



Minutes

Audit and Risk Committee Meeting held virtually at 2.00 PM on Wednesday 11 October 2023 via Microsoft Teams.

1 Present

Mr Peter Knights (Chair)
Cr Murray Emerson
Cr Kevin Erwin

Also in attendance

Mr Brent McAlister, Chief Executive Officer
Mr Vaughan Williams, Director Corporate and Community Services
Mr Graham Haylock, Manager Financial Services
Mr Peter Phelan, Coordinator Financial Services
Mr Mahesh Silva, RSD Audit
Ms Blessing Mendoza, RSD Audit

2 Apologies

Apologies received from Ms Lynn Jenz and Mr Tony Roberts

3 Disclosures of a Conflict of Interest at a Council Auspiced Meeting

Nil

4 Financial Reporting and VAGO Audit

4.1 Audit Management Letter and the Closing Report for 30 June 2023

Mr Mahesh Silva discussed the Closing report. The audit was conducted as per the audit strategy and an unmodified audit opinion will be issued by VAGO. He indicated that there were no major issues and no unadjusted entries found during the audit.

Ms Blessing Muncan discussed the items within the Audit Management letter highlighting some management letter points and Business Improvement suggestions for the Committee to note.

4.2 Annual Financial Report 2023-23 and Annual Performance Statement 2022-23

Mr Graham Haylock presented the Annual Financial Report and Performance Statement to the Committee. The reports were presented acknowledging that changes may occur following VAGO review.

Resolution

The draft Financial Report and Performance Report be endorsed, subject to final adjustment by VAGO and that the Audit Management Letter and Closing report be received and noted.

Moved: Cr Kevin Erwin

Seconded: Cr Murray Emerson Carried

The meeting closed at 2.20 pm.

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Final Management Letter

2022-23 Financial Report and Performance Statement Northern
Grampians Shire Council

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Background

I attach for your information the final management letter for the year ended 30/06/2023. The final management letter provides a summary of results of our audit. This report will be discussed at the Audit and Risk Committee meeting on 11 October 2023.

Acknowledgement

I also take this opportunity to thank your executive team / or alike and staff for the time they made available to us during our audit.

Yours sincerely

A handwritten signature in dark ink, appearing to read 'Mahesh Silva', with a long horizontal flourish extending to the left.

Mahesh Silva

Principal

RSD Audit

VAGO Audit Service Provider

Bendigo

6/10/2023

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Introduction

We have completed the 2023 audit and now bring our findings to your attention.

Please read this document in conjunction with the closing report, which we presented to the Audit and Risk Committee on October 2023.

We include our assessment of the audit significance of the findings, which fall into the following categories:

- internal control weaknesses
- financial reporting and performance statement reporting
- business improvement opportunities and other guidance.

Appendix A explains the rating criteria we used, and the management action required.

Internal control weaknesses

As part of our audit, we assess the design and implementation of internal controls relevant to financial reporting and performance statement reporting. If we intend to rely on these controls, we test how effectively they are operating.

Financial reporting and performance statement reporting

We may identify errors and weaknesses in management's approach to financial reporting and performance statement reporting, which may lead to material misstatement. We consider how your entity has complied with the Australian Accounting Standards and/or other reporting frameworks.

Reporting and tracking internal control and financial reporting findings

This letter includes:

- our assessment of the significance of the finding/s
- our recommended actions
- management comments and dates for implementation.

Business improvement opportunities and other guidance

We may identify opportunities for your entity to improve the efficiency and effectiveness of its processes and controls. We may also share better practices from across the public sector. We do not monitor business improvement opportunities and other guidance.

Scope and purpose of the audit

The objective of our audit is to enable the Auditor-General to express an opinion on your financial report and performance statement. When designing our audit procedures, we consider the internal controls relevant to your financial report and performance statement. Our audit strategy communicated our planned approach and level of reliance on internal controls. Expressing an opinion on the effectiveness of internal controls is not part of our audit scope.

We do not carry out a comprehensive audit of all the processes and systems in your entity's internal controls. We do not try to uncover all deficiencies, breaches, and irregularities. Inherent limitations in any process and system of internal controls may mean that we do not detect some errors or irregularities.

Reports to Parliament

In a report to Parliament, the Auditor-General may include findings that we rated as high in this letter. Before it is tabled, we will send you a draft of the report to parliament and invite your comments.

Summary of audit findings

The table below summarises all management letter findings in two areas: either resolved during the period; or open issues, which include 'unresolved', 'partially resolved' or 'substantially resolved' as of the date of this letter.

Finding first raised (month / year)	Ref	Findings	Rating	Classification of deficiency		Area	Resolved (R)/ unresolved (U)	Management acceptance	Agreed implementation date
				Internal control	Financial / performance reporting				
Open issues (current and prior period)									
October 2023	2023.1	Performance statement review	Moderate	X	X	Performance statements	New	Yes	30 June 2024
Final 2022	2022.1	Calculation of Long Service Leave	Moderate	X	X	Provisions	Unresolved	Yes	30 June 2023
Final 2022	2022.2	Parks, Open Space and Other Infrastructure Valuation Basis	Moderate	X	X	IPPE	Unresolved	Yes	30 June 2023
Final 2022	2022.3	Found Assets Recognised through the asset revaluation reserve instead of through the comprehensive income statement	Low	X	X	IPPE	Unresolved	Yes	N/A
Interim 2021	2021.1	Grants Register	Moderate	X	-	Governance	Unresolved	Yes	1 August 2021
Interim 2021	2021.3	ICT General Controls Weaknesses	Moderate	X	-	ICT	Partially resolved	Partly	TBD

Finding first raised (month / year)	Ref	Findings	Rating	Classification of deficiency		Area	Resolved (R)/ unresolved (U)	Management acceptance	Agreed implementation date
				Internal control	Financial / performance reporting				
Final 2019	2019.3	Provision for Doubtful Debts Assessment Should be prepared in accordance with AASB 9.	Low	-	X	Receivables	Unresolved	Yes	30 June 2020

Detailed audit findings-open issues

Note: Additional detail is provided only where findings are MODERATE or HIGH risk items. LOW risk items are provided in summary format only.

Ref	Description of finding and implication	VAGO recommendation on new findings and update on open items	Response from management
2023.2	<p>Performance Statement Review</p> <p>Our initial review of the performance statements identified various wording and formatting changes to improve the readability of the statements and compliance with the sector model statements. The various council departments prepare the data for the performance statement and other reportable performance measures.</p> <p>When conducting our audit of the service indicators, we were provided with supporting documents that, in some cases, varied from the reported measures or that insufficient data was provided to support the recorded numbers. In other cases, detailed data was provided.</p>	<p>Recommendation</p> <p>Before submitting the performance statements and workbook for auditing, we recommend that an internal review and verification process be applied to match the data to the supporting documentation.</p>	<p>Recommendation: Accepted</p> <p>Responsible officer: Nick Welsh [Senior Accountant]</p> <p>Implementation date: 30 June 2024</p> <p>Management comment:</p> <p>Management will review supporting documents that provide the basis of the Performance Statement disclosures before providing the final document for audit.</p>
2022.1	<p>Calculation of Long Service Leave provision</p> <p>We have noted a number of issues with the LSL provision model prepared by NGSC.</p> <ul style="list-style-type: none"> → We identified a number of errors in the LSL provision workings that had not been identified prior to audit; <ul style="list-style-type: none"> a) This includes employees with less than one year of service with excessive leave accrued b) In addition, discount rates had not been applied within the NPV workings <ul style="list-style-type: none"> → Workcover rate used in the calculation is 3.5% our review of the Workcover premium notice for FY2023 is only 1.8%. <p>These issues noted as part of the review resulted to an overstatement in provision and therefore an adjusting entry had to be processed at year end.</p>	<p>Recommendation</p> <p>We recommend NGSC:</p> <ul style="list-style-type: none"> → Perform a review of the workings to calculate the LSL provision balances at year end to ensure accuracy prior to audit (there is a new LSL model, we suggest NGSC considers on using the latest LSL model) → We recommend NGSC use the correct Workcover rate for next financial year, as the provision is for future years. 	<p>Recommendation: Accepted</p> <p>Responsible officer: Graham Haylock/Rohma Rauf</p> <p>Implementation date: 30 June 2023</p> <p>Management comments:</p> <p>Review of LSL model to be completed for the 2022/23 year end process.</p> <p>Interim 2022-23 management update:</p> <p>Calculation will be made later in financial year and provide to Auditors before 30 June for review</p> <p>Final 2022-23 management update:</p> <p>Management acknowledges the incorrect figures provided by our legacy payroll system for the LSL balances of some employees. Council has installed a</p>

