



FINANCIAL STATEMENT



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Disclaimer: Due to rounding, numbers presented throughout this and other documents may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

Certification of the **FINANCIAL STATEMENT**

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: 30 September 2026

In our opinion, the accompanying financial statements present fairly the financial transactions of the Yarriambiack Shire Council for the year ended 30 June 2026 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.

ANDREW MCLEAN

Councillor

Date: 30 September 2026

KYLIE ZANKER

Councillor

Date: 30 September 2026

TAMMY SMITH

Chief Executive Officer

Date: 30 September 2026

INSET VAGO REPORT

INSET VAGO REPORT

Comprehensive Income Statement

For the year ended 30 June 2026

	NOTE	2026 \$	2025 \$
INCOME / REVENUE			
Rates and charges	3.1	15,635,701	15,034,883
Statutory fees and fines	3.2	166,591	230,303
User fees	3.3	584,138	631,464
Grants - operating	3.4	12,612,223	13,776,394
Grants - capital	3.4	5,625,777	2,477,439
Contributions - monetary	3.5	146,030	162,550
Other income	3.7	1,093,395	1,286,278
Total income / revenue		35,863,855	33,599,311
EXPENSES			
Net gain (or loss) on disposal of property, infrastructure, plant and equipment	3.6	1,275,428	2,600,076
Share of net profits (or loss) of associates and joint ventures	6.3	228,136	59,864
Employee costs	4.1	11,729,914	12,568,467
Materials and services	4.2	9,431,391	7,970,695
Depreciation	4.3	10,810,792	8,999,299
Contributions and donations	4.4	593,254	585,023
Depreciation - right of use assets	4.5	249,794	314,979
Allowance for impairment losses	4.6	72,981	29,459
Borrowing costs	4.7	14,307	25,881
Finance costs - leases	4.8	9,561	17,370
Other expenses	4.9	1,934,844	1,860,550
Total expenses		36,350,402	35,031,664
Surplus/(deficit) for the year		(486,547)	(1,432,353)
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to surplus or deficit in future periods			
Net asset revaluation gain/(loss)	6.2	-	222,008
Total Other Comprehensive Income		-	222,008
Total Comprehensive Result		(486,547)	(1,210,345)

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

Balance Sheet

For the year ended 30 June 2026

	NOTE	2026 \$	2025 \$
ASSETS			
Current assets			
Cash and cash equivalents	5.1	8,322,600	10,945,762
Trade and other receivables	5.1	2,329,927	1,946,492
Other financial assets	5.1	5,689,467	467,055
Inventories	5.2	292,595	517,551
Non current assets classified as held for sale	6.1	1,198,013	-
Other assets	5.2	386,663	295,821
Total current assets		18,219,265	14,172,681
Non-current assets			
Trade and other receivables	5.1	98,690	153,690
Investments in associates, joint arrangements and subsidiaries	6.3	-	228,136
Property, infrastructure, plant and equipment	6.2	212,763,437	220,141,057
Right-of-use assets	5.8	179,342	583,925
Total non-current assets		213,041,470	221,106,808
Total assets		231,260,735	235,279,489
LIABILITIES			
Current liabilities			
Trade and other payables	5.3	1,810,135	2,708,755
Trust funds and deposits	5.3	753,359	610,989
Contract and other liabilities	5.3	675,345	2,892,453
Provisions	5.5	2,892,822	3,252,785
Interest-bearing liabilities	5.4	44,967	42,848
Lease liabilities	5.8	155,447	287,605
Total current liabilities		6,332,075	9,795,435
Non-current liabilities			
Provisions	5.5	617,516	616,691
Interest-bearing liabilities	5.4	351,668	396,635
Lease liabilities	5.8	26,272	300,979
Total non-current liabilities		995,457	1,314,305
Total liabilities		7,327,532	11,109,740
Net Assets		223,933,203	224,169,749
EQUITY			
Accumulated surplus		84,261,589	84,748,135
Reserves	9.1	139,671,614	139,421,614
Total Equity		223,933,203	224,169,749

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

Statement of Changes in Equity

For the year ended 30 June 2026

	NOTE	Total \$	Accumulated Surplus \$	Revaluation Reserve \$	Other Reserves \$
2026					
Balance at beginning of the financial year		224,169,749	84,748,135	139,407,049	14,565
Surplus/(deficit) for the year		(486,547)	(486,547)	-	-
Net asset revaluation gain/(loss)	6.2	-	-	-	-
Transfers to other reserves	9.1	250,000	-	-	250,000
Transfers from other reserves	9.1	-	-	-	-
Balance at end of the financial year		223,933,203	84,261,588	139,407,049	264,565

	NOTE	Total \$	Accumulated Surplus \$	Revaluation Reserve \$	Other Reserves \$
2025					
Balance at beginning of the financial year		225,380,094	86,180,488	139,185,041	14,565
Surplus/(deficit) for the year		(1,432,353)	(1,432,353)	-	-
Net asset revaluation gain/(loss)	6.2	222,008	-	222,008	-
Transfers to other reserves	9.1	-	-	-	-
Transfers from other reserves	9.1	-	-	-	-
Balance at end of the financial year		224,169,749	84,748,135	139,407,049	14,565

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

Statement of Cash Flows

For the year ended 30 June 2026

	NOTE	2026 Inflows/ (Outflows) \$	2025 Inflows/ (Outflows) \$
Cash flows from operating activities			
Rates and charges		15,552,701	14,635,932
Statutory fees and fines		138,439	194,143
User fees		622,904	565,197
Grants - operating		10,600,766	15,542,752
Grants - capital		5,795,797	2,611,882
Contributions - monetary		160,633	178,805
Interest received		352,802	471,287
Rent received		-	78,495
Trust funds and deposits		142,370	144,639
Other receipts		877,233	887,928
Net GST refund/payment		1,001,521	2,018,850
Employee costs		(11,867,379)	(13,431,007)
Materials and services		(11,949,373)	(7,575,637)
Other payments		(2,741,560)	(2,752,591)
Net cash provided by/(used in) operating activities		8,686,853	13,570,675
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment	6.2	(4,990,151)	(9,099,823)
Proceeds from sale of property, infrastructure, plant and equipment		281,548	193,648
Payments for investments		(6,402,540)	-
Net cash provided by/(used in) investing activities		(11,111,143)	(8,906,175)
Cash flows from financing activities			
Finance costs		(12,188)	(40,592)
Repayment of borrowings		(44,966)	(42,848)
Interest paid - lease liability		(9,561)	(17,370)
Repayment of lease liabilities		(132,158)	-
Net cash provided by/(used in) financing activities		(198,873)	(100,810)
Net increase/(decrease) in cash and cash equivalents		(2,623,163)	4,563,690
Cash and cash equivalents at the beginning of the financial year		10,945,763	6,382,073
Cash and cash equivalents at the end of the financial year		8,322,600	10,945,763

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

Statement of Capital Works

For the year ended 30 June 2026

	NOTE	2026 \$	2025 \$
PROPERTY			
Land		-	-
Total land		-	-
Buildings		1,146,504	2,377,826
Heritage buildings		-	-
Total buildings		1,146,504	2,377,826
Total property		1,146,504	2,377,826
PLANT AND EQUIPMENT			
Plant, machinery and equipment		570,046	1,251,026
Fixtures, fittings and furniture		4,510	7,624
Computers and telecommunications		64,188	51,547
Library books		22,581	21,459
Total plant and equipment		661,325	1,331,656
INFRASTRUCTURE			
Roads		2,899,309	4,004,183
Bridges		-	-
Footpaths and kerb & channel		553,084	491,218
Drainage		183,748	-
Recreational, leisure and community facilities		243,163	176,327
Waste management		240,895	49,324
Parks, open space and streetscapes		217,301	90,290
Aerodromes		-	-
Other infrastructure		46,306	-
Total infrastructure		4,383,805	4,811,342
Total capital works expenditure		6,191,634	8,520,824
REPRESENTED BY:			
New asset expenditure		671,402	2,598,069
Asset renewal expenditure		4,232,456	5,746,427
Asset upgrade expenditure		1,287,776	176,327
Total capital works expenditure		6,191,634	8,520,823

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 19 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.

