



# Financial Report

For the year ended 30 June 2023



# 07

# Contents

<b>CERTIFICATION OF THE FINANCIAL STATEMENTS</b>	<b>78</b>	<b>Note 5: Our financial position</b>	<b>99</b>
<b>FINANCIAL STATEMENTS</b>		5.1 Financial assets	99
Comprehensive Income Statement	81	5.2 Non-financial assets	100
Balance Sheet	82	5.3 Payables, trust funds and deposits and unearned income/revenue	101
Statement of Changes in Equity	83	5.4 Provisions	102
Statement of Cash Flows	84	5.5 Financing arrangement	104
Statement of Capital Works	85	5.6 Commitments	105
<b>NOTES TO FINANCIAL STATEMENTS</b>		5.7 Leases	107
<b>Note 1: Overview</b>	<b>86</b>	<b>Note 6: Assets we manage</b>	<b>109</b>
<b>Note 2: Performance against budget</b>	<b>88</b>	6.1 Non-current assets classified as held for sale	109
2.1.1 Income and expenditure	88	6.2 Property, infrastructure, plant and equipment	110
2.1.2 Capital works	89	6.3 Investments in associates	117
2.2 Analysis of Council results by program	90	<b>Note 7: People and relationships</b>	<b>118</b>
<b>Note 3: Funding for the delivery of our services</b>	<b>92</b>	7.1 Council and key management remuneration	118
3.1 Rates and charges	92	7.2 Related party disclosure	119
3.2 Statutory fees and fines	92	<b>Note 8: Managing uncertainties</b>	<b>120</b>
3.3 User fees	92	8.1 Contingent assets and liabilities	120
3.4 Funding from other levels of government	93	8.2 Change in accounting standards	120
3.5 Contributions	95	8.3 Financial instruments	120
3.6 Net gain/(loss) on disposal of property, infrastructure, plant and equipment	95	8.4 Fair value measurement	122
3.7 Other income	95	8.5 Events occurring after balance date	123
<b>Note 4: The cost of delivering services</b>	<b>96</b>	<b>Note 9: Other matters</b>	<b>124</b>
4.1 Employee costs	96	9.1 Reserves	124
4.2 Materials and services	97	9.2 Reconciliation of cash flows from operating activities to surplus/(Deficit)	126
4.3 Depreciation	97	9.3 Superannuation	126
4.4 Amortisation - Right of use assets	97	<b>Note 10: Change in accounting policy</b>	<b>128</b>
4.5 Bad and doubtful debts	97		
4.6 Contributions and donations	98		
4.7 Finance costs - Leases	98		
4.8 Other expenses	98		

# CERTIFICATION OF THE FINANCIAL STATEMENTS



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

## **ANITA J MCFARLANE**

*Principal Accounting Officer*

Date:

In our opinion, the accompanying financial statements present fairly the financial transactions of the Yarriambiack Shire Council for the year ended 30 June 2023 and the financial position of the Council as at that date.

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

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

## **KYLIE ZANKER**

*Mayor*

Date to be inserted

## **GRAEME MASSEY**

*Councillor*

Date to be inserted

## **TAMMY SMITH**

*Chief Executive Officer*

Date to be inserted

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# Comprehensive Income Statement

FOR THE YEAR ENDED 30 JUNE 2023

	NOTE	2022/23 \$'000	2021/22 \$'000
<b>INCOME / REVENUE</b>			
Rates and charges	3.1	13,395	13,133
Statutory fees and fines	3.2	129	209
User fees	3.3	855	850
Grants - operating	3.4	12,322	15,469
Grants - capital	3.4	6,763	2,849
Contributions - monetary	3.5	221	233
Net gain (or loss) on disposal of property, infrastructure, plant and equipment	3.6	(484)	(324)
Share of net profits (or loss) of associates	6.3	(81)	108
Other income	3.7	501	424
<b>Total income / revenue</b>		<b>33,621</b>	<b>32,951</b>
<b>EXPENSES</b>			
Employee costs	4.1	12,168	11,020
Materials and services	4.2	8,628	8,368
Depreciation	4.3	5,197	4,915
Amortisation - right of use assets	4.4	463	222
Bad and doubtful debts - allowance for impairment losses	4.5	47	67
Contributions and Donations	4.6	579	743
Finance costs - leases	4.7	18	18
Other expenses	4.8	2,192	1,516
<b>Total expenses</b>		<b>29,292</b>	<b>26,869</b>
<b>Surplus/(deficit) for the year</b>		<b>4,329</b>	<b>6,082</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Items that will not be reclassified to surplus or deficit in future periods</b>			
Net asset revaluation increment/(decrement)	6.2	25,010	(8,210)
Share of other comprehensive income of associates and joint ventures	6.3	246	305
<b>Items that may be reclassified to surplus or deficit in future periods</b>			
<b>Total Other Comprehensive Result</b>		<b>25,256</b>	<b>(7,905)</b>
<b>Total Comprehensive Result</b>		<b>29,586</b>	<b>(1,823)</b>

The above comprehensive income statement should be read in conjunction with the accompanying notes.

# Balance Sheet

FOR THE YEAR ENDED 30 JUNE 2023

	NOTE	2022/23 \$'000	2021/22 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	5.1	17,185	16,428
Trade and other receivables	5.1	2,213	2,036
Other financial assets	5.1	434	575
Inventories	5.2	172	319
Non-current assets classified as held for sale	6.1	-	15
Other assets	5.2	280	228
<b>Total current assets</b>		<b>20,284</b>	<b>19,601</b>
<b>Non-current assets</b>			
Trade and other receivables	5.1	286	350
Investments in associates	6.3	306	387
Property, infrastructure, plant and equipment	6.2	169,696	138,446
Right-of-use assets	5.7	496	571
<b>Total Non-current Assets</b>		<b>170,785</b>	<b>139,755</b>
<b>Total Assets</b>		<b>191,069</b>	<b>159,356</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	5.3	2,734	2,878
Trust funds and deposits	5.3	340	142
Unearned income/revenue	5.3	4,277	1,611
Provisions	5.4	2,786	3,111
Lease liabilities	5.7	340	336
<b>Total Current Liabilities</b>		<b>10,477</b>	<b>8,078</b>
<b>Non-current liabilities</b>			
Provisions	5.4	465	465
Lease liabilities	5.7	240	264
<b>Total Non-current Liabilities</b>		<b>705</b>	<b>729</b>
<b>Total Liabilities</b>		<b>11,182</b>	<b>8,807</b>
<b>Net Assets</b>		<b>179,888</b>	<b>150,549</b>
<b>EQUITY</b>			
Accumulated surplus		89,527	85,198
Reserves	9.1	90,361	65,351
<b>Total Equity</b>		<b>179,888</b>	<b>150,549</b>

The above balance sheet should be read in conjunction with the accompanying notes.

# Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2023

	NOTE	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
<b>2022/23</b>					
Balance at beginning of the financial year		150,549	85,198	65,336	15
Surplus/(deficit) for the year		4,329	4,329	-	-
Net asset revaluation increment/(decrement)	6.2	25,010	-	25,010	-
<b>Balance at end of the financial year</b>		<b>179,888</b>	<b>89,527</b>	<b>90,346</b>	<b>15</b>

	NOTE	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
<b>2021/22</b>					
Balance at beginning of the financial year		152,677	79,116	73,546	15
Surplus/(deficit) for the year		6,082	6,082	-	-
Net asset revaluation increment/(decrement)	6.2	(8,210)	-	(8,210)	-
<b>Balance at end of the financial year</b>		<b>150,549</b>	<b>85,198</b>	<b>65,336</b>	<b>15</b>

The above statement of changes in equity should be read with the accompanying notes.

# Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2023

	NOTE	2022/23 Inflows/ (Outflows) \$'000	2021/22 Inflows/ (Outflows) \$'000
<b>Cash flows from operating activities</b>			
Rates and charges		13,239	13,303
Statutory fees and fines		169	160
User fees		914	876
Grants - operating		12,046	11,706
Grants - capital		9,778	3,080
Contributions - monetary		339	256
Interest received		349	91
Rent Received		1	58
Trust funds and deposits taken		166	142
Other receipts		339	409
Net GST refund/payment		614	1,617
Employee costs		(12,217)	(11,373)
Materials and services		(9,561)	(9,706)
Other payments		(3,731)	(2,288)
<b>Net cash provided by/(used in) operating activities</b>	<b>9.2</b>	<b>12,446</b>	<b>8,332</b>
<b>Cash flows from investing activities</b>			
Payments for property, infrastructure, plant and equipment	<b>6.2</b>	(11,947)	(10,966)
Proceeds from sale of property, infrastructure, plant and equipment		152	575
Payments for investments			(107)
<b>Net cash provided by/(used in) investing activities</b>		<b>(11,795)</b>	<b>(10,498)</b>
<b>Cash flows from financing activities</b>			
Repayment of borrowings		(18)	(58)
Interest paid - lease liability		(18)	(18)
<b>Net cash provided by/(used in) financing activities</b>		<b>(36)</b>	<b>(76)</b>
Net increase/(decrease) in cash and cash equivalents		616	(2,242)
Cash and cash equivalents at the beginning of the financial year		17,003	19,245
<b>Cash and cash equivalents at the end of the financial year</b>		<b>17,619</b>	<b>17,003</b>
Financing arrangements	<b>5.5</b>		

The above statement of cash flows should be read with the accompanying notes.