Ref	Description of finding and implication	VAGO recommendation on new findings and update on open items	Response from management
	<p>Final audit 2022-23 update: Our review of the 30 June 2023 provision balances identified an error in the report generated from the system that was used to calculate the provision liability at year-end. As a result, an adjusting journal entry had to be processed to correct the misstatement.</p>		<p>new payroll system that will be able to provide correct leave balances for all employees and a review of these balances will be made before the completion of 2023/24 LSL calculation.</p>
2022.2	<p>Parks, Open Space and Other Infrastructure Valuation Basis We noted that Parks, Open Space and Other Infrastructure classes of assets are valued at Cost. It is our understanding that LGV requires councils to recognise infrastructure at fair value (FV). LGV, through the model accounts (which are compulsory under the regulations) states that "The overriding principle in the recognition of assets is that all assets must be recognised at their fair value."</p>	<p>Recommendation We recommend a full review/stocktake of these assets to ensure 'ALL' assets are identified within the registers, and that the varied nature of these classes hasn't led to duplications of assets in other classes. The assets should then be valued at Fair Value as for other infrastructure and property.</p>	<p>Recommendation: Accepted Responsible officer: Jeevan Pinto/Graham Haylock Implementation date: 30 June 2023 Management comments: A review of these assets to be completed for the 2022/23 year end process. Interim 2022-23 management update: Contractors have been engaged to look at the open space assets. This review includes but is not limited to the Fair Value assessment of the assets in the category, the asset stock in the category which includes any found assets and the remaining useful lives of the assets in this category.</p>
2021.1	<p>Grants Register and AASB15/1058 recognition assessment From the beginning of FY20, all organisations are required to apply the new Accounting Standards AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities. These require judgements to be made that then defines the appropriate accounting treatment to be applied to the grant. During our interim visit, we assessed the process in place to record the conclusions made in the application of the standards. There was not a clear record of the assessment and conclusions. Council should create a grants register which records the references to, and brief comments</p>	<p>We recommend the following:</p> <ul style="list-style-type: none"> → implement a review process to ensure all grant contracts are recorded in the register; → create a grants register and ensure it is updated on a quarterly basis; & → ensure an assessment for TfC is completed and details of the applicable clauses, and your assessment of their implications, are also added to the grant register <p>Final 2022-23 audit update: A comprehensive detailed grants register that includes all necessary assessment required by the accounting standards had not been prepared by management.</p>	<p>Recommendation accepted Responsible officer: Rohma Rauf/ Phuong Au Implementation date: 1 August 2021 Interim 2021-22 Management comment: New grants register to be completed for the 2021/22 year end process. Final 2021-22 management comment: As noted, the grants register has been prepared and management considers that part of the recommendation resolved. Management will investigate training opportunities during the 2022/23 financial year.</p>

Ref	Description of finding and implication	VAGO recommendation on new findings and update on open items	Response from management
	<p>about, each of the key grant agreement clauses which influenced the assessment of which Accounting Standard applied.</p> <p>That is, it should be noted in the grants register whether the grant is to be recognised under AASB 15 or AASB 1058, and the register should note details of any performance obligations and their due dates, and the revenue and income in advance recognition principles.</p> <p>Final 2021-22 audit update</p> <p>We acknowledge that a grants register has now been prepared by management. However, during our audit it was evident that the officers did not have an adequate understanding of the application of the tests and definitions under these standards, and some reclassifications were required.</p> <p>We recommend the relevant officers undertake training in 2022/23 and then revisit the classification of grants within the register.</p>		<p>Final 2022-23 management update:</p> <p>The grants register and processes have improved during the year. Management will endeavour to improve the disclosure of the assessment of AASB 5 and AASB 1058 in the supporting documentation of our grants and unearned income notes of the financial accounts.</p>
2021.3	<p>ICT General Control Weaknesses</p> <p>Information Technology controls exist within an organisation's internal control framework to provide assurance over the security, confidentiality, integrity, and availability of council data.</p> <p>As part of our review of NGSC General IT controls, we identified the following weaknesses:</p> <ul style="list-style-type: none"> → No ICT Penetration testing has been performed → There is no documented Disaster Recovery Plan and Policy in place, while Council do not have an organisation wide DRP, Council advise they do have a data backup program in place 	<p>We recommend NGSC:</p> <ul style="list-style-type: none"> → Engage an external party to undertake an IT infrastructure penetration testing [Status – Unresolved - Council is seeking to coordinate such an exercise with other councils]. → Develop and adopt a Disaster Recovery Plan and Policy document [Status - Progressing] → Develop an ICT Security Management Policy [Status - Progressing - To be formally approved in the future] → Conduct a periodic review of the Network User Access [Status – Unresolved to be included as 	<p>Recommendation: partially accepted</p> <p>Responsible officer: Stretch Smith</p> <p>Implementation date: TBD</p> <p>Interim 2021-22 Management comment:</p> <p>Penetration testing was planned for 2021/22 however now deferred to 2022/23. This item was tabled to the Audit & Risk Committee and is listed on the schedule of work to be reported back on in the 2022/23 financial year.</p> <p>DRP continues to be a work in process. ICT specific BCP and DRP are currently being developed.</p> <p>Information Security Management Framework was adopted December 2021</p>

Ref	Description of finding and implication	VAGO recommendation on new findings and update on open items	Response from management
	<ul style="list-style-type: none"> → There is no ICT Security Management Policy (this policy will cover End user device security, Physical Security, Operational Security, Procedural security by ICT and Communications security) → No periodic review of the Network Access to IT systems <p>Interim 2021-22 Update: Cybersecurity and IT Health Assessments Our review of ICT systems identified that the council has undertaken a Microsoft Score Rating. However, this quite a simple rating tool, and a more extensive rating tool undertaken by other entities is the Essential Eight, which is a cyber self-assessment (security) maturity tool “to help organisations mitigate cyber security incidents caused by various cyber threats” and which has been designed to protect Microsoft Windows-based internet-connected networks. Developed by the ACSC, the Essential Eight are endorsed by the Victorian Government.</p>	<p>part of the ICT Governance Framework which is currently under development]</p> <p>Interim 2021-22 recommendation: With a number of serious and costly attacks directed to local government entities we again recommend that a more detailed assessment and penetration testing of the IT environment is conducted by NGSC.</p>	<p>Periodic review process development planned to formalise work already undertaken. A business system profile has been developed, along with a Business Systems and User Access Management Procedure.</p> <p>Final 2021-22 management comments: An RFQ is to undertake an ICT security audit is currently being developed. All current ongoing security activities will be considered alongside recommendations made following the audit, and an action plan developed for implementation in line with identified priorities and available resources.</p> <p>Interim 2022-23 management update: An external Cyber security audit has been conducted, results have been presented to Management. The findings will be used to form the basis of a formal Cyber security action plan which will be presented to the ARC in August 2023.</p>