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. Specific 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 dollar amount 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 5.5)
- the determination of landfill provisions (refer to Note 5.5)
- 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 3.4)
- 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 5.8)

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.

Note 1.2 Impacts of other external events

Council has considered ongoing external events that have contributed to volatility in international markets, disrupted global supply chains and increased inflationary pressure, including the risk that they may cause significant changes in the carrying values of assets and liabilities in the next financial year, and has concluded that there is no material impact on the 2025-26 financial report that requires additional disclosure.

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* require explanation of any material variances. For the purposes of variance analysis and disclosure, Council applies a materiality threshold of the lower of 10% or \$500,000. Explanations are provided for variances exceeding this threshold where additional commentary is considered necessary to support an understanding of the result. Variances of less than \$50,000 are considered immaterial and are therefore not separately disclosed.

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

	Budget 2026 \$	Actual 2026 \$	Variance \$	Variance %	Ref
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2.1.1 INCOME / REVENUE AND EXPENDITURE

Income / Revenue

Rates and charges	15,590,269	15,635,701	45,432	0.29%	
Statutory fees and fines	183,200	166,591	(16,609)	(9.07%)	
User fees	657,775	584,138	(73,637)	(11.19%)	1
Grants - operating	8,986,014	12,612,223	3,626,209	40.35%	2
Grants - capital	4,567,705	5,625,777	1,058,072	23.16%	3
Contributions - monetary	164,548	146,030	(18,518)	(11.25%)	
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	300,000	-	(300,000)	(100.00%)	4
Other income	539,268	1,093,395	554,127	102.76%	5
Total income / revenue	30,988,779	35,863,855	4,875,076	15.73%	

Expenses

Net gain/(loss) on disposal of property, infrastructure, plant and equipment	-	1,275,428	(1,275,428)	100.00%	6
Share of net profits/(losses) of associates and joint ventures	-	228,136	(228,136)	100.00%	7
Employee costs	11,853,379	11,729,914	123,465	1.04%	
Materials and services	9,033,739	9,431,391	(397,652)	(4.40%)	
Depreciation	7,822,116	10,810,792	(2,988,676)	(38.21%)	8
Contributions and donations	626,361	593,254	33,107	5.29%	
Depreciation - right-of-use assets	-	249,794	(249,794)		
Allowance for impairment losses	4,000	72,981	(68,981)	(1724.53%)	9
Borrowing costs	16,116	14,307	1,809	11.23%	
Finance costs - leases	-	9,561	(9,561)		
Other expenses	2,090,559	1,934,844	155,715	7.45%	
Total expenses	31,446,271	36,350,402	(4,904,132)	(15.60%)	
Surplus/(deficit) for the Year	(457,492)	(486,547)	(29,055)	6.35%	

Explanation of material variations

REF EXPLANATION

- User fees** - was \$73,637 less than the budget due to caravan park fees being less than last year and the reclassification of the ESVF administration funding being reclassified as a grant rather than user fees
- Grants - operating** - was \$3.626 million above budget, primarily reflecting the early payment of the 2026/27 Victorian Local Government Grants Commission (VLGGC) funding allocation (\$6.398 million).
- Grants - capital** - are \$1.058 million above budget, primarily due to the receipt of final payments for multiple phases of the Local Roads and Community Infrastructure Program. These amounts had been budgeted for receipt in the 2024/25 financial year but were delayed pending the completion of final acquittals and audits.
- Net gain/(loss) on disposal of property, infrastructure, plant and equipment** - Refer to ref 6

REF EXPLANATION

- 5 *Other income* - Other income was \$760,462 above budget, primarily driven by higher-than-budget interest earnings on investments of \$147,974, income protection reimbursements of \$127,248, and WorkCover reimbursements of \$83,649. These favourable variances, together with other minor income items, contributed to actual other income exceeding the budget.
- 6 *Net gain/(loss) on disposal of property, infrastructure, plant and equipment* - was \$975,428 unfavourable to budget. While Council realised proceeds from the sale of various items of plant and equipment, the disposal of infrastructure assets, including roads and kerb and channel assets replaced through renewal works, resulted in a net loss due to the written-down value of the assets disposed of.
- 7 *Share of net profits/(losses) of associates and joint ventures* - Council and the other member councils dissolved their membership in Wimmera Southern Mallee Development Pty Ltd in August 2025. This variance is a result of the dissolution.
- 8 *Depreciation* - was \$2.988 million above budget, primarily due to the impact of the 2024/25 asset revaluation. At the time the budget was prepared, the full depreciation impact of the revaluation had not yet been identified or quantified, and therefore was not incorporated into the budget forecasts.
- 9 *Allowance for impairment losses* - an annual review of provision for doubtful debts for both rates and accounts receivable has resulted in a movement in the provision.

	Budget 2026 \$	Actual 2026 \$	Variance \$	Variance %	Ref
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2.1.2 CAPITAL WORKS*Property*

Buildings	340,000	1,146,504	806,504	237.21%	1
Total property	340,000	1,146,504	806,504	237.21%	

Plant and equipment

Plant, machinery and equipment	1,295,000	570,046	(724,954)	(55.98%)	2
Fixtures, fittings and furniture	-	4,510	4,510	100.00%	3
Computers and telecommunications	60,000	64,188	4,188	6.98%	
Library books	20,000	22,581	2,581	12.91%	
Total plant and equipment	1,375,000	661,325	(713,675)	(51.90%)	

Infrastructure

Roads	4,654,143	2,899,309	(1,754,834)	(37.70%)	4
Footpaths and kerb & channel	663,768	553,084	(110,684)	(16.68%)	5
Drainage	75,600	183,748	108,148	143.05%	6
Recreational, leisure and community facilities	1,450,503	243,163	(1,207,340)	(83.24%)	7
Waste management	-	240,895	240,895	100.00%	8
Parks, open space and streetscapes	-	217,301	217,301	100.00%	9
Other Infrastructure	-	46,306	46,306	100.00%	
Total infrastructure	6,844,014	4,383,805	(2,460,209)	(35.95%)	

TOTAL CAPITAL WORKS EXPENDITURE	8,559,014	6,191,634	(2,367,380)	(27.66%)	
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Represented by:

New asset expenditure	767,402	671,402	(96,000)	(12.51%)	
Asset renewal expenditure	4,564,111	4,232,456	(331,655)	(7.27%)	
Asset upgrade expenditure	3,227,501	1,287,776	(1,939,725)	(60.10%)	
TOTAL CAPITAL WORKS EXPENDITURE	8,559,014	6,191,634	(2,367,380)	(27.66%)	

*Explanation of material variations***REF EXPLANATION**

- 1 *Buildings* - The variance primarily relates to the timing of the completion of the social and affordable housing units at Rupanyup, Hopetoun and Warracknabeal. These projects were expected to be completed by the end of the 2023/24 financial year; however, completion was delayed due to landscaping works being undertaken at the Rupanyup and Warracknabeal sites. The Hopetoun unit was constructed during 2025/26, with landscaping works completed in the 2026/27 financial year.

Explanation of material variations**REF EXPLANATION**

- 2** *Plant, machinery and equipment* - The underspend reflects delays in the delivery of two water tanker units (\$349,200), a loader (\$258,000), and a replacement dog trailer (\$127,830). Delivery of all plant items is currently scheduled for late August 2026.
- 3** *Fixtures, fittings and furniture* - The \$4,510 variance relates to the replacement of an industrial washing machine at the Hopetoun Caravan Park after the existing machine was deemed unrepairable.
- 4** *Roads* - The favourable variance was primarily driven by the postponement of the Glenorchy Road project (\$700,000). In addition, the Banyena-Pimpinio Road rehabilitation project was completed under budget, generating savings of \$583,877, while further efficiencies were achieved in resheeting (\$201,253) and shoulder resheeting (\$336,777) activities.
- 5** *Footpaths and kerb & channel* - The variance primarily relates to the Tiny Towns Fund project at Yaapect for the replacement of footpaths and kerb and channel works.
- 6** *Drainage* - The variance was primarily due to the Cannings Channel remediation works undertaken along the Borung Highway. These works involved widening the channel and replacing driveway culverts along this section.
- 7** *Recreational, leisure and community facilities* - The variance is due to delays in commencing the Hopetoun Swimming Pool redevelopment, resulting from scope negotiations to align the project with the available budget and contractor availability. The project is expected to be completed before the start of the 2026/27 swimming season.
- 8** *Waste management* - The variance is due to a delay in the commencement of construction of the depot shed in Murtoa. The project was originally scheduled to be completed in the 2024/25 financial year.
- 9** *Parks, open space and streetscapes* - The variance primarily relates to the delivery of the funded Rabi Park Skatepark project, which included the installation of a multi-use sports court and modular skatepark.