# Statement of Capital Works

FOR THE YEAR ENDED 30 JUNE 2023

	NOTE	2022/23 \$'000	2021/22 \$'000
<b>PROPERTY</b>			
Land		104	-
<b>Total land</b>		<b>104</b>	<b>-</b>
Buildings		971	523
Heritage buildings		337	88
<b>Total buildings</b>		<b>1,308</b>	<b>611</b>
<b>Total Property</b>		<b>1,412</b>	<b>611</b>
<b>PLANT AND EQUIPMENT</b>			
Plant, machinery and equipment		1,278	795
Fixtures, fittings and furniture		123	14
Computers and telecommunications		140	138
Library books		30	36
<b>Total Plant and Equipment</b>		<b>1,571</b>	<b>983</b>
<b>INFRASTRUCTURE</b>			
Roads		7,744	5,996
Bridges		-	135
Footpaths, Kerb & Channel		668	99
Drainage		96	32
Recreational, leisure and community facilities		309	1,818
Waste management		55	138
Other infrastructure		-	7
<b>Total Infrastructure</b>		<b>8,873</b>	<b>8,225</b>
<b>Total Capital Works Expenditure</b>		<b>11,855</b>	<b>9,819</b>
<b>REPRESENTED BY:</b>			
New asset expenditure		1,515	3,074
Asset renewal expenditure		6,836	5,996
Asset upgrade expenditure		3,505	749
<b>Total Capital Works Expenditure</b>		<b>11,855</b>	<b>9,819</b>

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

# Note 1: OVERVIEW

## Introduction

The Yarriambiack Shire Council was established by an Order of the Governor in Council on 19th January 1995 and is a body corporate.

The Council's main office is located at 34 Lyle Street, Warracknabeal.

## Statement of compliance

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

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

## Significant accounting policies

### 1.1 Basis of accounting

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

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

The financial statements are based on the historical cost convention unless a different measurement basis is specifically disclosed in the notes to the financial statements.

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

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

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

- the fair value of land, buildings, infrastructure, plant and equipment (refer to Note 6.2)
- the determination of depreciation for buildings, infrastructure, plant and equipment (refer to Note 6.2)
- the determination of employee provisions (refer to Note 5.4)
- the determination of landfill provisions (refer to Note 5.4)
- the determination of whether performance obligations are sufficiently specific so as to determine whether an arrangement is within the scope of AASB 15 Revenue from Contracts with Customers or AASB 1058 Income of Not-for-Profit Entities (refer to Note 3)
- the determination, in accordance with AASB 16 Leases, of the lease term, the estimation of the discount rate when not implicit in the lease and whether an arrangement is in substance short-term or low value (refer to Note 5.7)
- whether or not AASB 1059 Service Concession Arrangements: Grantors is applicable
- other areas requiring judgements

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

## Goods and Services Tax (GST)

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

### 1.2 Impact of Covid-19

During 2022-23 the COVID-19 pandemic continued to impact on Council's operations. Council has noted the following significant impacts on its financial operations:

- Additional revenue – Council has received extra grant funding as a result of COVID-19. Council received grant funding for COVID-19 Rapid Antigen Test Program Funding of \$90,000. This funding is unexpended as at 30 June 2023.
- Additional costs – Council continues to incur extra costs in the delivery of our services such as extra cleaning of public amenities, kindergartens etc. Council has also been impacted with the closure of kindergartens due to COVID among staff and not having access to relief staff to cover staff absences.

## Note 2: ANALYSIS OF OUR RESULTS

### 2.1 PERFORMANCE AGAINST BUDGET

The performance against budget notes compare Council's financial plan, expressed through its annual budget, with actual performance. The Local Government (Planning and Reporting) Regulations 2020 requires explanation of any material variances. Council has adopted a materiality threshold of the lower of 10 percent or \$500,000 where further explanation is warranted. Explanations have not been provided for variations below the materiality threshold unless the variance is considered to be material because of its nature.

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

	Budget 2023 \$'000	Actual 2023 \$'000	Variance \$'000	Variance %	Ref
<b>2.1.1 INCOME / REVENUE AND EXPENDITURE</b>					
<i>Income / Revenue</i>					
Rates and charges	13,319	13,395	76	1%	
Statutory fees and fines	143	129	(14)	(10%)	
User fees	943	855	(88)	(9%)	
Grants - operating	9,151	12,322	3,171	35%	1
Grants - capital	6,834	6,763	(71)	(1%)	
Contributions - monetary	122	221	99	81%	
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	(81)	(484)	(403)	497%	
Share of net profits/(losses) of associates	-	(81)	(81)	100%	
Other income	428	501	73	17%	
<b>Total income / revenue</b>	<b>30,859</b>	<b>33,621</b>	<b>2,762</b>	<b>9%</b>	
<i>Expenses</i>					
Employee costs	11,393	12,168	(775)	(7%)	2
Materials and services	7,948	8,628	(680)	(9%)	3
Depreciation	5,509	5,197	312	6%	
Amortisation - right of use assets	160	463	(303)	(189%)	
Bad and doubtful debts - allowance for impairment losses	1	47	(46)	(4,624%)	
Borrowing costs	764	579	185	24%	
Finance costs - leases	20	18	2	11%	
Other expenses	1,554	2,192	(638)	(41%)	4
<b>Total Expenses</b>	<b>27,349</b>	<b>29,292</b>	<b>(1,943)</b>	<b>(7%)</b>	
<b>Surplus/(deficit) for the Year</b>	<b>3,510</b>	<b>4,329</b>	<b>4,705</b>	<b>134%</b>	

#### Explanation of material variations

REF	ITEM	EXPLANATION
1	Grants - operating	Council received the 2023/24 allocation of the Federal Assistance Grant totalling \$6.669 million at the end of June 2023 which was not budgeted for.
2	Employee costs	Council elected to exit the provision of CHSP services as at the 30 June 2023. Redundancy and employee entitlements totalling \$343,000 were paid out to Community Health workers at the end of the financial year. Council has also transferred contract workers on to staff as vacancies have occurred.
3	Material and services	\$373,000 has been paid to Wimmera Development Association to undertake the delivery of three parts of the Wimmera Tourism Flagship program. \$158,000 related to the Murtoa Stick Shed project which had not budgeted.
4	Other expenses	Council was successful in receiving RCTP Round 2 Funding in partnership with Buloke Shire Council and Ararat Rural City Council. The main variance is the payment made to the two councils of their share of the grant monies totalling \$461,966.

	Budget 2023 \$'000	Actual 2023 \$'000	Variance \$'000	Variance %	Ref
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**2.1.2 CAPITAL WORKS***Property*

Land	-	104	104	100%	
<b>Total land</b>	<b>-</b>	<b>104</b>	<b>104</b>	<b>100%</b>	

Buildings	3,701	971	(2,730)	(74%)	5
Heritage buildings	-	337	337	100%	
<b>Total buildings</b>	<b>3,701</b>	<b>1,308</b>	<b>(2,393)</b>	<b>(65%)</b>	

<b>Total property</b>	<b>3,701</b>	<b>1,412</b>	<b>(2,289)</b>	<b>(62%)</b>	
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*Plant and equipment*

Plant, machinery and equipment	1,210	1,278	68	6%	
Fixtures, fittings and furniture	22	123	101	461%	
Computers and telecommunications	124	140	16	13%	
Library books	27	30	3	10%	
<b>Total plant and equipment</b>	<b>1,383</b>	<b>1,571</b>	<b>188</b>	<b>14%</b>	

*Infrastructure*

Roads	5,474	7,744	2,270	41%	6
Bridges	50	-	(50)	(100%)	
Footpaths, Kerb & Channel	1,011	668	(343)	(34%)	
Drainage	50	96	46	92%	
Recreational, leisure and community facilities	247	309	62	25%	
Waste management	434	55	(379)	(87%)	
Parks, open space and streetscapes	189	-	(189)	(100%)	
Aerodromes	145	-	(145)	(100%)	
Other infrastructure	45	-	(45)	(100%)	
<b>Total infrastructure</b>	<b>7,645</b>	<b>8,873</b>	<b>1,228</b>	<b>16%</b>	

<b>Total capital works expenditure</b>	<b>12,729</b>	<b>11,855</b>	<b>(874)</b>	<b>(7%)</b>	
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*Represented by:*

New asset expenditure	3,957	1,515	(2,442)	(62%)	
Asset renewal expenditure	5,654	6,836	1,182	21%	
Asset upgrade expenditure	3,118	3,505	387	12%	
<b>Total capital works expenditure</b>	<b>12,729</b>	<b>11,855</b>	<b>(874)</b>	<b>(7%)</b>	

**Explanation of material variations**

REF	ITEM	EXPLANATION
5	Buildings	Council has experienced delays in the delivery of the Murtoa and Woomelang Units project (\$1 million) and the Warracknabeal Caravan Park Amenities project (\$313,000). The Murtoa Child Care Centre (\$440,000) will now be delivered by the State government. The various Depot projects are to be rescope (\$380,000).
6	Roads	Council received a Local Roads and Community Infrastructure grant \$2.803 million during the financial year which had not been budgeted. This funding was allocated to road projects.