Business improvement opportunities and other guidance

During our audit, we identified the following business opportunities:

- Overall, we believe there is an opportunity for improvement in relation to the preparedness for the scheduled audit visit and finalisation of year end financial and performance data. We note that there have been several areas of the audit process which have been delayed, including movements from the original trial balance post the audit work being conducted. We will work with Council moving forward to ensure that scheduling of audit requirements is in line with the capacity constraints of Council to ensure that the year end process is as smooth as possible.
- We noted as part of our audit that the work in progress (WIP) are expensed through the profit and loss and reversed/withdrawn at the end of the financial year and capitalised as WIP on the balance sheet. We suggest that the capitalisation of WIP be improved by NGSC. WIP expenditure should be accounted for under WIP assets in the balance sheet instead of expensing them on the P&L.
- We have identified a biannual personal interest return that was not submitted for inclusion in NGSC related parties records.

APPENDIX A

Rating definitions and actions

Rating	Description of rating	Management action required
High	<ul style="list-style-type: none"> → A material misstatement in the financial report has occurred or is likely to occur. It could result in a modified audit opinion if the entity does not take urgent action. → A control weakness could cause, or is causing, a major disruption to the entity's ability to achieve process objectives and comply with relevant legislation. 	<ul style="list-style-type: none"> → Executive management must correct the misstatement in the financial report or take urgent action to avoid a modified audit opinion. → Management must immediately create a detailed action plan that the entity will implement within one month.
Moderate	<ul style="list-style-type: none"> → A non-material misstatement, which has the potential to become material, has occurred, or is likely to occur, in the financial report. → A control weakness could have, or is having, a moderately adverse effect on the entity's ability to achieve process objectives and comply with relevant legislation. 	<ul style="list-style-type: none"> → Management must immediately create a detailed action plan that the entity will implement within three to six months.
Low	<ul style="list-style-type: none"> → A misstatement (not expected to be material) is likely to occur in the financial report. → A minor control weakness, with minimal but reportable impact, is affecting the entity's ability to achieve process objectives and comply with relevant legislation. 	<ul style="list-style-type: none"> → Management must immediately create a detailed action plan that the entity will implement within 12 months.

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Northern Grampians Shire Council

Closing Report

For the financial year ended 30 June 2023

Presented to the Audit & Risk Committee
on 11 October 2023

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Background

I enclose for your information the closing report for the year ended 30 June 2023. The closing report provides a summary of results of our audit of the Northern Grampians Shire Council. This report will be discussed at the Audit & Risk Committee meeting on 11 October 2023.

Acknowledgement

I also take this opportunity to thank your executive team and staff for the time they made available to us during our audit.

Yours sincerely

A handwritten signature in dark ink, appearing to read 'Mahesh', with a long horizontal stroke extending to the left.

Mahesh Silva

VAGO Audit Service Provider: Engagement Partner

RSD Audit

5 October 2023

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Introduction

Purpose of the closing report

- Our closing report summarises the results of our audit and communicates significant findings from the final audit phase.
- Please read this document in conjunction with our Audit Strategy Memorandum 6 March 2023.

Scope and purpose of the audit

- The *Audit Act 1994* requires the Auditor-General to form an opinion on your financial report and performance statement and provide a copy of the audit reports to you.
- Copies of the reports are also provided to the Minister for Local Government, and where applicable (i.e. when modified or when the Auditor-General directs) to the Assistant Treasurer.

The Auditor-General

The Auditor-General is:

- an independent officer of the Victorian Parliament
- appointed under legislation to examine on behalf of parliament and taxpayers, the management of resources within the public sector
- not subject to the control or direction of either parliament or the government.



Audit completion status

We have substantially completed our audit of the financial report and performance statement. We performed our audit in accordance with the *Audit Act 1994* and the terms of our engagement letter. We can provide reasonable assurance that the financial report and performance statement is presented fairly under the *Local Government Act 2020*.

Expected audit opinion

Based on our audit, we expect to conclude that the financial report is presented fairly. We also expect to conclude that the performance statement is presented fairly. We expect to issue unmodified audit opinions.

Outstanding audit matters

We can conclude and issue our audit opinions when we finalise our audit process. Outstanding audit matters include:

- a final review of the draft financial report and performance statements by VAGO
- a review of the signed management representation letter
- completion of the review of subsequent events.

Appendix A provides a detailed list of all outstanding audit matters.

Areas of audit focus

Our audit focused on the financial report balances / disclosures / areas that we rated as higher risk for material misstatement in your financial report and performance statement.

Our procedures enabled us to conclude, with reasonable assurance, whether the risks resulted in a material misstatement. The outcome of our procedures is summarised in this section.

Risk of material misstatement

Our audit response

Results of our key procedures

1. Revaluation of infrastructure assets, property, plant, and equipment

Property, infrastructure, plant and equipment represent a significant part of the Council's total assets (\$460 million as of 30 June 2022), with the majority of these assets carried at fair value.

Some items experience significant and volatile changes in fair value, therefore necessitating an annual review of their value. While other assets it may be necessary to revalue the item only every 3 or 5 years.

The market has been volatile and subject to uncertainties due to rising interest rates, supply chain issues, labour shortages, general inflation, COVID- 19, and other macro-economic factors.

Determining the fair value of these assets is a complex process and is subject to judgement. Numerous assumptions about the assets are made (useful life, condition), valuation experts can be engaged and/or industry indices management judgement is applied.

On annual basis, selected asset classes are scheduled for a full revaluation.

We have:

- reviewed management's assessment as to whether the fair value, for each material asset class, is materially different from the carrying amount
- assessed the reasonableness of key assumptions underlying management's fair value assessment
- reviewed any indexation calculations prepared by management and sight supporting documentation to validate the fair value.

We will complete substantive procedures including:

- checked the determination of the revaluation increment or decrement
- reviewed the journals posted by management to bring the revaluation increment or decrement to account
- reviewed management's impairment assessment
- reviewed the adequacy of disclosures in your financial report.

In FY 2023, there was no comprehensive revaluation performed on the infrastructure and PPE. Land and buildings were indexed in FY 2022, a review of the land and buildings fair value using the VGV released indices did not identify material movements. For those infrastructure classes not revalued, we reviewed management's fair value assessment and confirmed they were reasonable.

Land and buildings are subject to a full revaluation in 2022-23, and remaining assets will subject to a managerial assessment.

The financial report may include a material misstatement if the valuation is not performed in line with a suitable methodology, by unqualified experts or is based on inappropriate assumptions and judgements.

Valuations may be inaccurate due to the judgement and complexities associated with applying AASB 13 *Fair Value Measurement*.

Disclosures may be incorrect or insufficient.

Risk of material misstatement
2. Accounting for government grants

The council receives a significant amount of funding in the form of grants.