2.2 Analysis of Council results by program

Council delivers its functions and activities through the following programs.

2.2.1 COMMUNITY SERVICES

Maternal & child health services, immunisations, kindergartens, rental accommodation, senior citizen centres, 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, parking 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 two libraries, 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
	\$	\$	\$	\$	\$

2026

Community Services	1,555,565	1,852,824	(297,259)	1,547,355	163,208
Corporate Services	24,322,078	2,819,905	21,502,173	10,326,777	16,919,054
Economic Development	309,807	1,240,164	(930,357)		-
Engineering	4,990,574	20,454,627	(15,464,052)	4,361,821	200,930,207
Governance	36,631	3,085,740	(3,049,109)	-	-
Recreation, Culture and Leisure	1,996,338	3,107,994	(1,111,656)	1,801,047	12,024,830
Regulatory Services	409,388	1,344,496	(935,108)	197,000	34,163
Waste and Environment	2,243,473	2,444,651	(201,178)	4,000	1,189,273
	35,863,855	36,350,402	(486,547)	18,238,000	231,260,735

	Income/ Revenue	Expenses	Surplus/ (Deficit)	Grants included in income/ revenue	Total assets
	\$	\$	\$	\$	\$

2025

Community Services	2,617,531	2,796,934	(179,403)	2,420,243	1,482,312
Corporate Services	21,900,098	2,668,254	19,231,844	10,863,139	13,880,085
Economic Development	630,682	1,397,131	(766,449)	312,149	428,029
Engineering	5,285,168	20,174,546	(14,889,378)	1,995,292	207,525,727
Governance	25,522	2,961,192	(2,935,670)	-	-
Recreation, Culture and Leisure	697,320	1,646,596	(949,276)	472,730	10,930,395
Regulatory Services	301,653	1,026,085	(724,432)	57,000	62,314
Waste and Environment	2,141,338	2,360,927	(219,589)	133,280	970,626
	33,599,312	35,031,665	(1,432,353)	16,253,833	235,279,488

Note 3: Funding for the delivery of our services

	2026	2025
	\$	\$

3.1 RATES AND CHARGES

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 2025/26 was \$6.676 billion (2024/25 \$6.571 billion).

General rates	12,643,670	12,275,804
Municipal charge	439,398	426,677
Service rates and charges	1,973,388	1,785,071
Revenue in lieu of rates	93,811	72,937
Interest on rates and charges	485,434	474,393
Total rates and charges	15,635,701	15,034,883

The date of the general revaluation of land for rating purposes within the municipal district was 1 January 2025 and the valuation was first applied in the rating year commencing 1 July 2025.

Annual rates and charges are recognised as income 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	76,527	66,231
Town planning fees	86,314	56,948
Building fees	32,742	64,314
Other	(28,992)	42,811
Total statutory fees and fines	166,591	230,303

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

3.3 USER FEES

Kindergarten fees	-	1,666
Leisure centre and recreation	6,941	50
Caravan park fees	200,549	209,591
Waste management services	119,393	123,165
Rents	95,600	78,495
Saleyards fees and charges	81,813	88,874
VicRoads fees and charges	10,448	11,236
Road Works	4,355	6,625
Rates	678	48,773
Other fees and charges	64,362	62,989
Total user fees	584,138	631,464

	2026 \$	2025 \$
User fees by timing of revenue recognition		
User fees recognised over time	-	-
User fees recognised at a point in time	584,138	631,464
Total user fees	584,138	631,464

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	14,296,646	12,525,930
State funded grants	3,941,354	3,727,903
Total grants received	18,238,000	16,253,833

(a) Operating Grants

Recurrent - Commonwealth Government

Financial Assistance Grants	10,227,517	10,863,139
Other	-	1,776
Total Recurrent - Commonwealth Government	10,227,517	10,864,915

Recurrent - State Government

Kindergartens	589,159	1,753,545
Maternal and child health	2,995	322,978
Libraries	132,695	132,799
Sustainability	85,000	85,000
Youth	75,000	53,250
Recreation	-	-
Other	(183,235)	17,234
Total Recurrent - State Government	701,615	2,364,806

TOTAL RECURRENT OPERATING GRANTS	10,929,132	13,229,721
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Non-recurrent - State Government

Tourism	54,545	286,649
Building	147,000	53,000
Recreation	926,546	31,614
Natural disaster	320,000	145,910
Parks & playgrounds	180,000	-
Other	55,000	29,500
Total non-recurrent operating grants	1,683,092	546,673

TOTAL OPERATING GRANTS	12,612,223	13,776,394
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	2026 \$	2025 \$
(b) Capital Grants		
<u>Recurrent - Commonwealth Government</u>		
Roads to recovery	2,151,553	871,693
Total Recurrent - Commonwealth Government	2,151,553	871,693
Total recurrent capital grants	2,151,553	871,693
<u>Non-recurrent - Commonwealth Government</u>		
Roads	455,812	662,200
Local Roads and Community Infrastructure	1,461,764	127,122
Total Non-recurrent - Commonwealth Government	1,917,576	789,322
<u>Non-recurrent - State Government</u>		
Kindergartens	-	523,149
Sports & Recreation	119,053	48,475
Library	-	200,000
Roads	25,162	103,367
Waste	-	133,280
Recreation Reserve	13,240	-
Housing	856,680	(251,689)
Swimming Pool	492,513	59,842
Streetscape	50,000	-
Total Non-recurrent - State Government	1,556,648	816,424
Total Non-recurrent capital grants	3,474,224	1,605,746
TOTAL CAPITAL GRANTS	5,625,777	2,477,439
TOTAL GRANTS	18,238,000	16,253,833

	2026	2025
	\$	\$

(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 point in 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 unspent grants.

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

Balance at start of year	1,299,243	76,679
Received during the financial year and remained unspent at balance date	318,700	1,299,243
Received in prior years and spent during the financial year	(1,299,243)	(76,679)
Balance at year end	318,700	1,299,243

Capital

Balance at start of year	1,593,210	1,121,828
Received during the financial year and remained unspent at balance date	356,645	1,593,210
Received in prior years and spent during the financial year	(1,593,210)	(1,121,828)
Balance at year end	356,645	1,593,210

Unspent grants are determined and disclosed on a cash basis.

3.5 CONTRIBUTIONS

Monetary	146,030	162,550
Total contributions	146,030	162,550

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

	2026 \$	2025 \$
3.6 NET GAIN/(LOSS) ON DISPOSAL OF PROPERTY, INFRASTRUCTURE, PLANT AND EQUIPMENT		
Proceeds of sale	(281,549)	(193,649)
Written down value of assets disposed	1,556,978	2,793,726
Total net gain/(loss) on disposal of property, infrastructure, plant and equipment	1,275,428	2,600,076

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	309,974	398,349
WorkCover reimbursements	103,649	72,409
Private use vehicle reimbursements	37,734	42,016
Insurance recoupment	78,145	40,980
Employee contributions	70,442	54,142
Income protection	227,248	241,483
Legal costs recovered	14,009	170,995
Recycling recoupment	100,254	87,784
Other	151,940	178,116
Total other income	1,093,395	1,286,278

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

	2026 \$	2025 \$
4.1 (a) Employee costs		
Wages and salaries	8,497,390	9,181,782
WorkCover	256,367	254,104
Superannuation	1,108,806	1,104,749
Fringe benefits tax	16,450	37,116
Annual leave and long service leave	1,146,464	1,344,128
Conferences and training	218,439	161,839
Councillor Allowance	248,428	246,143
Income protection	224,823	125,071
Redundancies	-	105,755
Other	12,746	7,780
Total employee costs	11,729,914	12,568,467