## **2.2 ANALYSIS OF COUNCIL RESULTS BY PROGRAM**

Council delivers its functions and activities through the following programs.

### **2.2.1 COMMUNITY SERVICES**

Administration of maternal & child health services, immunisations, kindergartens and rental accommodation, homecare, senior citizen centres, meals on wheels, home maintenance and sundry welfare services.

### **CORPORATE SERVICES**

General rates and grants commission revenue, general administration and finance costs, which are not allocated to the other functions.

### **ECONOMIC DEVELOPMENT**

Commercial and industrial promotion, caravan parks, livestock exchange, tourist promotion and public conveniences.

### **ENGINEERING**

Construction and maintenance of roads and bridges, footpaths, packing facilities, traffic control, street lighting, street cleaning and drainage, plant operations, workshops and depots and quarries.

### **GOVERNANCE**

Governance provides an effective oversight of the organisation. Human resource management provides support to the organisation and ensures Council's customer focus includes communication and community engagement processes. Service areas include governance, enterprise risk and legal services.

### **RECREATION, CULTURE AND LEISURE**

Maintenance of halls, cultural buildings and operations of the library, parks and reserves, recreation centres, swimming pools, sporting clubs, saleyards and other sundries.

### **REGULATORY SERVICES**

Planning, building control, fire prevention, animal control and the administration of local laws and the health act.

### **WASTE AND ENVIRONMENT**

Rubbish collection, recycling and disposal and tree schemes.

## 2.2.2 SUMMARY OF INCOME / REVENUE, EXPENSES, ASSETS AND CAPITAL EXPENSES BY PROGRAM

	Income/ Revenue	Expenses	Surplus/ (Deficit)	Grants included in income/ revenue	Total assets
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2023</b>					
Community Services	3,085	3,973	(887)	2,689	2,837
Corporate Services	21,288	3,143	18,145	9,079	19,379
Economic Development	881	1,909	(1,028)	489	306
Engineering	5,874	12,944	(7,070)	6,123	155,730
Governance	22	2,513	(2,492)	-	-
Recreation, Culture and Leisure	671	1,582	(911)	492	11,899
Regulatory Services	186	1,003	(817)	30	15
Waste and Environment	1,614	2,224	(610)	182	904
	<b>33,621</b>	<b>29,292</b>	<b>4,329</b>	<b>19,085</b>	<b>191,070</b>

	Income / Revenue	Expenses	Surplus/ (Deficit)	Grants included in income / revenue	Total assets
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2022</b>					
Community Services	3,837	3,705	132	3,108	2,361
Corporate Services	19,397	2,155	17,242	7,421	18,782
Economic Development	2,731	1,523	1,208	2,422	15
Engineering	1,405	10,965	(9,560)	1,848	128,102
Governance	145	2,464	(2,319)	21	402
Recreation, Culture and Leisure	3,736	3,342	394	3,396	9,346
Regulatory Services	230	745	(515)	6	50
Waste and Environment	1,470	1,970	(500)	97	916
	<b>32,951</b>	<b>26,869</b>	<b>6,082</b>	<b>18,319</b>	<b>159,974</b>

## Note 3: FUNDING FOR THE DELIVERY OF OUR SERVICES

	2022/23 \$'000	2021/22 \$'000
<b>3.1 RATES AND CHARGES</b>		
Council uses Capital Improved Value (CIV) as the basis of valuation of all properties within the municipal district. The Capital Improved Value of a property is the net market value after deducting selling costs		
The valuation base used to calculate general rates for 2022/23 was \$4.466 million (2021/22 \$3.097 million).		
Residential	1,760	2,089
Commercial	278	314
Farm/Rural	9,500	8,938
Municipal charge	397	389
Waste management charge	1,274	1,239
Interest on rates and charges	92	77
Revenue in lieu of rates	94	87
<b>Total rates and charges</b>	<b>13,395</b>	<b>13,133</b>

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

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

### 3.2 STATUTORY FEES AND FINES

Animal fees	43	55
Health permits	1	2
Town planning fees	33	31
Other	(16)	54
Building fees	67	67
<b>Total statutory fees and fines</b>	<b>129</b>	<b>209</b>

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

### 3.3 USER FEES

Aged and health services	45	55
Aged and health services brokerage fees	93	85
Meals on wheels	84	90
Meals on wheels brokerage fees	28	34
Leisure centre and recreation	4	1
Caravan park fees	182	218
Waste management services	91	85
Rents	76	58
Saleyards fees and charges	89	78
Vic Roads fees and charges	9	9
Other fees and charges	154	136
<b>Total user fees</b>	<b>855</b>	<b>850</b>

	2022/23 \$'000	2021/22 \$'000
<b><i>User fees by timing of revenue recognition</i></b>		
User fees recognised over time	-	-
User fees recognised at a point in time	855	850
<b>Total user fees</b>	<b>855</b>	<b>850</b>

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

### 3.4 FUNDING FROM OTHER LEVELS OF GOVERNMENT

*Grants were received in respect of the following :*

#### **Summary of grants**

Commonwealth funded grants	13,132	10,001
State funded grants	5,952	8,318
<b>Total Grants Received</b>	<b>19,085</b>	<b>18,318</b>

#### ***(a) Operating Grants***

##### **Recurrent - Commonwealth Government**

Financial Assistance Grants	8,441	7,421
General home care	694	659
Meals on wheels	112	121
Other	2	431
<b>Total Recurrent - Commonwealth Government</b>	<b>9,250</b>	<b>8,631</b>

##### **Recurrent - State Government**

Kindergartens	1,342	1,306
Aged care	23	21
Senior citizens	-	4
Maternal and child health	394	392
Libraries	133	126
Supported playgroup	51	-
Sustainability	102	101
Youth	37	53
Other	56	69
<b>Total Recurrent - State Government</b>	<b>2,138</b>	<b>2,072</b>

<b>TOTAL RECURRENT OPERATING GRANTS</b>	<b>11,388</b>	<b>10,703</b>
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##### **Non-recurrent - State Government**

Economic development	91	30
Library	-	25
Covid	-	275
Heritage	-	249
Recreation	70	2,643
Tourism	-	1,515
Planning	601	
Waste	102	27
Other	70	2
<b>Total non-recurrent - State Government</b>	<b>934</b>	<b>4,766</b>

<b>TOTAL OPERATING GRANTS</b>	<b>12,322</b>	<b>15,469</b>
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	2022/23 \$'000	2021/22 \$'000
<b>(b) Capital Grants</b>		
<b><u>Recurrent - Commonwealth Government</u></b>		
Roads to Recovery	1,079	1,323
<b>Total Recurrent - Commonwealth Government</b>	<b>1,079</b>	<b>1,323</b>
<b><u>Non-recurrent - Commonwealth Government</u></b>		
Local Roads and Community Infrastructure	2,804	47
<b>Total Non-recurrent - Commonwealth Government</b>	<b>2,804</b>	<b>47</b>
<b><u>Non-recurrent - State Government</u></b>		
Kindergartens	10	465
Sports & Recreation	190	-
Agrilinks	1,854	325
Caravan Parks	544	-
Parks & Gardens	80	-
Halls	100	-
Other	102	689
<b>Total Non-recurrent - State Government</b>	<b>2,880</b>	<b>1,480</b>
<b>Total non-recurrent capital grants</b>	<b>5,684</b>	<b>1,526</b>
<b>TOTAL CAPITAL GRANTS</b>	<b>6,763</b>	<b>2,849</b>
<b>TOTAL GRANTS</b>	<b>19,085</b>	<b>18,318</b>

**(c) Recognition of grant income**

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

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

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

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

**Income recognised under AASB 1058 Income of Not-for-Profit Entities**

General purpose	8,441	7,421
Specific purpose grants to acquire non-financial assets	-	-
Other specific purpose grants	3,881	8,049

**Revenue recognised under AASB 15 Revenue from Contracts with Customers**

Specific purpose grants	4,277	1,611
	<b>19,085</b>	<b>18,319</b>

	2022/23 \$'000	2021/22 \$'000
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**(d) Unspent grants received on condition that they be spent in a specific manner****Operating**

Balance at start of year	107	4,108
Received during the financial year and remained unspent at balance date	1,166	107
Received in prior years and spent during the financial year	(107)	(4,108)
<b>Balance at year end</b>	<b>1,166</b>	<b>107</b>

**Capital**

Balance at start of year	1,504	909
Received during the financial year and remained unspent at balance date	2,550	1,504
Received in prior years and spent during the financial year	(944)	(909)
<b>Balance at year end</b>	<b>3,111</b>	<b>1,504</b>

<b>4,277</b>	<b>1,611</b>
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Unspent grants are determined and disclosed on a cash basis.