The application of AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income of Non-for-Profit Entities* requires management to exercise judgement in determining whether the funding agreement contains sufficiently specific enforceable performance obligations exist.

Restrictions introduced by the Victorian Government in response to the COVID-19 pandemic may impact the council's ability to meet performance obligations and targets under a range of its funding agreements. A contract liability may or may not be required at balance date subject to the exercise of recall provisions or waivers by funding bodies.

Termination for Convenience (TFC) clauses within grant agreements, that require a grant recipient to refund unspent amounts upon demand by the grantor gives rise to a financial liability on any unspent amounts.

Our audit response

We have:

- updated our understanding of key controls over material items of revenue
- evaluated management's process to assess funding arrangements against the requirements of AASB 15 and AASB 1058
- performed substantive analytical procedures
- reviewed key grant agreements against the requirements of AASB 15 and AASB 1058
- made enquiries of management regarding funding subject to recall and if recall provisions are enacted or waived sight supporting documentation to confirm the appropriateness of the accounting treatment adopted
- verified a sample of transactions to supporting documentation
- obtained and review management's assessment of the impacts of Termination for Conveniences clauses
- reviewed the adequacy of disclosures in your financial report.

Results of our key procedures

Based on our review and testing of the grants register and management's AASB 15 and 1058 assessment, we have concluded that grants have been appropriately accounted for.

Risk of material misstatement

Our audit response

Results of our key procedures

3. Valuation of employee benefit provisions

Provisions for employee benefits account for approximately 32% of Northern Grampians Shire Councils total liabilities and as at 30 June 2022 the employee benefits obligations disclosed were \$3.718 million.

The calculations and financial statements disclosures of employee provisions under AASB 119 Employee Benefits require estimates and judgements such as:

- Inflation rates
- Discount factors
- Wage rate increases
- Probability factors
- Leave trend analysis

There are no significant changes to staff numbers expected in 2022-23, however the effects of COVID-19 may cause increases to employee leave balances, movements in DTF inflation and discount rates and changes to leave taken trends.

We have:

- performed data analytics and substantive analytical procedures perform substantive procedures over employee costs and provisions
- assessed the reasonableness and consistency of key assumptions, namely the DTF inflation and discount rates, wage rate increases, probability factors
- reviewed management's assessment and classification of annual leave as a short term or long-term entitlement as well as wholly settle within 12 months and after 12 months
- assessed the adequacy of all disclosures

Our review of the annual leave and long service leave provisions at year end noted a material discrepancy. We noted an overstatement of \$811k on long service leave provision and \$20k understatement on annual leave provisions. As these difference are over our performance materiality, therefore an adjustment was processed to restate the balances.

Risk of material misstatement
Our audit response**Results of our key procedures****4. Impact of the 2022 floods**

Heavy rainfall during October 2022 resulted in rising rivers and waterways. Flooding occurring across Victoria with many councils, including Northern Grampians Shire Council, experiencing damage to property and infrastructure assets.

In 2022-23, the Council is:

- able to seek recovery of costs associated with the recovery and clean-up activities via funding from the state government under the Disaster Recovery Funding Arrangements 2018 (DRFA)
- eligible to receive Council Flood Support Fund (the Fund) from State Government. The Fund is aimed to provide recovery support for people and communities affected by the Victorian floods beginning in October 2022. Local Government Victoria has established funding agreements with each eligible council. Upon signing, funds will be paid immediately. However, any unspent funds will need to be returned at the end of the funding period. In 2022-23, the Council has received \$0.5 million Fund.

The risk of material misstatement is elevated because:

- the clean-up and recovery costs are ad hoc in nature and comprised of numerous transactions of varying amounts
- claims under the DRFA may not be approved as eligibility requirements are not satisfied
- a number of months may elapse as claims are assessed

We have:

- gained an understanding of the flood event on the operations and assets of the Council
- gained an understanding of the Council's key systems and processes for capturing costs relating to clean-up and recovery activities
- performed substantive procedures, including the verification of material transactions to supporting documentation
- reviewed management's impairment assessment of PIPE to reflect actual damaged infrastructure assets
- reviewed management's schedule of assets written off
- considered the flood event when reviewing and testing figures within the statement of capital works and assessing the reasonableness of explanations provided for material variations between budget and actual expenditure
- reviewed the accounting treatment adopted by management for funding advanced and/or received from government
- assessed the appropriateness and reasonableness of any receivable or contingent asset recognised at balance date in light of supporting documentation
- reviewed the financial disclosures relating to the expenses and funding.

NGSC performed a review of the assets that were impacted by the flood. Impact of flood on roads have been assessed as immaterial.

- a receivable or a contingent asset may need to be recognised at balance date subject to the status of the claims process
- assets may be impaired and need to be written off.

Performance statement

Risk of material misstatement

The performance statement may not be prepared in accordance with applicable legislative requirements

The *Local Government (Planning and Reporting) Regulations 2020* specify the indicators to be included in the performance statement.

There is a potential risk that:

- systems in place at Council may not accurately capture the data required to support service performance outcomes
- incomplete and/or inaccurate data due to inadequate systems may result in material misstatement of the performance statement
- a lack of quality assurance over the preparation of performance statement may also result in significant errors or omissions.

Our audit response

We have:

- reviewed the systems in place to capture the financial and non-financial data
- considered the impact of any changes to systems, processes and internal controls due to COVID 19
- determined the reliability and completeness of the available records for compiling that indicator
- verified figures to supporting documentation
- checked the calculations of reported figures
- assessed the reasonableness of explanations included in the performance statement for material variations
- confirmed that the format of the performance statement complies with legislative requirements.

Results of our key procedures

Performance statement has been prepared in accordance with the Performance Reporting Framework. Calculations have been agreed to required source documentation.

Audit findings—financial report

Materiality assessment

Misstatements are considered material if they individually or collectively could influence economic decisions of users of the financial report. Users could be influenced by either the amount (quantity) or the nature (quality) of the matter.

We have updated the materiality levels indicated in our audit strategy memorandum.

Final overall materiality for the financial report has been set at 5% of current year IPPE \$22.9m.

Final specific materiality for particular statements, account balances or disclosures has been set at 5% of current year total expenditure \$2.4m.

In our view:

- total uncorrected errors above this amount for particular statements, account balances or disclosures would mislead the users of the financial report.
 - risk that there may be material error the financial report increases with the level of accumulated uncorrected error below this threshold.
-

Adjusted audit differences

Our audit procedures identified material audit differences.

The effect of adjusted audit differences on the financial report is an increase of \$810,554 in the total comprehensive result, and an increase of \$810,554 million in net assets.

Appendix B presents the adjusted audit differences.

Unadjusted immaterial differences

Our audit procedures did not identify any unadjusted differences.

Appendix C presents the unadjusted immaterial differences.

Control environment

The Australian Auditing Standards require us to write to those charged with governance about any significant deficiencies we identified during the audit.

As part of our audit process, we consider, but do not assess or provide an opinion on, the effectiveness of your internal control framework. If we identify any significant weaknesses in internal control during our audit, we communicate them to you in our management letters.

There were no new findings related to internal control deficiencies that have been identified to be included in our final management letter.

Audit findings—performance statement

Materiality assessment

Misstatements are considered material if they could individually or collectively influence economic decisions of users of the performance statement. Users could be influenced by either the amount (quantity) or the nature (quality) of the matter.

We set materiality for each indicator reported in a performance statement after we consider the qualitative and quantitative factors that influence each indicator. We cannot set an overall materiality level for the performance statement due to its nature.