(b) Superannuation

Council made contributions to the following funds:

Defined benefit fund

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	26,252	42,320
	26,252	42,320
Employer contributions payable at reporting date.		-

Accumulation funds

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	532,520	585,667
Employer contributions - other funds	550,034	476,762
	1,082,554	1,062,429
Employer contributions payable at reporting date.		-

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

	2026 \$	2025 \$
4.2 MATERIALS AND SERVICES		
Contracts	1,226,780	857,811
Fire Prevention	15,990	16,537
Waste management	1,592,246	1,536,617
Swimming pool	9,100	9,978
Community projects	1,282,662	336,624
Caravan Park Cleaning	38,732	57,660
Tree Trimming	266,137	114,033
Weed & Pests	85,000	82,416
Road works	364,651	375,561
Building surveyor	278,574	233,351
Information technology contract	172,020	278,699
Materials and services	2,327,735	2,256,232
Building and ground maintenance	61,332	48,586
Utilities	387,475	406,316
External plant hire	91,147	30,682
Information technology and equipment	717,450	556,916
Consultants	424,759	685,796
Other	89,599	86,880
Total materials and services	9,431,391	7,970,695

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

4.3 DEPRECIATION

Property	1,180,177	763,244
Plant and equipment	1,249,750	1,593,307
Infrastructure	8,380,865	6,642,748
Total depreciation	10,810,792	8,999,299

Refer to note 5.8 and 6.2 for a more detailed breakdown of depreciation and amortisation charges and accounting policy.

4.4 CONTRIBUTIONS AND DONATIONS

Recreation reserves	204,200	188,542
Swimming pools	228,667	235,539
Community halls	30,360	49,244
Weir pools	40,213	38,948
Other	89,814	72,749
Total contributions and donations	593,254	585,023

4.5 DEPRECIATION - RIGHT OF USE ASSETS

Vehicles	249,794	314,979
Total Depreciation - Right of use assets	249,794	314,979

	2026 \$	2025 \$
4.6 ALLOWANCE FOR IMPAIRMENT LOSSES		
Other debtors	12,104	(4,925)
Rates debtors	60,878	34,384
Total allowance for impairment losses	72,981	29,459

Movement in allowance for impairment losses in respect of debtors

Balance at the beginning of the year	388,340	359,274
New allowances recognised during the year	314,169	344,813
Amounts already allowed for and written off as uncollectible	(13,640)	(1,676)
Amounts allowed for but recovered during the year	(240,905)	(314,071)
Balance at end of year	447,964	388,340

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

4.7 BORROWING COSTS

Interest - Borrowings	14,211	15,606
Interest - Overdraft	96	10,275
Total borrowing costs	14,307	25,881

Borrowing costs are recognised as an expense in the period in which they are incurred, except where they are capitalised as part of a qualifying asset constructed by Council.

4.8 FINANCE COSTS - LEASES

Interest - Lease Liabilities	9,561	17,370
Total finance costs	9,561	17,370

4.9 OTHER EXPENSES

Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	126,400	37,100
Auditors' remuneration - Internal Audit	29,067	59,928
Insurances	961,736	921,215
Operating lease rentals	23,201	(77,874)
Printing and stationery	14,070	15,847
Advertising	82,790	103,633
Postage	31,750	19,242
Legal costs	341,677	389,165
Subscriptions	121,540	178,742
Registrations	151,606	139,499
Bank fees and charges	28,361	20,092
Other	22,646	53,961
Total other expenses	1,934,844	1,860,550

Note 5: Investing in and financing our operations

	2026 \$	2025 \$
5.1 FINANCIAL ASSETS		
(a) Cash and cash equivalents		
Cash on hand	1,020	774
Cash at bank	6,505,807	7,967,554
Term deposits	1,815,773	2,977,434
Total cash and cash equivalents	8,322,600	10,945,762

(b) Other financial assets

Current

Term deposits	5,689,467	467,055
Total current other financial assets	5,689,467	467,055

Total cash and cash equivalents and other financial assets	14,012,067	11,412,817
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Cash and cash equivalents include cash on hand, deposits at call, and other highly liquid investments with original maturities of three months or less, net of outstanding bank overdrafts.

Other financial assets - Term deposits held to collect principal and interest are measured at amortised cost using the effective-interest method and subject to expected-credit-loss requirements;

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.

(c) Trade and other receivables

Current

Statutory receivables

Rates debtors	1,878,332	1,747,021
Infringement debtors	34,163	62,314
Allowance for expected credit loss - rates	(330,901)	(283,664)

Non statutory receivables

Loans and advances to community organisations	54,000	54,000
Other debtors	811,394	471,496
Allowance for expected credit loss - other debtors	(117,061)	(104,675)

Total current trade and other receivables	2,329,927	1,946,492
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Non-current

Non statutory receivables

Loans and advances to community organisations	98,690	153,690
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Total non-current trade and other receivables	98,690	153,690
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Total trade and other receivables	2,428,617	2,100,182
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Short term receivables are carried at invoice amount. An allowance for expected credit losses is recognised based on past experience and other objective evidence of expected losses. Long term receivables are carried at amortised cost using the effective interest rate method.

	2026 \$	2025 \$
(d) Ageing of Receivables		
The ageing of the Council's trade and other receivables (excluding statutory receivables) that are not impaired was:		
Current (not yet due)	360,064	209,261
Past due by up to 30 days	312,885	48,869
Past due between 31 and 180 days	22,378	17,265
Past due between 181 and 365 days	18,858	270
Past due by more than 1 year	132,839	298,845
Total trade and other receivables	847,024	574,510

(e) Ageing of individually impaired Receivables

At balance date, other debtors representing financial assets with a nominal value of \$117,061 (2025: \$104,675) were impaired. The amount of the allowance raised against these debtors was \$117,061 (2025: \$104,675). 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	117,061	104,675
Total trade & other receivables	117,061	104,675

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

Inventories held for distribution	292,595	517,551
Total inventories	292,595	517,551

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 assetsCurrent

Prepayments	286,224	211,124
Other	100,439	84,697
Total other assets	386,663	295,821

	2026 \$	2025 \$
5.3 PAYABLES, TRUST FUNDS AND DEPOSITS AND CONTRACT AND OTHER LIABILITIES		
(a) Trade and other payables		
<u>Current</u>		
Non-statutory payables		
Trade payables	1,742,835	2,730,025
Accrued expenses	290,617	249,953
Statutory payables		
Net GST receivable	(223,317)	(271,222)
Total current trade and other payables	1,810,135	2,708,756
(b) Trust funds and deposits		
<u>Current</u>		
Emergency Services and Volunteers Fund Levy	435,518	377,116
Retention amounts	317,841	233,873
Total current trust funds and deposits	753,359	610,989
(c) Contract and other liabilities		
Other liabilities		
<u>Current</u>		
Grants received in advance - operating	318,700	1,299,243
Grants received in advance - capital	356,645	1,593,210
Total contract liabilities	675,345	2,892,453

Trust funds and deposits

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.

Other liabilities

Grant consideration was received from Department of Jobs, Skills, Industry and Regions to support the upgrades of the Hopetoun Swimming Pool (\$356,645), Department of Jobs, Skills, Industry and Regions for the Minyip Recreation Reserve lighting project (\$225,000), Vic Health for Move and Play Yarri: Active, Connected Communities - a prevention systems program (\$90,000) and the Department of Families and Fairness and Housing Seniors Concert (\$3,700). Grant consideration is recognised as income following specific guidance under AASB 15 as the asset is constructed. Income is recognised to the extent of costs incurred-to-date because the costs of construction most closely reflect the stage of completion of the assets. As such, Council has deferred recognition of a portion of the grant consideration received as a liability for outstanding obligations.

Purpose and nature of items

Emergency Services and Volunteers Fund - Council is the collection agent for the Emergency Services and Volunteers Fund 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.

	2026 \$	2025 \$
5.4 INTEREST-BEARING LIABILITIES		
<u>Current</u>		
Treasury Corporation of Victoria borrowings - secured	44,967	42,848
Total current interest-bearing liabilities	44,967	42,848
<u>Non-current</u>		
Treasury Corporation of Victoria borrowings - secured	351,668	396,635
Total non-current interest-bearing liabilities	351,668	396,635
Total	396,635	439,483

Borrowings are secured by rates income.