**3.5 CONTRIBUTIONS**

Monetary	221	233
<b>Total contributions</b>	<b>221</b>	<b>233</b>

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

**3.6 NET GAIN/(LOSS) ON DISPOSAL OF PROPERTY, INFRASTRUCTURE, PLANT AND EQUIPMENT**

Proceeds of sale	145	575
Written down value of assets disposed	(629)	(899)
<b>Total net gain/(loss) on disposal of property, infrastructure, plant and equipment</b>	<b>(484)</b>	<b>(324)</b>

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

**3.7 OTHER INCOME**

Interest	278	14
WorkCover reimbursements	12	3
Private use vehicle reimbursements	1	20
Insurance recoupment	192	115
Leave transferred from other Councils	50	12
Income protection	97	90
Legal costs recovered	147	72
Recycling recoupment	50	49
Fire service Levy	(362)	-
Other	38	47
<b>Total Other Income</b>	<b>501</b>	<b>424</b>

Interest is recognised as it is earned.

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.

## Note 4: THE COST OF DELIVERING SERVICES

	2022/23 \$'000	2021/22 \$'000
<b>4.1 (a) Employee costs</b>		
Wages and salaries	9,103	8,266
WorkCover	161	172
Superannuation	1,059	933
Fringe benefits tax	61	57
Annual leave and long service leave	917	969
Conferences and training	235	170
Councillor allowances	231	219
Income protection	81	41
Redundancies	143	-
Other	178	191
<b>Total Employee Costs</b>	<b>12,168</b>	<b>11,020</b>

### (b) Superannuation

Council made contributions to the following funds:

#### Defined benefit fund

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	41	44
Employer contributions payable at reporting date.	-	-
	<b>41</b>	<b>44</b>

#### Accumulation funds

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	626	595
Employer contributions - Other Funds	392	294
	<b>1,018</b>	<b>889</b>
Employer contributions payable at reporting date.	<b>1,059</b>	<b>933</b>

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

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	2022/23 \$'000	2021/22 \$'000
<b>4.2 MATERIALS AND SERVICE</b>		
Contracts	1,780	1,526
Waste management	871	831
Swimming pool	26	10
Community projects	737	2,252
Road works	734	401
Communication	33	33
Information technology contract	338	281
Materials and services	2,104	1612
Building and ground maintenance	58	138
Supply of meals	222	185
Utilities	358	411
External plant hire	141	57
Information technology and equipment	513	421
Consultants	620	181
Other	93	29
<b>Total Materials and Services</b>	<b>8,628</b>	<b>8,368</b>

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

#### 4.3 DEPRECIATION

Property	626	620
Plant and equipment	1,031	994
Infrastructure	3,540	3,301
<b>Total Depreciation</b>	<b>5,197</b>	<b>4,915</b>

Refer to note 5.2(c), 5.8 and 6.2 for a more detailed breakdown of depreciation and amortisation charges and accounting policy.

#### 4.4 AMORTISATION - RIGHT OF USE ASSETS

Vehicles	463	222
<b>Total Amortisation - Right of use assets</b>	<b>463</b>	<b>222</b>

#### 4.5 BAD AND DOUBTFUL DEBTS - ALLOWANCE FOR IMPAIRMENT LOSSES

Rates debtors	46	47
Other	1	20
<b>Total bad and doubtful debts - allowance for impairment losses</b>	<b>47</b>	<b>67</b>

Movement in allowance for impairment losses in respect of debtors

Balance at the beginning of the year	315	247
New provisions recognised during the year	242	249
Amounts already provided for and written off as uncollectible	(53)	-
Amounts provided for but recovered during the year	(193)	(181)
<b>Balance at end of year</b>	<b>311</b>	<b>315</b>

An allowance for impairment losses in respect of debtors is recognised based on an expected credit loss model. This model considers both historic and forward looking information in determining the level of impairment.

	2022/23 \$'000	2021/22 \$'000
<b>4.6 CONTRIBUTIONS AND DONATIONS</b>		
Sporting reserves	174	162
Swimming pools	219	231
Economic development	15	107
Community halls	36	42
Weir pools	37	32
Other	98	169
<b>Total contributions and donations</b>	<b>579</b>	<b>743</b>
<b>4.7 FINANCE COSTS - LEASES</b>		
Interest - Lease Liabilities	18	18
<b>Total finance costs</b>	<b>18</b>	<b>18</b>
<b>4.8 OTHER EXPENSES</b>		
Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	25	48
Auditors' remuneration - Internal Audit	48	43
Insurances	759	739
Operating lease rentals	47	30
Printing and stationery	37	78
Advertising	89	92
Postage	27	21
Legal costs	314	131
Subscriptions	183	160
Registrations	131	128
Bank fees and charges	34	31
Others	498	15
<b>Total Other Expenses</b>	<b>2,192</b>	<b>1,516</b>

## Note 5: Our financial position

	2022/23 \$'000	2021/22 \$'000
<b>5.1 FINANCIAL ASSETS</b>		
<i>(a) Cash and cash equivalents</i>		
Cash on hand	1	1
Cash at bank	13,477	12,649
Term deposits	3,707	3,775
<b>Total cash and cash equivalents</b>	<b>17,185</b>	<b>16,425</b>
<i>(b) Other financial assets</i>		
<u><b>Current</b></u>		
Term deposits - current	434	575
<b>Total current other financial assets</b>	<b>434</b>	<b>575</b>
<b>Total other financial assets</b>	<b>434</b>	<b>575</b>
<b>Total financial assets</b>	<b>17,619</b>	<b>16,999</b>
<p>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.</p> <p>Other financial assets are valued at fair value, at balance date. Term deposits are measured at original cost. Any unrealised gains and losses on holdings at balance date are recognised as either a revenue or expense.</p> <p>Other financial assets include term deposits and those with original maturity dates of three to 12 months are classified as current, whilst term deposits with maturity dates greater than 12 months are classified as non-current.</p>		
<i>(c) Trade and other receivables</i>		
<u><b>Current</b></u>		
Rates debtors	1,498	1,441
Infringement debtors	15	50
Provision for doubtful debts	(220)	(219)
<i>Non statutory receivables</i>		
Loans and advances to community organisations	68	73
Other debtors	943	787
Provision for doubtful debts - other debtors	(91)	(96)
<b>Total current trade and other receivables</b>	<b>2,213</b>	<b>2,036</b>
<u><b>Non-current</b></u>		
<i>Non statutory receivables</i>		
Loans and advances to community organisations	286	350
<b>Total non-current trade and other receivables</b>	<b>286</b>	<b>350</b>
<b>Total trade and other receivables</b>	<b>2,499</b>	<b>2,386</b>

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

	2022/23 \$'000	2021/22 \$'000
<b>(d) Ageing of Receivables</b>		
The ageing of the Council's trade and other receivables (excluding statutory receivables) that are not impaired was:		
Current (not yet due)	287	577
Past due by up to 30 days	180	18
Past due between 31 and 180 days	106	62
Past due between 181 and 365 days	113	3
Past due by more than 1 year	519	454
<b>Total trade and other receivables</b>	<b>1,205</b>	<b>1,114</b>

**(e) Ageing of individually impaired Receivables**

At balance date, other debtors representing financial assets with a nominal value of \$91,000 (2022: \$96,000) were impaired. The amount of the provision raised against these debtors was \$91,000 (2022: \$96,000). They individually have been impaired as a result of their doubtful collection. Many of the long outstanding past due amounts have been lodged with Council's debt collectors or are on payment arrangements.

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

Current (not yet due)	-	-
Past due by up to 30 days	-	-
Past due between 31 and 180 days	-	-
Past due between 181 and 365 days	-	-
Past due by more than 1 year	(91)	96
<b>Total trade &amp; other receivables</b>	<b>(91)</b>	<b>96</b>

**5.2 NON-FINANCIAL ASSETS****(a) Inventories**

Inventories held for distribution	172	319
<b>Total inventories</b>	<b>172</b>	<b>319</b>

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

**(b) Other assets**

Prepayments	248	220
Accrued income	32	8
<b>Total other assets</b>	<b>280</b>	<b>228</b>

	2022/23 \$'000	2021/22 \$'000
<b>5.3 PAYABLES, TRUST FUNDS AND DEPOSITS AND UNEARNED INCOME/REVENUE</b>		
<i>(a) Trade and other payables</i>		
<b><u>Current</u></b>		
<i>Non-statutory payables</i>		
Trade payables	2,771	2,618
Net GST payable	289	473
<i>Statutory payables</i>		
Accrued expenses	(326)	(213)
<b>Total current trade and other payables</b>	<b>2,734</b>	<b>2,878</b>
<i>(b) Trust funds and deposits</i>		
<b><u>Current</u></b>		
Fire services levy	295	(63)
Retention amounts	45	205
<b>Total current trust funds and deposits</b>	<b>340</b>	<b>142</b>
<i>(c) Unearned income/revenue</i>		
<b><u>Current</u></b>		
Grants received in advance - operating	1,179	107
Grants received in advance - capital	3,098	1,504
<b>Total current unearned income/revenue</b>	<b>4,277</b>	<b>1,611</b>

Unearned income/revenue represents contract liabilities and reflect consideration received in advance from customers in respect of the various projects, such as Housing \$2.52 million, Dunmunkle Community Library Precinct Project \$538,000, 2022-23 Council Flood Support Funding \$320,000, Rural Councils Transformation Program (RCTP) Round 2 Funding \$184,094, Flagship Projects \$355,837 and Council COVID-19 Rapid Antigen Test Program Funding \$90,000. Unearned income/revenue are derecognised and recorded as revenue when promised goods and services are transferred to the customer. Refer to Note 3.