Adjusted differences

We identified several audit differences in the performance statement.

Appendix B presents the adjusted audit differences in the performance statement.

Unadjusted immaterial differences

We identified no unadjusted immaterial differences in the performance statement.

Appendix C presents the unadjusted immaterial differences in the performance statement.

Control environment

The Australian Auditing Standards require us to write to those charged with governance about any significant deficiencies we identified during the audit.

As part of our audit process, we consider, but do not assess or provide an opinion on, the effectiveness of your internal control framework. If we identify any significant weaknesses in internal control during our audit, we communicate them to you in our management letters.

There were no new findings identified that need to be included in our final management letter.

Other audit findings

Fraud, irregularities, or regulatory non-compliance

When performing our risk assessments and conducting our audit procedures, we consider the risk of material misstatement in the financial report and performance statement that may be due to fraud. We are not responsible for preventing or detecting fraud.

Our audit procedures did not identify any specific financial report and performance statement areas of fraud risk or regulatory non-compliance.

Waste, probity & financial prudence

Our procedures are not specifically designed to detect matters of waste, probity and financial prudence but we may detect these matters.

Our audit procedures did not identify any material issues concerning waste, probity or lack of financial prudence.

Accounting policies

Your entity's material accounting policies, material transactions and/or events that occurred during the financial year are in accordance with the Australian accounting standards.

Difficulties encountered in performing the audit

There have been no significant difficulties encountered during the audit or disagreement with management.

However, there has been delays in being able to finalise audit procedures and financial statements.

Reports to Parliament

Results of the 2022-23 Audits: Local Government

Northern Grampians Shire Council will be included in the *Results of the 30 June 2023 Audits: Local Government*. We aim to table this report by the end of November 2023 (note: we aim to table these reports within 5 months of the relevant sector's financial year end). The report will analyse the financial performance and position, and sustainability risks of each sector. The report also informs Parliament about the strengths and weaknesses in the control environments at entities within the sector and make recommendations to improve them as appropriate.

We will release an interactive dashboard to accompany the Parliamentary report. This will enable users to visualise:

- sector results over the last 5 years
- trends and composition analyses for specific entities
- compare results between entities over time.

VAGO links and resources



VAGO's website

VAGO's role

Annual work plan

Strategic plan

Our reports

Audits in progress

Privacy policy

Financial reporting alerts

APPENDIX A

Outstanding audit matters

The following items are outstanding at the date of this report and need to be resolved before we can issue our audit reports.

Item	Action required	Responsibility
Subsequent events update	Provide details of significant transactions and events up to date of signing. Audit will assess for any impact on the financial report	Management and audit
Draft financial statements / Performance Statement	We have performed a review of the draft financial statements and performance statement. Final checks are underway before they are submitted to VAGO for their further review.	Audit
Financial report and performance statement certification	To be signed on adoption of the accounts by the Council	Management
Management representation letter	To be signed on same date as the certification of the financial report	Management

After we issue our audit report(s), we are required to undertake the following procedures. We will report any issues we find to your accountable officer for appropriate remedial action.

Item	Our procedure
Annual report	We will review your annual report to confirm that it includes the correct version of the signed financial report, performance report and auditor's report. We will also check that all information in the annual report is materially consistent with the financial report. We request your provision to us of an electronic copy of the printers' proof of the annual report.
Website publication of annual report	We will review your annual report on your website to confirm that it includes the correct version of the signed financial report, performance report and auditor's report. We request your notification to us when you publish your annual report on your website.

APPENDIX B

Adjusted audit differences

Adjusted dollar differences

Financial report component(s)	Adjusted \$	Basis for the adjustment
DR Long service leave provisions	810,554	Adjustment for errors in the LSL and AL calculations as part of the provisions review.
CR Annual leave provisions	(19,533)	
CR Employee provision expenses	(791,021)	
DR Lease liability	13,177	Late adjustments for lease liability
CR Right of use (RoU) vehicle – amortisation	(19,199)	
DR RoU vehicle – fair value	6,021	
CR Short term leases	(12,168)	
DR Amortisation RoU vehicles	12,168	

Adjusted differences of disclosures in your financial report and indicators in your performance statement

Financial report disclosure / performance statement indicator	Adjustment	Basis for the adjustment
Financial statements and performance statements	Various wording/formatting changes	Improve readability of the statements and compliance with the sector model financial statements
Indicator G5	Changed from 52 to 55	Updated the results figures did not agree to supporting documentation
Indicator R5	Changed from 47 to 53	Updated the results figures did not agree to supporting documentation
Indicator C7	Changed from 24.9% to 25.1%	Updated the results figures did not agree to supporting documentation
Indicator AF6	Changed 4.2 to 6.6	Delay with the supporting documentation provided
Indicator C2	Changed from 199.8% to 159.4%	Statutory reserves and carried forward capital works were not included in restricted cash.

APPENDIX C

Unadjusted audit differences

Unadjusted dollar differences

Financial report component(s)	Adjusted \$	Basis for the difference and the reason/s for not adjusting
Nil		

Unadjusted differences of disclosures in your financial report and indicators in your performance statement

Financial report disclosure / performance statement indicator	Recommended disclosure	Basis of our recommendation
Nil		

APPENDIX D

Final management letter

We will provide a final management letter as a separate attachment.

APPENDIX E

Management representation letter

As part of gathering audit evidence, we obtain formal management representations about your entity's financial report and performance statement. We look at the completeness, preparation, and presentation of the information in the report and statement.

We do not rely solely on the management representations, except when they are the only evidence reasonably available.

A draft version of the management representation letter is provided as a separate attachment.

**Northern Grampians Shire Council
DRAFT ANNUAL FINANCIAL REPORT**

For the Year Ended 30 June 2023

Northern Grampians Shire Council

Financial Report

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Northern Grampians Shire Council
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Certification of the Financial Statements

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

Graham Haylock CPA
Principal Accounting Officer

Dated :
Stawell

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

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

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

Cr Murray Emerson
Mayor

Dated :
Stawell

Cr Kevin Erwin
Councillor

Dated :
Stawell

Mr. Brent McAlister
Chief Executive Officer

Dated :
Stawell

VAGO Opinion

VAGO Opinion

Comprehensive Income Statement For the Year Ended 30 June 2023

	Note	2023 \$'000	2022 \$'000
Income / Revenue			
Rates and charges	3.1	19,516	19,333
Statutory fees and fines	3.2	458	452
User fees	3.3	1,985	1,647
Grants - operating	3.4	15,982	13,373
Grants - capital	3.4	7,267	6,718
Contributions - monetary	3.5	116	582
Contributions - non monetary	3.5	19	3
Assets recognised for the first time	3.6	3	-
Share of net profit/(deficit) of associates	6.2	(121)	160
Other income	3.7	1,622	623
Total income / revenue		46,846	42,890
Expenses			
Employee costs	4.1	(18,499)	(17,458)
Materials and services	4.2	(12,549)	(9,445)
Depreciation	4.3	(14,463)	(14,089)
Amortisation - Right of use assets	4.4	(158)	(34)
Bad and doubtful debts - allowance for impairment losses	4.5	97	(86)
Borrowing costs	4.6	(43)	(72)
Finance Costs - Leases	4.7	-	(3)
Reversal of restoration provisions	5.5	(3)	(2)
Net loss on disposal of property, infrastructure, plant and equipment	4.8	(1,333)	(2,971)
Other expenses	4.9	(898)	(1,378)
Total expenses		(47,850)	(45,538)
Deficit for the year		(1,004)	(2,648)
Other comprehensive income			
Items that will not be reclassified to surplus or deficit in future periods			
Net asset revaluation increment	6.1	-	29,779
Total other comprehensive income		-	29,779
Total comprehensive result		(1,004)	27,130