(a) The maturity profile for Council's borrowings is:

Not later than one year	44,967	42,848
Later than one year and not later than five years	351,668	248,191
Later than five years	-	148,444
	396,635	439,483

Borrowings are initially measured at fair value, being the cost of the interest bearing liabilities, net of transaction costs. The measurement basis subsequent to initial recognition depends on whether the Council has categorised its interest-bearing liabilities as either financial liabilities designated at fair value through the profit and loss, or financial liabilities at amortised cost. Any difference between the initial recognised amount and the redemption value is recognised in net result over the period of the borrowing using the effective interest method.

The classification depends on the nature and purpose of the interest bearing liabilities. The Council determines the classification of its interest bearing liabilities based on contractual repayment terms at every balance date.

In classifying borrowings as current or non-current Council considers whether at balance date it has the right to defer settlement of the liability for at least twelve months after the reporting period. Council's loan arrangements include covenants based on Council's financial performance and position at the end of the reporting period. These covenants are assessed for compliance after the reporting period based on specified financial ratios.

	Annual Leave	Long Service Leave	Sick Leave	Landfill & Gravel Pit Restoration	Total
	\$	\$	\$	\$	\$

5.5 PROVISIONS**2026**

Balance at beginning of the financial year	1,122,171	1,908,939	84,169	754,197	3,869,476
Additional provisions	673,642	184,609	(8,712)	35,893	885,432
Amounts used	(734,575)	(218,932)	(32,006)	(268,142)	(1,253,655)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	-	9,086	-	-	9,086
Balance at the end of the financial year	1,061,238	1,883,702	43,451	521,948	3,510,338
<i>Provisions - current</i>	1,061,238	1,608,912	29,815	192,857	2,892,822
<i>Provisions - non-current</i>		274,790	13,636	329,091	617,516

2025

Balance at beginning of the financial year	1,157,015	1,838,596	79,122	465,272	3,540,005
Additional provisions	834,667	280,654	12,403	388,740	1,516,464
Amounts used	(869,511)	(219,646)	(7,683)	(104,245)	(1,201,085)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	-	9,335	327	4,430	14,092
Balance at the end of the financial year	1,122,171	1,908,939	84,169	754,197	3,869,476
<i>Provisions - current</i>	1,122,171	1,629,665	64,903	436,046	3,252,785
<i>Provisions - non-current</i>		279,274	19,266	318,151	616,691

	2026 \$	2025 \$
(a) Employee provisions		
<u>Current provisions expected to be wholly settled within 12 months</u>		
Annual leave	765,060	906,464
Long service leave	228,018	228,981
Sick leave	29,815	64,903
	1,022,893	1,200,348
<u>Current provisions expected to be wholly settled after 12 months</u>		
Annual leave	296,178	215,706
Long service leave	1,380,894	1,400,683
	1,677,072	1,616,389
Total current employee provisions	2,699,965	2,816,737
<u>Non-current</u>		
Long service leave	274,790	279,274
Sick leave	13,636	19,266
Total non-current employee provisions	288,426	298,540
Aggregate carrying amount of employee provisions:		
Current	2,699,965	2,816,737
Non-current	288,426	298,540
Total aggregate carrying amount of employee provisions	2,988,391	3,115,277

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:

- discount rate	4.15%	3.87%
- index rate	4.74%	4.25 %

	2026 \$	2025 \$
(b) Landfill restoration		
Current	192,857	436,046
Non-current	329,091	318,151
	521,948	754,197

Council is obligated to restore landfill sites to a particular standard. The forecast life of the sites 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, including the key assumptions listed below.

Key assumptions:

- discount rate	4.15%	3.87 %
- index rate	4.74%	4.25%

5.6 FINANCING ARRANGEMENTS

The Council has the following funding arrangements in place as at 30 June 2026

Bank overdraft	3,500,000	3,500,000
Credit card facilities	25,000	8,000
Funds Transfer via NAB Connect	120,000	-
Treasury Corporation of Victoria facilities	396,635	480,000
Other facilities - Bank Guarantee	300,000	300,000
Total facilities	4,341,635	4,288,000
Used facilities	640,679	680,183
Unused facilities	3,700,956	3,607,817

5.7 COMMITMENTS

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

(a) Commitments for expenditure

	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
	\$	\$	\$	\$
2026				
Operating				
Banking	11,209	22,418	11,209	44,836
Kerbside Waste & Recycling Collection	1,095,699	2,191,398	3,287,097	6,574,194
Internal Audit Services	99,110	198,220	126,630	423,960
Municipal Building Surveying Services (MBS)	120,092	240,184	240,184	600,460
Road Reserve, Channel & Strategic Fire Break Weed Spraying	85,000	170,000	-	255,000
Fire Prevention	20,000	40,000	-	60,000
Hopetoun Caravan Park Caretaker	65,000	-	-	65,000
Supply of PPE Clothing	25,000	50,000	50,000	125,000
Test & Tag	14,000	28,000	-	42,000
Information, Communication & Technology Managed Service Provider	144,000	144,000	-	288,000
Recreation Reserves	322,460	-	-	322,460
Building Demolition & Asbestos Removal - Panel Contract	150,000	300,000	300,000	750,000
Total	2,151,570	3,384,220	4,015,120	9,550,910
Capital				
Roads	800,000	1,600,000	1,600,000	4,000,000
Swimming Pool	1,139,225	-	-	1,139,225
Total	1,939,225	1,600,000	1,600,000	5,139,225
Total	4,090,795	4,984,220	5,615,120	14,690,135

	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 5 years	Later than 5 years	Total
	\$	\$	\$	\$	\$

2025

Operating

Banking	11,209	22,418	22,418	-	56,045
Kerbside Waste & Recycling Collection	1,224,704	2,560,734	2,716,683	1,419,768	7,921,889
Murtoa Recreation Reserve - Netball & Tennis Courts Upgrade	879,603	-	-	-	879,603
Internal Audit Services	99,110	198,220	99,110	-	396,440
Municipal Building Surveying Services (MBS)	120,092	-	-	-	120,092
Corporate System	191,110	-	-	-	191,110
Road Reserve, Channel & Strategic Fire Break Weed Spraying	85,000	85,000	-	-	170,000
Tree Management Plan	45,000	-	-	-	45,000
Fire Prevention	20,000	-	-	-	20,000
Hopetoun Caravan Park Caretaker	65,000	65,000	-	-	130,000
Aquatics Servicing & Maintenance	10,000	-	-	-	10,000
Test & Tag	14,000	28,000	-	-	42,000
Information, Communication & Technology Managed Service Provider	144,000	-	-	-	144,000
Building Demolition & Asbestos Removal - Panel Contract	150,000	300,000	300,000	-	750,000
Total	3,058,828	3,259,372	3,138,211	1,419,768	10,876,179

Capital

Roads	730,000	730,000	-	-	1,460,000
Kerb & Channel	250,000	250,000	-	-	500,000
Buildings	1,235,118	-	-	-	1,235,118
Total	2,215,118	980,000	-	-	3,195,118
Total	5,273,946	4,239,372	3,138,211	1,419,768	14,071,297

5.8 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 \$	Total \$
Right-of-Use Assets		
Balance at 1 July 2025	583,925	583,925
Lease modifications	273,664	273,664
Disposals	(428,453)	(428,453)
Depreciation charge	(249,794)	(249,794)
Balance at 30 June 2026	179,342	179,342
Balance at 1 July 2024	1,047,288	1,047,288
Lease modifications	(29,733)	(29,733)
Disposals	(118,651)	(118,651)
Depreciation charge	(314,979)	(314,979)
Balance at 30 June 2025	583,925	583,925

	2026 \$	2025 \$
Lease Liabilities		
Maturity analysis - contractual undiscounted cash flows		
Less than one year	157,791	287,605
One to five years	26,298	318,349
Total undiscounted lease liabilities as at 30 June:	184,089	605,954
 Lease liabilities included in the Balance Sheet at 30 June		
Current	155,447	287,605
Non-current	26,272	300,979
Total lease liabilities	181,720	588,584