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

#### PURPOSE AND NATURE OF ITEMS

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

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

	Annual Leave \$'000	Long Service Leave \$'000	Sick Leave \$'000	Landfill & Gravel Pit restoration \$'000	Total \$'000
<b>5.4 PROVISIONS</b>					
<b>2023</b>					
Balance at beginning of the financial year	1,104	1,861	92	519	3,576
Additional provisions	768	(4)	-	38	802
Amounts used	(905)	(183)	(13)	(35)	(1,136)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	-	8	-	-	8
<b>Balance at the end of the financial year</b>	<b>967</b>	<b>1,682</b>	<b>79</b>	<b>522</b>	<b>3,250</b>
Provisions - current	967	1,522	53	244	2,786
Provisions - non-current	-	161	26	278	465
<b>2022</b>					
Balance at beginning of the financial year	1,309	1,868	108	529	3,814
Additional provisions	671	125	4	-	800
Amounts used	(876)	(137)	(20)	(10)	(1,043)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	-	5	-	-	5
<b>Balance at the end of the financial year</b>	<b>1,104</b>	<b>1,861</b>	<b>92</b>	<b>519</b>	<b>3,576</b>
Provisions - current	1,104	1,717	49	241	3,111
Provisions - non-current	-	144	43	278	465

	2022/23 \$'000	2021/22 \$'000
<b>(a) Employee provisions</b>		
<b><u>Current provisions expected to be wholly settled within 12 months</u></b>		
Annual leave	944	910
Long service leave	183	137
Sick Leave	53	49
	<b>1,180</b>	<b>1,096</b>
<b><u>Current provisions expected to be wholly settled after 12 months</u></b>		
Annual leave	23	194
Long service leave	1,339	1,580
	<b>1,362</b>	<b>1,774</b>
<b>Total current employee provisions</b>	<b>2,542</b>	<b>2,870</b>
<b><u>Non-current</u></b>		
Long service leave	161	144
Sick leave	26	43
<b>Total non-current employee provisions</b>	<b>187</b>	<b>187</b>
Aggregate carrying amount of employee provisions:		
Current	2,542	2,870
Non-current	187	187
<b>Total aggregate carrying amount of employee provisions</b>	<b>2,729</b>	<b>3,057</b>

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

## ANNUAL LEAVE

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

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

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

## LONG SERVICE LEAVE

Liability for long service leave (LSL) is recognised in the provision for employee benefits. Unconditional LSL is disclosed as a current liability as the Council does not have an unconditional right to defer settlement. Unconditional LSL is measured at nominal value if expected to be settled within 12 months or at present value if not expected to be settled within 12 months. Conditional LSL that has been accrued, where an employee is yet to reach a qualifying term of employment, is disclosed as a non-current liability and measured at present value.

### Key assumptions:

	2022/23	2021/22
- discount rate	4.06%	3.693%
- index rate	4.35%	3.850%

	2022/23 \$'000	2021/22 \$'000
<b>(b) Landfill restoration</b>		
Current	244	241
Non-current	278	278
	<b>522</b>	<b>519</b>

Council is obligated to restore landfill and gravel pit site to a particular standard. The forecast life of the site is based on current estimates of remaining capacity and the forecast rate of infill. The provision for 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. 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 reviews the landfill restoration provision on an annual basis.

<b>Key assumptions:</b>	<b>2022/23</b>	<b>2021/22</b>
- discount rate	4.06%	3.693%
- index rate	4.35%	3.850%

## 5.5 FINANCING ARRANGEMENTS

*The Council has the following funding arrangements in place as at 30 June 2023*

Bank overdraft	3,500	3,500
Credit card facilities	8	5
Other facilities	300	300
<b>Total facilities</b>	<b>3,808</b>	<b>3,805</b>
<b>Used facilities</b>		
Credit card facilities	3	3
Other facilities	279	279
<b>Unused facilities</b>	<b>3,526</b>	<b>3,523</b>

**5.6 COMMITMENTS****(a) Commitments for expenditure**

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

	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	Total
	\$'000	\$'000	\$'000	\$'000
<b>2022/23</b>				
<b><u>Operating</u></b>				
Banking	11	22	22	55
Recycling	-	-	-	-
Garbage collection	-	-	-	-
Supply of PPE Clothing	45	45	-	90
Communications consultant	47	94	-	140
Internal Audit Services	26	26	-	52
Municipal Building Surveying Services (MBS)	188	193	-	380
Corporate System	191	382	-	573
Minyip Cabins	157	-	-	157
Masterplans - Beulah, Brim & Rupanyup	80	-	-	80
Electricity Supply	170	340	-	510
Aquatics Servicing & Maintenance	10	10	-	20
Information, Communication & Technology Managed Service Provider	34	-	-	34
Fire prevention	20	-	-	20
<b>Total</b>	<b>978</b>	<b>1,112</b>	<b>22</b>	<b>2,112</b>
<b><u>Capital</u></b>				
Buildings	1,947	-	-	1,947
Roads	682	252	-	934
Kerb & Channel	250	500	-	750
Plant & Equipment	2,106	75	-	2,181
<b>Total</b>	<b>4,985</b>	<b>827</b>	<b>-</b>	<b>5,812</b>

	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	Total
	\$'000	\$'000	\$'000	\$'000

**2021/22****Operating**

Banking	19	-	-	19
Recycling	286	-	-	286
Garbage collection	121	-	-	121
Supply of PPE Clothing	45	45	45	135
Communications consultant	47	47	47	141
Meals for delivery	160	-	-	160
Internal Audit Services	26	26	52	104
Municipal Building Surveying Services (MBS)	183	188	193	564
Murtoa Stick Shed - Reception Building Upgrade	410			410
Information, Communication & Technology Managed Service Provider	204	-	-	204
Fire prevention	20	20	-	40
<b>Total</b>	<b>1,521</b>	<b>326</b>	<b>337</b>	<b>2,184</b>

**Capital**

Buildings	1,773	-	-	1,773
Roads	1,123	330	-	1,453
Drainage	50	-	-	50
<b>Total</b>	<b>2,946</b>	<b>330</b>	<b>-</b>	<b>3,276</b>

## 5.7 LEASES

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

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

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

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

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

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

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

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

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

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

Under AASB 16 Leases, Council as a not-for-profit entity has elected not to measure right-of-use assets at initial recognition at fair value in respect of leases that have significantly below-market terms.

	Vehicles \$'000	Total \$'000
<b>Right-of-Use Assets</b>		
Balance at 1 July 2022	571	571
Additions	388	388
Amortisation charge	(463)	(463)
<b>Balance at 30 June 2023</b>	<b>496</b>	<b>496</b>
Balance at 1 July 2021	655	655
Additions	138	138
Amortisation charge	(222)	(222)
<b>Balance at 30 June 2022</b>	<b>571</b>	<b>571</b>

	2022/23 \$'000	2021/22 \$'000
<b>Lease Liabilities</b>		
<i>Maturity analysis - contractual undiscounted cash flows</i>		
Less than one year	340	336
One to five years	240	264
More than five years	-	-
<b>Total undiscounted lease liabilities as at 30 June</b>	<b>579</b>	<b>600</b>
 Lease liabilities included in the Balance Sheet at 30 June		
Current	340	336
Non-current	240	264
<b>Total lease liabilities</b>	<b>579</b>	<b>600</b>

**Short-term and low value leases**

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

## Note 6: Assets we manage

	2022/23 \$'000	2021/22 \$'000
<b>6.1 NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE</b>		
Cost of acquisition	-	15
Capitalised development costs (eg roads, drainage)	-	-
Borrowing costs capitalised during development	-	-
<b>Total non-current assets classified as held for sale</b>	<b>-</b>	<b>15</b>

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

## 6.2 PROPERTY, INFRASTRUCTURE, PLANT AND EQUIPMENT

### Summary of property, infrastructure, plant and equipment

	Carrying amount 30 June 2022 \$'000	Additions \$'000	Revaluation \$'000	Depreciation \$'000	Disposal \$'000	Transfers \$'000	Carrying amount 30 June 2023 \$'000
Land	2,226	104	1,708	-	(78)	-	3,961
Property	13,719	1,308	1,605	(626)	-	-	16,007
Plant and equipment	5,744	1,571	-	(1,031)	(41)	-	6,244
Infrastructure	114,865	8,873	21,697	(3,540)	(495)	-	141,399
Work in progress	1,892	1,542	-	-	-	(1,346)	2,087
<b>Total</b>	<b>138,446</b>	<b>13,397</b>	<b>25,010</b>	<b>(5,197)</b>	<b>(614)</b>	<b>(1,346)</b>	<b>169,697</b>