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

Balance Sheet

As at 30 June 2023

	Note	2023 \$'000	2022 \$'000
Assets			
Current assets			
Cash and cash equivalents	5.1 (a)	26,623	25,347
Trade and other receivables	5.1 (c)	2,824	1,844
Inventories	5.2 (a)	91	427
Prepayments	5.2 (b)	446	205
Total current assets		29,984	27,822
Non-current assets			
Investment in associates	6.2	455	576
Property, infrastructure, plant and equipment	6.1	457,532	460,309
Right-of-use assets	5.8	626	208
Total non-current assets		458,612	461,092
Total assets		488,596	488,914
Liabilities			
Current liabilities			
Trade and other payables	5.3 (a)	1,783	1,995
Trust funds and deposits	5.3 (b)	7	6
Unearned income/revenue	5.3 (c)	5,483	4,438
Provisions	5.5	3,114	3,354
Interest-bearing loans and borrowings	5.4	-	97
Lease liabilities	5.8	191	63
Total current liabilities		10,578	9,953
Non-current liabilities			
Provisions	5.5	419	364
Interest-bearing loans and borrowings	5.4	1,000	1,000
Unearned income/revenue	5.3 (c)	-	282
Lease Liabilities	5.8	435	146
Total non-current liabilities		1,855	1,793
Total liabilities		12,432	11,746
Net assets		476,164	477,168
Equity			
Accumulated surplus		123,167	125,790
Reserves	9.1	352,997	351,378
Total Equity		476,164	477,168

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

Statement of Changes in Equity For the Year Ended 30 June 2023

	Note	Accumulated Revaluation Other			
		Total	Surplus	Reserve	Reserves
2023		\$'000	\$'000	\$'000	\$'000
Balance at beginning of the financial year		477,168	125,790	344,266	7,112
Surplus/(Deficit) for the year		(1,004)	(1,004)	-	-
Net asset revaluation increment	9.1	-	-	-	-
Transfers from other reserves	9.1	-	(1,619)	-	1,619
Balance at end of the financial year		476,164	123,167	344,266	8,731

	Note	Accumulated Revaluation Other			
		Total	Surplus	Reserve	Reserves
2022		\$'000	\$'000	\$'000	\$'000
Balance at beginning of the financial year		450,037	129,100	314,487	6,450
Surplus/(Deficit) for the year		(2,648)	(2,648)	-	-
Net asset revaluation increment	9.1	29,779	-	29,779	-
Transfers from other reserves	9.1	-	(662)	-	662
Balance at end of the financial year		477,168	125,790	344,266	7,112

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

Statement of Cash Flows For the Year Ended 30 June 2023

	Note	2023 Inflows/ (Outflows) \$'000	2022 Inflows/ (Outflows) \$'000
Cash flows from operating activities			
Rates and charges		19,547	19,232
Statutory fees and fines		458	452
User fees		1,070	1,696
Grants - operating		16,863	9,137
Grants - capital		7,148	10,473
Contributions - monetary		116	582
Interest received		229	2
Trust funds and deposits taken/(paid)		1	-
Other receipts		1,393	621
Employee costs		(18,687)	(17,427)
Materials and services		(12,667)	(11,286)
Other payments		(898)	(1,548)
Net cash provided by operating activities	9.2	14,574	11,933
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment	6.1	(13,436)	(15,645)
Proceeds from sale of property, infrastructure, plant and equipment		438	17
Net cash used in investing activities		(12,998)	(15,628)
Cash flows from financing activities			
Finance costs		(43)	(72)
Repayment of borrowings		(97)	(1,092)
Interest paid - lease liability		-	(3)
Repayment of lease liabilities		(160)	(24)
Net cash used in financing activities		(300)	(1,191)
Net increase (decrease) in cash and cash equivalents		1,276	(4,886)
Cash and cash equivalents at the beginning of the financial year		25,347	30,232
Cash and cash equivalents at the end of the financial year	5.1 (a)	26,623	25,347
Financing arrangements	5.6		
Restrictions on cash assets	5.1 (b)		

The above statement of cash flow should be read with in conjunction the accompanying notes.

Statement of Capital Works For the Year Ended 30 June 2023

	2023 \$'000	2022 \$'000
Property		
Land	710	-
Land improvements	-	383
Total land	710	383
Buildings	1,959	4,687
Total buildings	1,959	4,687
Total property	2,668	5,070
Plant and equipment		
Plant, machinery and equipment	885	660
Computers and telecommunications	42	31
Total plant and equipment	927	691
Infrastructure		
Roads	6,482	4,790
Bridges	574	1,088
Footpaths and cycleways	473	726
Drainage	221	504
Parks, open spaces and streetscapes	2,177	2,445
Aerodromes	-	334
Total infrastructure	9,926	9,887
Total capital works expenditure	13,521	15,648
Represented by:		
New asset expenditure	532	2,618
Asset renewal expenditure	7,763	6,879
Asset expansion expenditure	365	72
Asset upgrade expenditure	4,862	6,079
Total capital works expenditure	13,521	15,648

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

Note 1 OVERVIEW

Introduction

The Northern Grampians Shire Council was established by an Order of the Governor in Council on 20 January, 1995 and is a body corporate.

The Council's main office is located at 59-69 Main Street, Stawell.

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 Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, the *Local Government Act 2020*, and the *Local Government (Planning and Reporting) Regulations 2020*.

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

Significant accounting policies

(a) Basis of accounting

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

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

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

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.

Note 1 OVERVIEW (cont)

(a) Basis of accounting (cont)

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

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 6.1)
- the determination of depreciation for buildings, infrastructure, plant and equipment (refer to Note 6.1)
- 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)
- 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)
- other areas requiring judgments

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 2 ANALYSIS OF OUR RESULTS

2.1 Performance against budget

The performance against budget notes compare Council's financial plan, expressed through its annual budget, with actual performance. *The Local Government (Planning and Reporting) Regulations 2020* requires explanation of any material variances. Council has adopted a materiality threshold of \$250,000 where further explanation is warranted. Explanations have not been provided for variations below the materiality threshold unless the variance is considered to be material because of its nature.

The budget figures detailed below are those adopted by Council on 27 June 2022. The Budget was based on assumptions that were relevant at the time of adoption. Council sets guidelines and parameters for income and expense targets in the Budget in order to meet Council's planning and financial performance targets for both the short and long-term. The Budget did not reflect any changes to equity resulting from asset revaluations, as their impacts were not considered predictable.