Short-term and low value leases

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

Note 6: Assets we manage

6.1 PROPERTY, INFRASTRUCTURE, PLANT AND EQUIPMENT

	2026 \$	2025 \$
Land	1,198,013	-
Total non current assets classified as held for sale	1,198,013	-

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 2025	Additions \$	Contributions \$	Revaluation \$	Depreciation \$	Disposal \$	Write-off \$	Transfers \$	Carrying amount 30 June 2026
Land	4,002,391	-	-	-	-	-	-	(138,678)	3,863,713
Property	19,309,135	365,055	-	-	(1,180,177)	(116,189)	-	937,221	19,315,045
Plant and equipment	6,487,359	506,325	-	-	(1,249,750)	(32,797)	-	-	5,711,137
Infrastructure	187,365,900	3,951,335	-	-	(8,380,865)	(1,407,992)	-	470,394	181,998,772
Work in progress	2,976,272	1,368,919	-	-	-	-	-	(2,470,420)	1,874,771
Total	220,141,057	6,191,634	-	-	(10,810,792)	(1,556,978)	-	(1,201,483)	212,763,437

Summary of Work in Progress

	Opening WIP \$	Additions \$	Write-off \$	Transfers \$	Closing WIP \$
Property	2,418,700	781,449	(46,672)	(1,996,557)	1,156,920
Plant and equipment	-	155,000	-	-	155,000
Infrastructure	557,572	432,470	43,203	(470,394)	562,851
Total	2,976,272	1,368,919	(3,469)	(2,466,951)	1,874,771

	Land - specialised \$	Land - non specialised \$	Total Land \$	Heritage Buildings \$	Buildings - specialised \$	Buildings - non specialised \$	Total Buildings \$	Work In Progress \$	Total Property \$
(a) Property									
At fair value 1 July 2025	3,568,613	433,778	4,002,391	1,521,018	18,278,910	950,000	20,749,928	2,418,700	27,171,019
Accumulated depreciation at 1 July 2025	-	-	-	(278,133)	(1,107,504)	(55,156)	(1,440,793)	-	(1,440,793)
	3,568,613	433,778	4,002,391	1,242,885	17,171,406	894,844	19,309,135	2,418,700	25,730,226
Movements in fair value									
Additions	-	-	-	-	272,997	92,058	365,055	781,449	1,146,504
Disposal	-	-	-	(243,654)	(132,969)	-	(376,623)	(46,672)	(423,295)
Land Held for Resale	(138,678)	-	(138,678)	-	(1,232,962)	-	(1,232,962)	-	(1,371,640)
Transfers	-	-	-	-	1,370,655	625,901	1,996,557	(1,996,557)	(0)
	(138,678)	-	(138,678)	(243,654)	277,722	717,959	752,026	(1,261,780)	(648,432)
Movements in accumulated depreciation									
Depreciation and amortisation	-	-	-	(362,967)	(788,435)	(28,775)	(1,180,177)	-	(1,180,177)
Accumulated depreciation of disposals	-	-	-	243,654	16,780	-	260,434	-	260,434
Write-off	-	-	-	-	173,626	-	173,626	-	173,626
	-	-	-	(119,313)	(598,029)	(28,775)	(746,116)	-	(746,116)
At fair value 30 June 2026	3,429,935	433,778	3,863,713	1,277,364	18,556,632	1,667,959	21,501,954	1,156,920	26,522,587
Accumulated depreciation at 30 June 2026	-	-	-	(397,446)	(1,705,533)	(83,931)	(2,186,909)	-	(2,186,909)
Carrying amount	3,429,935	433,778	3,863,713	879,918	16,851,099	1,584,028	19,315,045	1,156,920	24,335,678

(b) Plant and Equipment

At cost 1 July 2025

Accumulated depreciation at 1 July 2025

Movements in carrying value

Additions

Disposal

Movements in accumulated depreciation

Depreciation and amortisation

Accumulated depreciation of disposals

At cost 30 June 2026

Accumulated depreciation at 30 June 2026

Carrying amount

Plant and equipment are carried at historical cost.

	Plant Machinery and Equipment \$	Fixtures, Fittings and Furniture \$	Computers and Telecoms \$	Library Books \$	Work In Progress \$	Total plant and equipment \$
At cost 1 July 2025	15,928,201	265,723	809,996	332,284	-	17,336,203
Accumulated depreciation at 1 July 2025	(10,223,824)	(69,597)	(423,033)	(132,390)	-	(10,848,844)
	5,704,377	196,126	386,963	199,894	-	6,487,359
Movements in carrying value						
Additions	415,046	4,510	64,188	22,581	155,000	661,325
Disposal	(1,119,617)	-	-	-	-	(1,119,617)
	(704,571)	4,510	64,188	22,581	155,000	(458,292)
Movements in accumulated depreciation						
Depreciation and amortisation	(1,079,042)	(21,804)	(114,191)	(34,713)	-	(1,249,750)
Accumulated depreciation of disposals	1,086,820	-	-	-	-	1,086,820
	7,778	(21,804)	(114,191)	(34,713)	-	(162,930)
At cost 30 June 2026	15,223,630	270,233	874,184	354,865	155,000	16,877,911
Accumulated depreciation at 30 June 2026	(10,216,045)	(91,401)	(537,224)	(167,104)	-	(11,011,774)
Carrying amount	5,007,585	178,832	336,960	187,761	155,000	5,866,137

	(c) Infrastructure											Total Infrastructure
	Roads	Bridges	Footpaths, kerb & channel	Drainage	Recreational, leisure & community facilities	Waste Management	Parks, open spaces & streetscapes	Aerodromes	Other Infrastructure	Work In Progress	\$	\$
At fair value 1 July 2025	245,262,196	7,086,413	54,247,247	10,699,559	10,294,074	1,016,100	2,059,212	3,740,012	2,080,191	557,571		337,042,575
Accumulated depreciation at 1 July 2025	(105,579,697)	(4,206,611)	(26,875,338)	(7,239,266)	(606,563)	(45,474)	(665,583)	(2,651,683)	(1,248,889)	-		(149,119,104)
	139,682,499	2,879,802	27,371,909	3,460,293	9,687,511	970,626	1,393,629	1,088,329	831,302	557,571		187,923,471
Movements in fair value												
Additions	2,899,309	-	553,084	-	204,145	240,895	53,902	-	-	432,470		4,383,805
Disposal	(2,997,444)	-	(428,031)	-	-	-	-	-	(69,441)	-		(3,494,916)
Write-off	-	-	-	-	-	-	-	-	-	43,203		43,203
Transfers	420,743	-	250	-	47,716	1,685	-	-	-	(470,394)		-
	322,608	-	125,303	-	251,861	242,580	53,902	-	(69,441)	5,279		932,092
Movements in accumulated depreciation												
Depreciation and amortisation	(6,594,958)	(83,028)	(1,134,689)	(135,210)	(283,863)	(23,933)	(42,499)	(62,574)	(20,111)	-		(8,380,865)
Accumulated depreciation of disposals	1,750,550	-	267,976	-	-	-	-	-	68,398	-		2,086,924
	(4,844,408)	(83,028)	(866,713)	(135,210)	(283,863)	(23,933)	(42,499)	(62,574)	48,287	-		(6,293,941)
At fair value 30 June 2026	245,584,803	7,086,413	54,372,550	10,699,559	10,545,936	1,258,680	2,113,114	3,740,012	2,010,750	562,850		337,974,667
Accumulated depreciation at 30 June 2026	(110,424,105)	(4,289,639)	(27,742,051)	(7,374,476)	(890,426)	(69,407)	(708,082)	(2,714,257)	(1,200,602)	-		(155,413,045)
Carrying amount	135,160,698	2,796,774	26,630,499	3,325,083	9,655,510	1,189,273	1,405,032	1,025,755	810,147	562,850		182,561,622

Acquisition**Initial measurement**

Council initially measures its property, infrastructure, plant and equipment assets at cost. The cost of an acquired asset is the fair value of the consideration that Council has provided 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. Refer to Note 8.4 for more information on how Council measures fair value.