### Summary of Work in Progress

	Opening WIP \$'000	Additions \$'000	Write-off \$'000	Transfers \$'000	Closing WIP \$'000
Property	1,310	709	-	(818)	1,202
Plant and equipment	162	-	-	(162)	0
Infrastructure	420	832	-	(367)	885
<b>Total</b>	<b>1,892</b>	<b>1,542</b>	<b>-</b>	<b>(1,346)</b>	<b>2,087</b>

<b>(a) Property</b>							
	Land - specialised \$'000	Land - non specialised \$'000	Total Land \$'000	Heritage Buildings \$'000	Buildings - specialised \$'000	Buildings - non specialised \$'000	Total Buildings \$'000
							Work In Progress \$'000
							Total Property \$'000
At fair value 1 July 2022	2,032	194	2,226	1,808	12,306	829	18,479
Accumulated depreciation at 1 July 2022	-	-	-	(278)	(905)	(41)	(1,224)
	<b>2,032</b>	<b>194</b>	<b>2,226</b>	<b>1,530</b>	<b>11,401</b>	<b>788</b>	<b>17,255</b>
<b>Movements in fair value</b>							
Additions	-	104	104	337	971	-	2,121
Revaluation	1,601	107	1,708	(667)	203	219	1,464
Disposal	(37)	(41)	(78)	-	-	-	(78)
Transfer	-	-	-	-	-	-	(818)
	<b>1,564</b>	<b>171</b>	<b>1,735</b>	<b>(330)</b>	<b>1,174</b>	<b>219</b>	<b>2,690</b>
<b>Movements in accumulated depreciation</b>							
Depreciation and amortisation	-	-	-	(134)	(472)	(21)	(626)
Revaluation	-	-	-	412	1,376	62	1,850
Accumulated depreciation of disposals	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-
	-	-	-	278	905	41	1,224
At fair value 30 June 2023	3,596	365	3,961	1,478	13,480	1,048	21,169
Accumulated depreciation at 30 June 2023	-	-	-	-	-	-	-
Carrying amount	<b>3,596</b>	<b>365</b>	<b>3,961</b>	<b>1,478</b>	<b>13,480</b>	<b>1,049</b>	<b>21,169</b>

	Plant machinery and equipment \$'000	Fixtures, fittings and furniture \$'000	Computers and Telecoms \$'000	Library Books \$'000	Work In Progress \$'000	Total plant and equipment \$'000
<b>(b) Plant and Equipment</b>						
At fair value 1 July 2022	12,585	313	639	260	162	13,959
Accumulated depreciation at 1 July 2022	(7,460)	(240)	(310)	(43)	-	(8,053)
	<b>5,125</b>	<b>73</b>	<b>329</b>	<b>217</b>	<b>162</b>	<b>5,906</b>
<b>Movements in fair value</b>						
Additions	1,278	123	140	30	-	1,571
Disposal	(123)	-	-	-	-	(123)
Write-Off	-	-	-	-	-	-
Transfers	-	-	-	-	(162)	(162)
Impairment losses recognised in operating result	-	-	-	-	-	-
	<b>1,154</b>	<b>123</b>	<b>140</b>	<b>30</b>	<b>(162)</b>	<b>1,286</b>
<b>Movements in accumulated depreciation</b>						
Depreciation and amortisation	(915)	(21)	(68)	(27)	-	(1,031)
Accumulated depreciation of disposals	82	-	-	-	-	82
Impairment losses recognised in operating result	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
	<b>(833)</b>	<b>(21)</b>	<b>(68)</b>	<b>(27)</b>	<b>-</b>	<b>(949)</b>
At fair value 30 June 2023	13,739	436	779	290	-	15,245
Accumulated depreciation at 30 June 2023	(8,292)	(261)	(378)	(70)	-	(9,001)
Carrying amount	<b>5,447</b>	<b>175</b>	<b>401</b>	<b>220</b>	<b>-</b>	<b>6,244</b>

	Roads		Bridges		Footpaths, kerb & channel		Drainage		Recreational, leisure & community facilities		Waste Management		Parks, open spaces & streetscapes		Aerodromes		Infrastructure		Other		Work In Progress		Total Infrastructure	
	\$'000		\$'000		\$'000		\$'000		\$'000		\$'000		\$'000		\$'000		\$'000		\$'000		\$'000		\$'000	
<b>(c) Infrastructure</b>																								
At fair value 1 July 2022	193,531		2,632		18,242		8,690		10,232		732		1,178		3,123		900		420		239,680			
Accumulated depreciation at 1 July 2022	(103,000)		(1,436)		(11,537)		(5,728)		(484)		(28)		(31)		(1,855)		(296)		-		(124,395)			
	<b>90,531</b>		<b>1,196</b>		<b>6,705</b>		<b>2,962</b>		<b>9,748</b>		<b>704</b>		<b>1,147</b>		<b>1,268</b>		<b>604</b>		<b>420</b>		<b>115,285</b>			
<b>Movements in fair value</b>																								
Additions	7,744		-		668		96		309		55		-		-		-		832		9,705			
Revaluation	32,922		1,119		4,161		1,539		(497)		117		(95)		506		1,032		-		40,804			
Disposal	(1,424)		-		(203)		-		-		-		(32)		-		-		-		(1,659)			
Transfers	-		-		-		-		-		-		-		-		-		(367)		(367)			
	<b>39,242</b>		<b>1,119</b>		<b>4,627</b>		<b>1,635</b>		<b>(188)</b>		<b>172</b>		<b>(128)</b>		<b>506</b>		<b>1,032</b>		<b>465</b>		<b>48,482</b>			
<b>Movements in accumulated depreciation</b>																								
Depreciation and amortisation	(2,765)		(33)		(240)		(116)		(298)		(17)		(18)		(30)		(23)		-		(3,540)			
Accumulated depreciation of disposals	1,006		-		159		-		-		-		-		-		-		-		1,164			
Revaluation	(16,571)		(746)		(935)		(1,058)		781		45		49		(227)		(446)		-		(19,107)			
	<b>(18,331)</b>		<b>(779)</b>		<b>(1,016)</b>		<b>(1,173)</b>		<b>483</b>		<b>28</b>		<b>31</b>		<b>(257)</b>		<b>(469)</b>		<b>-</b>		<b>(21,482)</b>			
At fair value 30 June 2023	232,773		3,751		22,869		10,325		10,044		904		1,050		3,629		1,932		885		288,162			
Accumulated depreciation at 30 June 2023	(121,331)		(2,215)		(12,553)		(6,901)		(1)		-		-		(2,112)		(765)		-		(145,877)			
Carrying amount	<b>111,442</b>		<b>1,536</b>		<b>10,316</b>		<b>3,424</b>		<b>10,043</b>		<b>904</b>		<b>1,050</b>		<b>1,517</b>		<b>1,167</b>		<b>885</b>		<b>142,285</b>			

**Acquisition**

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

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

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

	Depreciation Period	Threshold Limit \$'000
<b>Asset recognition thresholds and depreciation periods</b>		
<i>Land &amp; land improvements</i>		
land	-	1,000
land under roads	-	1,000
<i>Buildings</i>		
buildings	30 - 75 years	5,000
heritage buildings	50 years	5,000
<i>Plant and Equipment</i>		
plant, machinery and equipment	5 - 25 years	1,000
motor vehicles	1 - 15 years	1,000
fixtures, fittings and furniture	3 - 15 years	1,000
<i>Infrastructure</i>		
earthworks all	-	5,000
gravel road pavements / resheets	10 - 14 years	2,000
sealed road pavements	60 years	5,000
sealed road final seal	12 years	2,000
bridges	80 years	5,000
footpaths, kerb and channel	25 years	2,000
drainage	25 - 80 years	5,000
aerodromes	12 years	5,000
recreation and leisure	30 - 75 years	5,000
parks and open space	30 - 75 years	5,000
waste management	4 - 30 years	5,000
other infrastructure	4 - 30 years	5,000

**Land under roads**

Council recognises land under roads it controls at fair value.

**Depreciation and amortisation**

Buildings, land improvements, plant and equipment, infrastructure, and other assets having limited useful lives are systematically depreciated over their useful lives to the Council in a manner which reflects 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 rate is determined for each component.

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

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

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

### Repairs and maintenance

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

### Valuation of land and buildings

Valuation of land and buildings were undertaken by a qualified independent valuer Preston Rowe Paterson National Property Consultant - Benjamin Sawyer AAPI Reg 63163. The valuation of land and buildings is at fair value, being market value based on highest and best use permitted by relevant land planning provisions. Where land use is restricted through existing planning provisions the valuation is reduced to reflect this limitation. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the comprehensive income statement.

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

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

The date and type of the current valuation is detailed in the following table.

Details of the Council's land and buildings and information about the fair value hierarchy as at 30 June 2023 are as follows:

	Level 1	Level 2	Level 3	Date of Valuation	Type of Valuation
Land - Non specialised	-	365	-	Jun-23	Full
Land - Specialised	-	-	3,597	Jun-23	Full
Buildings - Heritage	-	-	1,478	Jun-23	Full
Buildings - Non specialised			1,049	Jun-23	Full
Buildings - Specialised	-	-	13,480	Jun-23	Full
<b>Total</b>	<b>-</b>	<b>365</b>	<b>19,604</b>		

\* Definitions of levels refer to note 8.4

### Valuation of infrastructure

Valuation of infrastructure assets has been determined in accordance with an AASB 113 Fair Value utilising the cost approach (replacement cost) method internally utilising Assetfinda software and processed by Pradip Bhujel, Certified Engineer (BE Civil) (MIE Aust).