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

2.1.1 Income / Revenue and expenditure

	Budget 2023 \$'000	Actual 2023 \$'000	Variance \$'000	Variance %	Ref
Income / Revenue					
Rates and charges	19,367	19,516	149	1%	
Statutory fees and fines	356	458	102	29%	
User fees	2,023	1,985	(38)	-2%	
Grants - operating	10,753	15,982	5,229	49%	1
Grants - capital	6,210	7,267	1,057	17%	2
Contributions - monetary	49	116	67	137%	
Contributions - non monetary	10	19	9	86%	
Share of net profit/(deficit) of associates	-	(121)	(121)	100%	
Other income	749	1,622	873	117%	3
Total income / Revenue	39,517	46,846	7,329	19%	
Expenses					
Employee costs	(18,427)	(18,499)	(72)	0%	
Materials and services	(10,843)	(12,549)	(1,706)	16%	4
Depreciation	(14,139)	(14,463)	(324)	2%	5
Amortisation - right of use assets	(86)	(158)	(72)	84%	
Bad and doubtful debts - allowance for impairment losses	-	97	97	-100%	
Borrowing costs	(73)	(43)	30	-41%	
Reversal of restoration provisions	-	(3)	(3)	100%	
Net loss on disposal of property, infrastructure, plant and equipment	-	(1,333)	(1,333)	-100%	6
Other expenses	(941)	(898)	43	-5%	
Total expenses	(44,508)	(47,850)	(3,342)	8%	
Surplus for the year	(4,992)	(1,004)	3,988	-80%	

Note 2.1 Performance against budget (cont)

2.1.1 Income / Revenue and expenditure (cont)

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Grants - Operating	Council received and recognised the full allocation of 2023/24 Financial Assistance Grants in the current year. Council was expecting less than the full amount.
2	Grants - capital	Council received unbudgeted grant funding from various state and federal governments including the Local Roads and Community Infrastructure program.
3	Other income	Council received an increase in child care benefit, interest income and rental income. A major component of the variance relates to reimbursement income received.
4	Materials and services	Upon analysis of the capital expenditure, a portion of the variance, relates to expenses reallocated as they were not capital in nature.
5	Depreciation	Higher depreciation expenses is mainly due to the impact of the 2021-22 asset revaluations not known at the time of budget adoption.
6	Net loss on disposal of property, infrastructure, plant and equipment	Net loss is due to the need to write off the un-depreciated book value of assets that were replaced during the course of the financial year.

Note 2.1 Performance against budget (cont'd)

2.1.2 Capital Works

	Budget adopted 2023 \$'000	Actual 2023 \$'000	Variance \$'000	Variance %	Ref
Property					
Land	-	710	710	-100%	1
Total Land	-	710	710	0%	
Buildings	680	1,959	1,279	188%	2
Total Buildings	680	1,959	1,279	188%	
Total Property	680	2,668	1,988	292%	
Plant and Equipment					
Plant, machinery and equipment	790	885	95	12%	3
Computers and telecommunications	69	42	(27)	-39%	4
Total Plant and Equipment	859	927	68	8%	
Infrastructure					
Roads	4,473	6,482	2,009	45%	5
Bridges	1,066	574	(492)	-46%	6
Footpaths and cycleways	228	473	245	107%	7
Drainage	78	221	143	183%	8
Waste management	400	-	(400)	-100%	9
Parks, open spaces and streetscapes	2,960	2,177	(783)	-26%	10
Aerodromes	300	-	(300)	-100%	11
Other infrastructure	600	-	(600)	-100%	12
Total Infrastructure	10,105	9,926	(179)	-2%	
Total Capital Works Expenditure	11,644	13,521	1,877	16%	
Represented by:					
New asset expenditure	544	532	(12)	-2%	
Asset renewal expenditure	5,824	7,763	1,939	33%	
Asset expansion expenditure	228	365	137	60%	
Asset upgrade expenditure	5,048	4,862	(186)	-4%	
Total Capital Works Expenditure	11,644	13,521	1,877	16%	

Note 2.1 Performance against budget (cont)

2.1.2 Capital Works (cont)

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Land	The variance relates to two projects, one which is a continuation from previous years (Slone St) and a land related Waste Management project which was budgeted under Waste Management.
2	Buildings	This program had a large amount of carried forward works that were completed in this financial year but budgeted in previous financial years.
3	Plant, machinery and equipment	This program had a number of items that were ordered in the previous year but delivered to council in this current year.
4	Computers and telecommunications	This program is budgeted assuming that all assets will be capitalised. After the purchase of these items there a number of items that fall below the capitalisation threshold and therefore are not capitalised giving the variance.
5	Roads	The allocation of budget for roads includes bridges, footpaths and drainage. Along with the budgeting, there are a number of unbudgeted projects that were completed throughout the year, and previous works that were not completed.
6	Bridges	Due to contractor availability throughout the year this program was underspent. It is anticipated that these projects will be completed in the following financial year as contractors become available.
7	Footpaths	The allocation of budget for roads includes bridges, footpaths and drainage. Along with the budgeting, there are a number of unbudgeted projects that were completed throughout the year, and previous works that were not completed.
8	Drainage	The allocation of budget for roads includes bridges, footpaths and drainage. Along with the budgeting, there are a number of unbudgeted projects that were completed throughout the year, and previous works that were not completed.
9	Waste management	This has been expended in the Land area within the capital works statement. This offsets the variance in the land category.
10	Parks, open spaces and streetscapes	There are a number of projects that were budgeted to finish in the 2022-23 year with a number of projects having a delayed start date. These projects will be completed in the 2023-24 year. The projects include the Heath St Bridge, Halls Gap for example.
11	Aerodromes	This has been expended within the Roads budget as the works were to improve the runway surface.
12	Other infrastructure	This program was dependant on grant funding for a particular project where the grant application was not successful.

Note 2.2 Analysis of Council results by program

Council delivers its functions and activities through the following programs.

2.2.1 Your Lifestyle

Community life provides high quality community focused programs, service delivery and communication to residents. Community life is comprised of community care, connected communities, family services, health communities, leisure and recreational services which includes parks and sporting ovals together with social planning and investment.

Growing Our Economy

Growing our economy supports local festivals and events and advocates on behalf of the community for major events, tourism and cultural opportunities. Growing our economy is responsible for economic development and events and tourism. It further encompasses the planning services area that includes the assessment of town development, planning strategy and urban growth.

Maintaining Assets

Maintaining assets is responsible for constructing new infrastructure and maintaining existing infrastructure across a very diverse range of assets that underpin the wellbeing of the community. These assets include roads, bridges, footpaths and drainage together with community buildings.

Community Safety

Community safety provides efficient and effective services to meet the growing needs of the community. The service area is dedicated to the health, safety and amenity of the community. The service includes environment and waste, building safety, community protection, emergency management and municipal resources.

Governance

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

Finance and strategy provides efficient, effective and proactive support services across council to enable the delivery of policy commitments, council vision and mission. The provision of these services includes finance services, digital information and technology, property and procurement.

Note 2.2 Analysis of Council results by program

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
2023	\$'000	\$'000	\$'000	\$'000	\$'000
Your Lifestyle	13,286	7,675	5,611	7,954	9,560
Growing Our Economy	1,860	2,111	(251)	589	-
Maintaining Assets	25,160	29,964	(4,804)	12,098	447,979
Community Safety	1,744	1,321	423	893	-
Governance	4,796	6,778	(1,983)	1,715	31,057
	46,846	47,850	(1,004)	23,248	488,596

	Income / Revenue	Expenses	Surplus/ (Deficit)	Grants included in income / revenue	Total assets
2022	\$'000	\$'000	\$'000	\$'000	\$'000
Your Lifestyle	9,402	7,380	2,022	6,638	8,075
Growing Our Economy	2,206	2,233	(27)	964	-
Maintaining Assets	21,429	23,825	(2,396)	8,634	453,114
Community Safety	3,389	3,770	(382)	1,271	-
Governance	6,464	8,330	(1,866)	2,585	27,726
	42,890	45,538	(2,648)	20,091	488,914

Note 3 Funding for the delivery of our services

3.1 Rates and charges

Council uses capital improved value as the basis of valuation of all properties within the municipal district. The capital improved value of a property is its estimated realisable value if offered for sale at the time of the valuation.