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 \$
Asset recognition thresholds and depreciation periods		
<i>Land & land improvements</i>		
land	-	1,000
land under roads	-	1,000
<i>Buildings</i>		
buildings	35 - 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. Where land use is not restricted, highest and best use is assumed to be current use, except where the land is held for sale, or highly likely to be used for an alternative purpose within 12 months of the reporting date.

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

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

The date 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 2026 are as follows:

	Level 1	Level 2	Level 3	Date of Valuation	Type of Valuation
Land - Non specialised	-	433,778	-	Jun-23	Full
Land - Specialised	-	-	3,429,935	Jun-23	Full
Heritage Buildings	-	-	879,918	Jun-23	Full
Buildings - Specialised	-	-	16,851,099	Jun-23	Full
Building - Non specialised	-	-	1,584,028	Jun-23	Full
Total	-	433,778	22,744,980		

Valuation of infrastructure

Valuation of infrastructure assets has been determined in accordance with an AASB 13 Fair Value utilising the cost approach (current replacement cost) method internally utilising AssetFinda software and processed by Peter Schnorrenberg, Asset Coordinator (BC Acc.).

Details of the Council's infrastructure and information about the fair value hierarchy as at 30 June 2026 are as follows:

	Level 1	Level 2	Level 3	Date of Valuation	Type of Valuation
Roads	-	-	135,160,698	Jun-25	Full
Bridges	-	-	2,796,774	Jun-25	Full
Footpaths and kerb & channel	-	-	26,630,499	Jun-25	Full
Drainage	-	-	3,325,083	Jun-25	Full
Recreational, leisure and community facilities	-	-	9,655,510	Jun-25	Full
Waste management	-	-	1,189,273	Jun-25	Full
Parks, open space and streetscapes	-	-	1,405,032	Jun-25	Full
Aerodromes	-	-	1,025,755	Jun-25	Full
Other infrastructure	-	-	810,147	Jun-25	Full
Total	-	-	181,998,771		

Description of significant unobservable inputs into Level 3 valuations

Specialised land 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.

	2026 \$	2025 \$
Reconciliation of specialised land		
Other land	3,429,935	3,568,613
Total specialised land	3,429,935	3,568,613

6.3 INVESTMENTS IN ASSOCIATES**(a) Investments in associates**

Wimmera Southern Mallee Development Pty Ltd (formerly known as the Wimmera Development Association) 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, together with Horsham Rural City Council, Hindmarsh Shire Council, West Wimmera Shire Council and Buloke Shire Council, previously held an interest in Wimmera Southern Mallee Development Pty Ltd.

On 26 August 2025, Yarriambiack Shire Council and the other member councils dissolved their membership in Wimmera Southern Mallee Development Pty Ltd. As a result, Yarriambiack Shire Council's equity interest in the entity is 0% as at 30 June 2026 (2025: 14.68%).

Fair value of Council's investment in Wimmera Southern Mallee Development Pty Ltd	-	228,136
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Council's share of accumulated surplus/(deficit)

Council's share of accumulated surplus/(deficit) at start of year	108,136	228,000
Distributions for the year	(108,136)	(119,864)
Council's share of accumulated surplus/(deficit) at end of year	-	108,136

Council's share of reserves

Council's share of reserves at start of year	60,000	60,000
Transfers (to) from reserves	(60,000)	-
Council's share of reserves at end of year	-	60,000

Movement in carrying value of specific investment

Carrying value of investment at start of year	228,136	288,000
Share of surplus/(deficit) for year	(228,136)	(59,864)
Carrying value of investment at end of year	-	228,136

Council's share of expenditure commitments

Operating commitments	-	533,820
Capital commitments	-	-
Council's share of expenditure commitments	-	533,820

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.

(b) Community Asset Committees

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.

Community Asset Committees consolidated into Council include:

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

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 and Chief Executive Officer are deemed KMP.

Councillors

Councillor Andrew McLean (Mayor elected November 2025)

Councillor Kylie Zanker (Mayor retired November 2025)

Councillor Corinne Heintze

Councillor Karly Kirk

Councillor Chris Lehmann

Councillor Melinda Keel

Chief Executive Officer Tammy Smith

Total Number of Councillors	6	8
Total of Chief Executive Officer and other Key Management Personnel	1	2
Total Number of Key Management Personnel	7	10

(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.

Total remuneration of key management personnel was as follows:

Short-term employee benefits	468,314	513,228
Other long-term employee benefits	5,205	7,108
Post-employment benefits	66,208	77,650
Termination benefits	-	6,531
Total	539,727	604,517

	2026 \$	2025 \$
The numbers of key management personnel whose total remuneration from Council and any related entities, fall within the following bands:	No.	No.
\$0 - \$9,999	-	2
\$10,000 - \$19,999	-	1
\$20,000 - \$29,999	-	3
\$30,000 - \$39,999	3	1
\$40,000 - \$49,999	1	-
\$50,000 - \$59,999	1	-
\$80,000 - \$89,999	1	1
\$120,000 - \$129,999	-	1
\$230,000 - \$239,999	-	1
\$260,000 - \$269,999	1	-
	7	10

(d) Remuneration of Other Senior Staff

Other senior staff are officers of Council, other than Key Management Personnel, whose total remuneration exceeds \$170,000 and who report directly to a member of the KMP.

Total remuneration of other senior staff was as follows:

Short-term employee benefits	658,462	485,319
Other long-term employee benefits	15,585	11,487
Post-employment benefits	89,958	63,177
Termination benefits	-	-
Total	764,005	559,983

The number of other senior staff is shown below in their relevant income bands:

Income Range:	2026 No.	2025 No.
\$170,000 - \$179,999	-	-
\$180,000 - \$189,999	2	2
\$190,000 - \$199,999	1	1
\$200,000 - \$209,999	1	-
Total	4	3

Total remuneration for the reporting year for other senior staff included above, amounted to:	764,005	559,983
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7.2 RELATED PARTY DISCLOSURE**(a) Transactions with related parties**

During the period Council entered into the following transactions with related parties.

* Wimmera Southern Mallee Development Ltd membership \$80,000 (2025: \$72,975)	80,000	72,975
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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

- -

(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 is as follows:

- -

(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 is as follows:

- -

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.

At balance date, there were no contingent assets for the 2025-26 financial year.

(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 & Gravel Pits

Council operates several landfill and gravel pits. Council will have to carry out site rehabilitation works in the future. At balance date this contingent item relates only to obligations not already included in the provisions.

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 AUSTRALIAN ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

Certain new Australian Accounting Standards and interpretations have been published that are not mandatory for the 30 June 2026 reporting period. Council assesses the impact of these new standards.

The Australian Accounting Standards Board (AASB) has issued AASB 18 Presentation and Disclosure in Financial Statements. When applicable AASB 18 supersedes AASB 101 Presentation of Financial Statements. AASB 18 aims to improve how entities communicate in their financial statements, with a focus on information about financial performance in the statement of profit or loss. It is expected to result in presentation and disclosure changes, primarily to Council's Comprehensive Income Statement. AASB 18 is expected to first apply to Council for the 2028-29 financial year.

Management has assessed all standards and amendments that apply as at 30 June 2026, and all relevant standards issued but not yet effective. Council will continue to monitor developments and potential implications for future financial years.

8.3 FINANCIAL INSTRUMENTS**(a) Objectives and policies**

The Council's principal financial instruments comprise cash assets, term deposits, receivables (excluding statutory receivables), payables (excluding statutory payables) and TCV borrowings. Details of the material accounting policy information 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. 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 has 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 has a policy for establishing credit limits for the entities Council deals with;
- Council may require collateral where appropriate; and
- Council invests 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 provides 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 allowance 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 3.87%.

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. For assets where Council adopts a current replacement cost approach to determine fair value, Council considers the inclusion of site preparation costs, disruption costs and costs to restore another entity's assets in the underlying valuation.

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.