The date and type of the current valuation is detailed in the following table.

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

Details of the Council's infrastructure and information about the fair value hierarchy as at 30 June 2023 are as follows:

	Level 1	Level 2	Level 3	Date of Valuation	Type of Valuation
Roads	-	-	111,443	Jun-23	Full
Bridges	-	-	1,536	Jun-23	Full
Footpaths, Kerb and channel	-	-	10,316	Jun-23	Full
Drainage	-	-	3,424	Jun-23	Full
Recreational, leisure and community facilities	-	-	10,043	Jun-23	Full
Waste management	-	-	904	Jun-23	Full
Parks, open space and streetscapes	-	-	1,050	Jun-23	Full
Aerodromes	-	-	1,518	Jun-23	Full
Other infrastructure	-	-	1,165	Jun-23	Full
<b>Total</b>	<b>-</b>	<b>-</b>	<b>141,400</b>		

\* Definitions of levels refer to note 8.4

**Description of significant unobservable inputs into level 3 valuations**

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

**Specialised buildings** are valued using a current replacement cost technique. Significant unobservable inputs include the current replacement cost and remaining useful lives of buildings. Current replacement costs are calculated on a square metre basis and ranges from \$11 to \$5,500 per square metre. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary from 30 years to 75 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of buildings are sensitive to changes in expectations or requirements that could either shorten or extend the useful lives of buildings.

**Infrastructure assets** are valued based on the current replacement cost. Significant unobservable inputs include the current replacement cost and remaining useful lives of infrastructure. The remaining useful lives of infrastructure assets are determined on the basis of the current condition of the asset and vary from 12 years to 80 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of infrastructure are sensitive to changes in use, expectations or requirements that could either shorten or extend the useful lives of infrastructure assets.

	2022/23 \$'000	2021/22 \$'000
<b>Reconciliation of specialised land</b>		
Other land	3,596	2,032
<b>Total specialised land</b>	<b>3,596</b>	<b>2,032</b>

2022/23 \$'000	2021/22 \$'000
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**6.3 INVESTMENTS IN ASSOCIATES****(a) Investments in associates**

Wimmera Development Association	306	387
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**Wimmera Development Association****Background**

Yarriambiack Shire Council in conjunction with Horsham Rural City Council, Hindmarsh Shire Council, Northern Grampians Shire Council and West Wimmera Shire Council have an interest in the Wimmera Development Association. Wimmera Development Association (WDA) is the peak economic development organisation for the Wimmera Southern-Mallee region supporting existing local businesses and promoting economic development opportunities to investors. Yarriambiack Shire Council currently has a 13.58% equity interest, (13.58% in 2021/22).

<b>Fair value of Council's investment in Wimmera Development Association</b>	<b>306</b>	<b>387</b>
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**Council's share of accumulated surplus/(deficit)**

Council's share of accumulated surplus/(deficit) at start of year	305	200
Reported surplus/(deficit) for year	(81)	107
Transfers (to) from reserves	22	(2)
<b>Council's share of accumulated surplus(deficit) at end of year</b>	<b>246</b>	<b>305</b>

**Council's share of reserves**

Council's share of reserves at start of year	(24)	(22)
Transfers (to) from reserves	84	(2)
<b>Council's share of reserves at end of Year</b>	<b>60</b>	<b>(24)</b>

**Movement in carrying value of specific investment**

Carrying value of investment at start of year	387	280
Share of surplus(deficit) for year	(81)	107
<b>Carrying value of investment at end of year</b>	<b>306</b>	<b>387</b>

**Council's share of expenditure commitments**

Operating commitments	623	409
<b>Council's share of expenditure commitments</b>	<b>623</b>	<b>409</b>

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

The consolidated financial statements of Council incorporate all entities controlled by Council as at 30 June 2023, and their income and expenses for that part of the reporting period in which control existed.

Entities consolidated into Council include:

- Hopetoun Swimming Pool Committee of Management
- Murtoa Community Units Committee of Management
- Woomelang Community Units of Management

**(b) Community Asset Committee**

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

## Note 7: PEOPLE AND RELATIONSHIPS

### 7.1 COUNCIL AND KEY MANAGEMENT REMUNERATION

#### *(a) Related Parties*

##### Parent entity

Yarriambiack Shire Council is the parent entity.

##### Subsidiaries and Associates

Interests in subsidiaries and associates are detailed in Note 6.3.

#### *(b) Key Management Personnel*

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

##### **Councillors**

Councillor Kylie Zanker (Mayor)

Councillor Graeme Massey

Councillor Tom Hamilton

Councillor Corrine Heintze

Councillor Karly Kirk

Councillor Andrew McLean

Councillor Chris Lehmann

Chief Executive Officer: Tammy Smith

Director - Business Strategy & Performance: Tony Caccaviello (from 29 August 2022)

Director - Business Strategy & Performance: Paul Brumby (to 14 October 2022 via contract)

Director - Community & Development: Gavin Blinman

Director - Assets & Operations: Michael Evans

<b>Total Number of Councillors</b>	7	7
<b>Total of Chief Executive Officer and other Key Management Personnel</b>	5	5
<b>Total Number of Key Management Personnel</b>	<b>12</b>	<b>12</b>

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

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

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

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

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

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

	2022/23 \$'000	2021/22 \$'000
Total remuneration of key management personnel was as follows:		
Short-term employee benefits	834	888
Other long-term employee benefits	14	11
Post-employment benefits	113	88
Termination benefits	-	-
<b>Total</b>	<b>961</b>	<b>987</b>

The numbers of key management personnel whose total remuneration from Council and any related entities, fall within the following bands:

\$10,000 - \$19,999	-	5
\$20,000 - \$29,999	6	-
\$30,000 - \$39,999	-	1
\$40,000 - \$49,999	-	1
\$50,000 - \$59,999	1	-
\$70,000 - \$79,999	1	1
\$140,000 - \$149,999	1	-
\$150,000 - \$159,999	1	-
\$160,000 - \$169,999	1	2
\$170,000 - \$179,999	-	1
\$190,000 - \$199,999	-	1
	<b>11</b>	<b>12</b>

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

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

There are no other Senior Officers other than the key management personnel

## **7.2 RELATED PARTY DISCLOSURE**

### **(a) Transactions with related parties**

During the period Council entered into the following transactions with related parties.	442	59
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### **(b) Outstanding balances with related parties**

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties

0	0
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### **(c) Loans to/from related parties**

The aggregate amount of loans in existence at balance date that have been made, guaranteed or secured by the council to a related party are as follows:

0	0
---	---

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

The aggregate amount of commitments in existence at balance date that have been made, guaranteed or secured by the council to a related party are as follows:

0	0
---	---

## Note 8: Managing uncertainties

### 8.1 CONTINGENT ASSETS AND LIABILITIES

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

#### *(a) Contingent assets*

Contingent assets are possible assets that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Council. There are no contingent assets.

#### *(b) Contingent liabilities*

Contingent liabilities are:

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

#### Superannuation

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

#### Landfill

Council operates a number of landfill and gravel pits.. Council will have to carry out site rehabilitation works in the future. At balance date Council is unable to accurately assess the financial implications of such works.

#### Liability Mutual Insurance

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

#### *(c) Guarantees for loans to other entities*

The Department of Environment, Land, Water & Planning holds a National Australia Bank Guarantee given by the Council for the sum of \$244,000, which is being used if a site is damaged after gravel extraction. This continues to be reviewed on a yearly basis.

Financial guarantee contracts are not recognised as a liability in the balance sheet unless the lender has exercised their right to call on the guarantee or Council has other reasons to believe that it is probable that the right will be exercised.

### 8.2 CHANGE IN ACCOUNTING STANDARDS

Certain new Australian Accounting Standards and interpretations have been published that are not mandatory for the 30 June 2023 reporting period. Council assesses the impact of these new standards. As at 30 June 2023 there were no new accounting standards or interpretations issued by the AASB which are applicable for the year ending 30 June 2024 that are expected to impact Council.

### 8.3 FINANCIAL INSTRUMENTS

#### *(a) Objectives and policies*

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

#### *(b) Market risk*

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

**Interest rate risk**

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Council's interest rate liability risk arises primarily from long term loans and borrowings at fixed rates which exposes council to fair value interest rate risk / Council does not hold any interest bearing financial instruments that are measured at fair value, and therefore has no exposure to fair value interest rate risk. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Council has minimal exposure to cash flow interest rate risk through its cash and deposits that are at floating rates.

Investment of surplus funds is made with approved financial institutions under the *Local Government Act 2020*. Council manages interest rate risk by adopting an investment policy that ensures:

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

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

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

**(c) Credit risk**

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

- council have a policy for establishing credit limits for the entities council deal with;
- council may require collateral where appropriate; and
- council only invest surplus funds with financial institutions which have a recognised credit rating specified in council's investment policy.

