,145,247

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

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 follows:

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 for 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 CAPITAL EXPENDITURE

	2014	2013
	\$	\$
Capital expenditure area		
Roads	3,985,660	4,955,433
Urban drainage	654,402	385,423
Land and buildings	4,792,366	1,117,970
Plant and equipment	827,280	779,042
TOTAL CAPITAL WORKS	10,259,708	7,237,868
Represented by:		
New infrastructure	-	257,343
Renewal of infrastructure	3,930,114	2,564,242
Upgrade of infrastructure	709,948	2,519,271
New land and buildings	382,813	340,320
Renewal of land and buildings	163,156	-
Upgrade of land and buildings	4,246,397	777,650
New plant and equipment	827,280	779,042
TOTAL CAPITAL WORKS	10,259,708	7,237,868

Property, plant and equipment, infrastructure movement

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

	Note	2014	2013
		\$	\$
Total capital works on property, plant and equipment, infrastructure	10	9,929,347	7,237,868
Asset revaluation movement	10	21,179,306	18,073,553
Depreciation	10	(8,079,436)	(7,480,240)
Works in progress	10	-	(2,986,096)
Change in restoration liabilities	10	196,172	(530,597)
Movement in asset class	10	-	173,700
Impairment of assets	10	384,244	4,889,571
Written down value of assets sold	10	(1,251,031)	(254,340)
Net movement in property, plant and equipment, infrastructure	10	22,358,605	19,123,419

(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 27 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

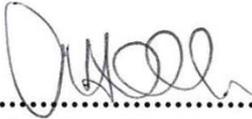
Expenditure which extends an existing asset, at the same standard as is currently enjoyed by residents, to a new group of users. It is discretionary expenditure which increases future operating and maintenance costs, because it increases Council's asset base, but may be associated with additional revenue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

(c) New asset expenditure

Expenditure which creates a new asset that provides a new service that did not previously exist. New asset expenditure does not have any element of renewal, expansion or upgrade of existing assets. New capital expenditure may or may not result in additional revenue for council and will result in an additional burden for future operation, maintenance and capital renewal. Expenditure which creates a new asset that provides a new service that did not previously exist. New asset expenditure does not have any element of renewal, expansion or upgrade of existing assets. New capital expenditure may or may not result in additional revenue for council and will result in an additional burden for future operation, maintenance and capital renewal.

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: 5/9/14
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 2014 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 2014 to certify the financial statements in their final form.

Signed:  Date: 5/9/14
GAVAN LINDSAY HOLT, MAYOR

Signed:  Date: 5/9/2014
COLLEEN MARY CONDLIFFE, COUNCILLOR

Signed:  Date: 5/9/14
JOHN BRIAN McLINDEN, CHIEF EXECUTIVE OFFICER

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 2014 of the Loddon Shire Council which comprises comprehensive income statement, balance sheet, 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 the financial report has been audited.

The accompanying standard statements for the year ended 30 June 2014 of Loddon Shire 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 1 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 2014 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 1 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 1 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 2014 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
12 September 2014


Dr Peter Frost
Acting 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 platform 1 - Build a network of strong communities

Key priority

Leverage social media to better communicate with our residents.

Initiative	Performance measure	Data source	Target	Actual
Develop a social media plan	Social media plan adopted by Council	Council minutes	30-Jun-14	Complete. Social Media Strategy was adopted by Council on 9 December 2013.

Strategic platform 2 - Grow our population through appropriate development

Key priority

Adopt a pro-development attitude to planning and stimulate investment needed to service the community's changing housing requirements.

Initiative	Performance measure	Data source	Target	Actual
Implement online planning application process for commercial development (SPEAR system)	SPEAR system implemented and functioning	Report from SPEAR system	31-Dec-13	Complete. Activity report for 1 January 2014 to 31 March 2014 provided as evidence.

PERFORMANCE STATEMENT (CONTINUED)

Strategic platform 2 - Grow our population through appropriate development

Key priority

Improve our turnaround time on planning approvals for housing projects.

Initiative	Performance measure	Data source	Target	Actual
Implement a planning application progress tracking system	System developed and functioning	Report from system	30-Jun-14	Complete. Active planning applications extract details as at 11 March 2014 provided as evidence.

Strategic platform 2 - Grow our population through appropriate development

Key priority

Attract investors to develop infrastructure and services.

Initiative	Performance measure	Data source	Target	Actual
Identify surplus Council properties and market them	Properties listed on Council's website	Copy of webpage	31-Mar-14	Not complete. List of properties have been provided by Council staff. Assessment of status and options for sale of town based lost is due for completion for the August 2014 Council meeting.

Strategic platform 3 - Champion our agrifood enterprises

Key priority

Engage with the agribusiness sector in a regular and more formal way.

Initiative	Performance measure	Data source	Target	Actual
Engage Agribusiness Development Officer	Officer engaged	Signed letter of offer	30-Sep-13	Complete. Position was renamed 'Rural Coordination and Development Manager'. Letter of offer was produced on 22 February 2012 for the period ending 19 March 2013. Letter of extension to 30 June 2014 was produced on 9 May 2014.

PERFORMANCE STATEMENT (CONTINUED)

Strategic platform 5 - Grow and diversify our economy

Key priority

Exploit our existing strengths and areas of competitive advantage to grow and diversify the economy.

Initiative	Performance measure	Data source	Target	Actual
Develop new economic development strategy	Strategy adopted by Council	Council minutes	30-Jun-14	Not complete. Consultant has been engaged. Preliminary analysis is underway. Developing consultation list in July 2014. Expected completion December 2014.

Strategic platform 7 - Connect with the next generation

Key priority

Identify the needs of young people and develop future leaders.

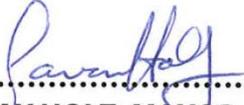
Initiative	Performance measure	Data source	Target	Actual
Explore the interest in a youth council	Report presented to Council	Council minutes	30-Jun-14	Not complete. Schools have been engaged and are assisting with concept planning and coordination.

CERTIFICATION OF PERFORMANCE STATEMENT

In our opinion the accompanying Performance Statement of the Loddon Shire Council in respect of the 2013/14 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: 5 / 9 / 14
GAVAN LINDSAY HOLT, MAYOR

Signed:  Date: 5 / 9 / 2014
COLLEEN MARY CONDLIFFE, COUNCILLOR

Signed:  Date: 5 / 9 / 14
JOHN BRIAN McLINDEN, CHIEF EXECUTIVE OFFICER

INDEPENDENT AUDITOR'S REPORT

To the Councillors, Loddon Shire Council

The Performance Statement

The accompanying performance statement for the year ended 30 June 2014 of the Loddon Shire Council which comprises the statement, the related notes and the certification of 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 2014 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 2014 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
12 September 2014


Dr Peter Frost
Acting Auditor-General