Asset Class	Revaluation frequency
Land	1 to 3 years
Buildings	1 to 3 years
Roads	1 to 3 years
Bridges	1 to 3 years
Footpaths and kerb & channel	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 increases are credited directly to the asset revaluation reserve except to the extent that an increase reverses a prior year decrease for that class of asset that had been recognised as an expense, in which case the increase is recognised as revenue up to the amount of the expense. Revaluation decreases are recognised as an expense except where prior increases are included in the asset revaluation reserve for that class of asset, in which case the decrease is taken to the reserve to the extent of the remaining increases. Within the same class of assets, revaluation increases and decreases 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 asset's carrying value over its recoverable amount is expensed to the comprehensive income statement, unless the asset is carried at the revalued amount in which case, the impairment loss is recognised directly against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset. The impairment policy above does not apply to Council's property, infrastructure, specialised buildings and other non-current physical assets subsequently measured at fair value. These are primarily non-cash generating assets of not-for-profit entities, which are typically specialised in nature and held for continuing use of their service capacity. Their recoverable amount is expected to be materially the same as fair value determined under AASB 13 Fair Value Measurement, with the consequence that AASB 136 Impairment of Assets does not apply to such assets that are regularly revalued.

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	Increase (decrease)	Balance at end of reporting period
	\$	\$	\$

9.1 RESERVES

(a) Asset revaluation reserves

2026

Property

Land & land improvements	4,124,000	-	4,124,000
Buildings	17,657,000	-	17,657,000
	21,781,000	-	21,781,000

Infrastructure

Roads	85,963,488	-	85,963,488
Bridges	2,553,636	-	2,553,636
Footpaths and kerb & channel	23,083,540	-	23,083,540
Drainage	3,676,601	-	3,676,601
Recreational, leisure and community facilities	1,408,000	-	1,408,000
Waste management	115,000	-	115,000
Parks, open space and streetscapes	10,218	-	10,218
Aerodromes	315,785	-	315,785
Other infrastructure	499,781	-	499,781
	117,626,049	-	117,626,049

Total asset revaluation reserves	139,407,049	-	139,407,049
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2025

Property

Land & land improvements	4,124,000	-	4,124,000
Buildings	17,657,000	-	17,657,000
	21,781,000	-	21,781,000

Infrastructure

Roads	98,921,560	(12,958,072)	85,963,488
Bridges	2,529,054	24,582	2,553,636
Footpaths and kerb & channel	9,709,311	13,374,229	23,083,540
Drainage	3,600,027	76,574	3,676,601
Recreational, leisure and community facilities	1,408,000	-	1,408,000
Waste management	115,000	-	115,000
Parks, open space and streetscapes	10,218	-	10,218
Aerodromes	315,785	-	315,785
Other infrastructure	795,086	(295,305)	499,781
	117,404,041	222,008	117,626,049

Total asset revaluation reserves	139,185,041	222,008	139,407,049
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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 \$	Transfer from accumulated surplus \$	Transfer to accumulated surplus \$	Balance at end of reporting period \$
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(b) Other reserves**2026**

Aerodrome maintenance	14,565	-	-	14,565
Capital works reserve	-	250,000		250,000
Total Other reserves	14,565	250,000	-	264,565

2025

Aerodrome maintenance	14,565	-	-	14,565
Total Other reserves	14,565	-	-	14,565

Capital works Reserve - As part of the development of Council's Long Term Financial Plan it was identified that \$250,000 would be set aside each year to assist with the delivery of future capital works projects.

The Aerodrome Maintenance reserve is maintained to account for funds reserved for the specific purpose of assisting Council achieve its objectives of upgrading the Warracknabeal and Hopetoun aerodromes.

	2026 \$	2025 \$
9.2 RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO SURPLUS/(DEFICIT)		
Surplus/(deficit) for the year	(486,547)	(1,432,353)
<i>Non-cash adjustments:</i>		
Profit/(loss) on disposal of property, infrastructure, plant and equipment	1,275,428	2,600,076
Impairment losses	72,981	29,459
Share of net profit/(loss) of associates	(228,136)	(59,864)
Depreciation	10,810,792	8,999,299
Amortisation	249,794	314,979
Borrowing costs	23,867	25,881
<i>Change in assets and liabilities:</i>		
(Increase)/decrease in trade and other receivables	(328,435)	(259,331)
(Increase)/decrease in prepayments	(75,100)	11,575
(Increase)/decrease in accrued income	(15,742)	(43,168)
(Decrease)/increase in trade and other payables	(898,621)	1,011,163
(Decrease)/increase in contract and other liabilities	(2,217,108)	1,692,034
(Decrease)/increase in other liabilities	88,626	(40,829)
(Increase)/decrease in inventories	224,956	(149,298)
(Decrease)/increase in provisions	(359,138)	329,471
(Decrease)/increase in trust funds and deposits	142,370	144,639
(Increase)/decrease in lease liabilities	406,864	396,942
Net cash provided by/(used in) operating activities	8,686,853	13,570,675

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 2026, this was 12% as required under Superannuation Guarantee (SG) legislation (2025: 11.5%)).

Defined Benefit

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

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

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. As at 30 June 2025, 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 as at 30 June 2025 (of which Council is a contributing employer) was 110.5%. The financial assumptions used to calculate the VBI were:

Net investment returns 5.7% pa

Salary information 3.5% pa

Price inflation (CPI) 2.6% pa

As at 30 June 2026, a triennial actuarial investigation is underway as the Fund provides lifetime pensions in the Defined Benefit category. It is expected to be completed by 31 October 2026. The VBI is used as the primary funding indicator.

Because the VBI was above 100%, the 30 June 2025 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 2025 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 2026, this rate was 12% of members' salaries (11.5% in 2024/25). 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 2023 triennial valuation.

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

(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 98% from 26 July 2024 (previously 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 2025 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 2025 and 30 June 2024 while a full investigation was conducted as at 30 June 2023.

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

	2025 (Interim) \$m	2024 (Interim) \$m	2023 (Triennial) \$m
- A VBI Surplus	200.1	108.4	85.7
- A total service liability surplus	229.4	141.4	123.6
- A discounted accrued benefits surplus	242.8	156.7	141.9

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 2025.

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 2025.

The discounted accrued benefit surplus means that the current value of the assets in the Fund's Defined Benefit category exceeds the value of benefits payable in the future but accrued in respect of service to 30 June 2025.

The 2026 triennial actuarial investigation

A triennial actuarial investigation is being conducted for the Fund's position as at 30 June 2026 as the Fund provides lifetime pensions in the Defined Benefit category. It is anticipated that this actuarial investigation will be completed by October 2026. The last interim actuarial investigation conducted prior to 30 June 2026 was at 30 June 2025. The VBI of the Defined Benefit category at that date was 110.5%. The financial assumptions used to calculate the 30 June 2025 VBI were:

Net investment returns 5.7% pa

Salary information 3.5% pa

Price inflation (CPI) 2.6% pa

Council was notified of the 30 June 2025 VBI during August 2025.

Because the VBI was above 100%, the Defined Benefit category was in a satisfactory financial position at 30 June 2025 and it is expected that the actuarial investigation will recommend that no change will be necessary to the Defined Benefit category's funding arrangements from prior years.

The 2023 triennial investigation

The last triennial actuarial investigation conducted prior to 30 June 2023 was at 30 June 2020. This actuarial investigation was completed by 31 December 2020. The financial assumptions for the purposes of that investigation was:

	2023 Triennial investigation	2020 Triennial investigation
Net investment return	5.7% pa	5.6% pa
Salary inflation	3.50% pa	2.5% pa for two years and 2.75% pa thereafter
Price inflation	2.8% pa	2.0% pa

Superannuation contributions

Contributions by Council (excluding any unfunded liability payments) to the above superannuation plans for the financial year ended 30 June 2026 are detailed below:

Scheme	Type of Scheme	Rate	2026 \$	2025 \$
Vision super	Defined benefits	12% (2025:11.5%)	26,252	42,320
Vision super	Accumulation	12% (2025:11.5%)	1,082,554	1,062,429

In addition to the above contributions, Council has paid unfunded liability payments to Vision Super totalling \$0 during the 2025/26 year (\$0 during the 2024/25 year).

There were no contributions outstanding and no loans issued from or to the above schemes as at 30 June 2026.

The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2027 is \$17,347

Note 10: Change in accounting policy

There have been no changes to accounting policies in the 2025-26 year.



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