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

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

Council may also be subject to credit risk for transactions which are not included in the balance sheet, such as when council provide a guarantee for another party. Details of our contingent liabilities are disclosed in Note 8.1(b).

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

**(d) Liquidity risk**

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

To help reduce these risks Council:

- have a liquidity policy which targets a minimum and average level of cash and cash equivalents to be maintained;
- have readily accessible standby facilities and other funding arrangements in place;
- have a liquidity portfolio structure that requires surplus funds to be invested within various bands of liquid instruments;
- monitor budget to actual performance on a regular basis; and
- set limits on borrowings relating to the percentage of loans to rate revenue and percentage of loan principal repayments to rate revenue.

The Council's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed on the face of the balance sheet and the amounts related to financial guarantees disclosed in Note 8.1(c), and is deemed insignificant based on prior periods' data and current assessment of risk.

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

With the exception of borrowings, all financial liabilities are expected to be settled within normal terms of trade. Details of the maturity profile for borrowings are disclosed at Note 5.4.

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

**(e) Sensitivity disclosure analysis**

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

- A parallel shift of +1% and -1% in market interest rates (AUD) from year-end rates of 1%.

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

**8.4 FAIR VALUE MEASUREMENT****Fair value hierarchy**

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

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

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

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

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

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

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

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

**Revaluation**

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

Fair value valuations are determined in accordance with a valuation hierarchy. Changes to the valuation hierarchy will only occur if an external change in the restrictions or limitations of use of an asset result in changes to the permissible or practical highest and best use of the asset. In addition, Council undertakes a formal revaluation of land, buildings, and infrastructure assets on a regular basis ranging from 1 to 3 years. The valuation is performed either by experienced council officers or independent experts. The following table sets out the frequency of revaluations by asset class.

<b>Asset Class</b>	<b>Revaluation frequency</b>
Land	1 to 3 years
Buildings	1 to 3 years
Roads	1 to 3 years
Bridges	1 to 3 years
Footpaths and cycleways	1 to 3 years
Drainage	1 to 3 years
Recreational, leisure and community facilities	1 to 3 years
Waste management	1 to 3 years
Parks, open space and streetscapes	1 to 3 years
Aerodromes	1 to 3 years
Other infrastructure	1 to 3 years

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

#### Impairment of assets

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

### **8.5 EVENTS OCCURRING AFTER BALANCE DATE**

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

## Note 9: Other matters

	Balance at beginning of reporting period \$'000	Increment (decrement) \$'000	Balance at end of reporting period \$'000
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### 9.1 RESERVES

#### (a) Asset revaluation reserves

#### 2022/23

##### Property

Land & land improvements	2,416	1,708	4,124
Buildings	16,052	1,605	17,657
	<b>18,468</b>	<b>3,314</b>	<b>21,782</b>

##### Infrastructure

Roads	38,936	16,350	55,286
Bridges	464	373	837
Footpaths and kerb and channel	3,100	3,226	6,326
Drainage	2,937	482	3,419
Recreational, leisure and community facilities	1,124	284	1,408
Waste management	(48)	163	115
Parks, open space and streetscapes	(178)	(46)	(224)
Aerodromes	374	279	653
Other infrastructure	159	586	745
	<b>46,868</b>	<b>21,697</b>	<b>68,565</b>

<b>Total asset revaluation reserves</b>	<b>65,336</b>	<b>25,010</b>	<b>90,346</b>
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#### 2021/22

##### Property

Land & land improvements	2,195	221	2,416
Buildings	16,052	-	16,052
	<b>18,247</b>	<b>221</b>	<b>18,468</b>

##### Infrastructure

Roads	46,123	(7,187)	38,936
Bridges	565	(101)	464
Footpaths and kerb and channel	4,332	(1,232)	3,100
Drainage	2,910	27	2,937
Recreational, leisure and community facilities	1,087	37	1,124
Waste management	(48)	-	(48)
Parks, open space and streetscapes	(250)	72	(178)
Aerodromes	421	(47)	374
Other infrastructure	159	-	159
	<b>55,299</b>	<b>(8,431)</b>	<b>46,868</b>

<b>Total asset revaluation reserves</b>	<b>73,546</b>	<b>(8,210)</b>	<b>65,336</b>
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The asset revaluation reserve is used to record the increased (net) value of Council's assets over time.

	Balance at beginning of reporting period \$'000	Transfer from accumulated surplus	Balance at end of reporting period \$'000
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*(b) Other reserves***2023**

Aerodrome maintenance	15	-	15
<b>Total Other reserves</b>	<b>15</b>	<b>-</b>	<b>15</b>

**2022**

Aerodrome maintenance	15	-	15
<b>Total Other reserves</b>	<b>15</b>	<b>-</b>	<b>15</b>

	2022/23 \$'000	2021/22 \$'000
<b>9.2 RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO SURPLUS/(DEFICIT)</b>		
Surplus/(deficit) for the year	4,329	6,082
Profit/(loss) on disposal of property, infrastructure, plant and equipment	484	324
Bad and doubtful debts	47	67
Share of net profit/(loss) of associates	(81)	107
Depreciation	5,197	4,915
Amortisation	463	222
Other	-	96
<i>Change in assets and liabilities:</i>		
(Increase)/decrease in trade and other receivables	(113)	(93)
(Increase)/decrease in prepayments	(28)	(172)
Increase/(decrease) in accrued income	24	(3,068)
Increase/(decrease) in trade and other payables	(142)	236
(Decrease)/increase in unearned income /revenue	2,666	(238)
(Decrease)/increase in other liabilities	74	141
(Increase)/decrease in inventories	147	(107)
(Decrease)/increase in provisions	(326)	(180)
<b>Net cash provided by/(used in) operating activities</b>	<b>12,446</b>	<b>8,332</b>

### 9.3 SUPERANNUATION

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

#### Accumulation

The Fund's accumulation 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 2023, this was 10.5% as required under Superannuation Guarantee (SG) legislation (2022: 10.0%)).

#### Defined Benefit

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

There is no proportional split of the defined benefit liabilities, assets or costs between the participating employers as the defined benefit obligation is a floating obligation between the participating employers and the only time that the aggregate obligation is allocated to specific employers is when a call is made. As a result, the level of participation of Yarriambiack Shire Council in the Fund cannot be measured as a percentage compared with other participating employers. Therefore, the Fund Actuary is unable to allocate benefit liabilities, assets and costs between employers for the purposes of AASB 119.

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

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

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

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

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

The VBI is used as the primary funding indicator. Because the VBI was above 100%, the 30 June 2022 actuarial investigation determined the Defined Benefit category was in a satisfactory financial position and that no change was necessary to the Defined Benefit category's funding arrangements from prior years.

### **Employer contributions**

#### **(a) Regular contributions**

On the basis of the results of the 2022 interim actuarial investigation conducted by the Fund Actuary, Council makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2023, this rate was 10.5% of members' salaries (10.0% in 2021/22). This rate is expected to increase in line with any increases in the SG contribution rate and was reviewed as part of the 30 June 2022 interim valuation.

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

#### **(b) Funding calls**

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

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

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

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

If there is a surplus in the Fund, the surplus cannot be returned to the participating employers.

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

### **The 2022 interim actuarial investigation surplus amounts**

An actuarial investigation is conducted annually for the Defined Benefit category of which Council is a contributing employer. Generally, a full actuarial investigation is conducted every three years and interim actuarial investigations are conducted for each intervening year. An interim investigation was conducted as at 30 June 2022 and the last full investigation was conducted as at 30 June 2020.

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

	<b>2022 (interim)</b>	<b>2021 (interim)</b>
	<b>\$m</b>	<b>\$m</b>
- A VBI Surplus	45.7	214.7
- A total service liability surplus	105.8	270.3
- A discounted accrued benefits surplus	112.9	285.2

The VBI surplus means that the market value of the fund's assets supporting the defined benefit obligations exceed the vested benefits that the defined benefit members would have been entitled to if they had all exited on 30 June 2022.

The total service liability surplus means that the current value of the assets in the Fund's Defined Benefit category plus expected future contributions exceeds the value of expected future benefits and expenses as at 30 June 2022.

The discounted accrued benefits surplus means that the current value of the assets in the Fund's Defined Benefit category exceeds the value of benefits payable in the future but accrued in respect of service to 30 June 2022.

### **Superannuation contributions**

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

	<b>Type of Scheme</b>	<b>Rate</b>	<b>2023</b>	<b>2022</b>
			<b>\$'000</b>	<b>\$'000</b>
Vision super	Defined benefits	10.5% (2022:10.0%)	41	44
Vision super	Accumulation	10.5% (2022:10.0%)	1,018	889

In addition to the above contributions, Council has paid unfunded liability payments to Vision Super totalling \$0 during the 2022/23 year. (2021/22 \$0).

There were no contributions outstanding and no loans issued from or to the above schemes as at 30 June 2023.

The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2024 is \$45,000.

## Note 10: Change in accounting policy

### CHANGE IN ACCOUNTING POLICY

There have been no changes to accounting policies in the 2022-23 year.



**Yarriambiack**  
SHIRE COUNCIL