The valuation base used to calculate general rates for 2022-23 was \$4,974 million (2021-22, \$3,763 million). The 2022-23 rate in the capital improved value dollar was 0.4738 cents (2021-22 0.5705 cents).

	2023 \$'000	2022 \$'000
General rates		
Residential rates	8,548	8,007
Commercial rates	793	754
Industrial rates	428	494
Farm rates	5,495	5,359
Total general rates	15,264	14,615
Other rates and charges		
Municipal charge	1,008	1,337
Waste management charge	2,876	2,849
Rates in lieu	357	525
Supplementary rates and rate adjustments	(2)	(5)
Cultural and recreational	12	11
Total other rates and charges	4,251	4,718
Total rates and charges	19,516	19,333

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

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

3.2 Statutory fees and fines

Infringements and costs	11	14
Court recoveries	2	1
Land information certificates	32	44
Permits	318	350
Other statutory fees and fines	95	43
Total statutory fees and fines	458	452

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

Notes to the Financial Report
For the Year Ended 30 June 2023

3.3 User fees	2023 \$'000	2022 \$'000
Aged and health services	667	514
Leisure centre and recreation	668	442
Child care/children's programs	231	263
Registration and other permits	139	98
Waste management services	79	75
Hire income	7	3
Rental fees	36	114
Infrastructure fees	133	111
Other fees and charges	26	27
Total user fees	1,985	1,647
User fees by timing of revenue recognition		
User fees recognised over time	1,046	996
User fees recognised at a point in time	939	651
Total user fees	1,985	1,647

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	18,072	14,752
State funded grants	5,176	5,339
Total grants received	23,248	20,091
(a) Operating grants		
<i>Recurrent - Commonwealth Government</i>		
Financial Assistance Grants	11,651	10,799
Aged care	602	641
Other	19	7
<i>Recurrent - State Government</i>		
Aged care	137	113
Municipal emergency response funding	240	-
Libraries	173	157
Maternal and child health	328	331
Recreation	471	268
Community safety	-	26
Pre school	633	95
Youth	-	25
Other	75	75
Total recurrent operating grants	14,329	12,538

3.4 Funding from other levels of government (cont)

	2023 \$'000	2022 \$'000
<i>Non-recurrent - Commonwealth Government</i>		
Pre school	70	70
Other	37	-
<i>Non-recurrent - State Government</i>		
Aged care	18	37
Family and children	63	169
Pre school	154	5
Infrastructure operations	920	-
Economic development	-	82
COVID business and hospitality support	161	189
Environmental planning	54	-
Recreation	25	27
Natural disaster recovery	114	-
Other	38	256
Total non-recurrent operating grants	1,653	835
Total operating grants	15,982	13,373

(b) Capital grants

<i>Recurrent - Commonwealth Government</i>		
Roads to recovery	1,821	1,858
Total recurrent capital grants	1,821	1,858
<i>Non-recurrent - Commonwealth Government</i>		
Aerodromes	240	150
Parks, open spaces & streetscapes	2,800	612
Infrastructure	833	114
Buildings	-	500
<i>Non-recurrent - State Government</i>		
Buildings	646	622
Land & land improvements	100	300
Footpaths and cycleways	12	232
Recreational facilities	363	1,679
Infrastructure	206	564
Other	246	86
Total non-recurrent capital grants	5,446	4,860
Total capital grants	7,267	6,718

(c) Recognition of grant income

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

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

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

3.4 Funding from other levels of government (cont.)

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

	2023 \$'000	2022 \$'000
Income recognised under AASB 1058 Income of Not-for-Profit Entities		
General purpose	14,595	13,056
Specific purpose grants to acquire non-financial assets	7,267	6,718
Revenue recognised under AASB 15 Revenue from Contracts with Customers		
Specific purpose grants	1,387	317
	23,248	20,091

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

Operating

Balance at start of year	1,156	1,063
Received during the financial year and remained unspent at balance date	1,740	623
Received in prior years and spent during the financial year	(968)	(531)
Balance at year end	1,928	1,156

Capital

Balance at start of year	3,836	5,541
Received during the financial year and remained unspent at balance date	2,782	2,677
Received in prior years and spent during the financial year	(2,887)	(4,382)
Balance at year end	3,731	3,836

Unspent grants are determined and disclosed on a cash basis

3.5 Contributions

Monetary	116	582
Non-monetary	19	3
Total contributions	135	585

Contributions of non monetary assets were received in relation to the following asset classes.

Roads	19	-
Total non-monetary contributions	19	-

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

3.6 Assets recognised for the first time

Net increment on revalued assets (found assets)	3	-
Total net increment on revalued assets	3	-

Assets recognised for the first time are recognised as revenue when Council obtains control over the asset. Likewise, lost assets are assets previously recognised, that could not be identified by the GIS and removed from the asset register.

**Notes to the Financial Report
For the Year Ended 30 June 2023**

	2023 \$'000	2022 \$'000
3.7 Other income		
Interest Income	229	2
Rental Income	140	-
Contributions	478	-
Reimbursements	240	191
Other Income	535	430
Total other income	1,622	623

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

4.1 (a) Employee costs

Salary & wages	16,950	15,872
less capitalised wages and salaries	(1,033)	(828)
	15,918	15,044
Wages and salaries	15,918	15,044
Workcover	346	469
LSL provision movement	152	202
Superannuation	1,742	1,520
Fringe Benefit Tax	4	(16)
Other	338	239
Total employee costs	18,499	17,458

(b) Superannuation

Council made contributions to the following funds:

Defined benefit fund

Employer contributions to Local Authorities Superannuation Fund (Vision Super)

52	57
52	57

Employer contributions payable at reporting date.

(11)	(0)
------	-----

Accumulation funds

Employer contributions to Local Authorities Superannuation Fund (Vision Super)

832	837
-----	-----

Aware Super

72	66
----	----

Australian Super

145	56
-----	----

VicSuper Future Saver

64	33
----	----

Hesta Super Fund

61	33
----	----

Rest Superannuation

58	45
----	----

Hostplus Superannuation Fund

50	39
----	----

Cbus

57	50
----	----

Employer contributions - other funds

352	305
-----	-----

1,690	1,463
--------------	--------------

Employer contributions payable at reporting date.

0	(68)
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The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2023 is \$57,000.

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

**Notes to the Financial Report
For the Year Ended 30 June 2023**

4.2 Materials & Services	2023 \$'000	2022 \$'000
Contractors	3,231	2,897
Cleaning	306	306
Legal services	90	42
Debt collection	36	1
Agency and labour hire	389	544
Minor equipment	164	111
Medical services	7	4
Food and beverages	63	66
Other materials and services	2,645	1,550
Utilities	467	535
Rental/hire	10	5
Security	46	47
Administration	94	89
Advertising	139	104
Memberships, subscriptions, publications	219	182
Information Technology	1,368	766
Insurance	582	562
Consultants	1,712	1,055
General Maintenance	980	581
Total materials and services	12,549	9,445

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

4.3 Depreciation	2023 \$'000	2022 \$'000
Buildings	2,054	1,867
Plant and equipment	823	895
Infrastructure	11,586	11,327
Total depreciation	14,463	14,089

Refer to note 6.1 for a more detailed breakdown of depreciation charges and accounting policy.

4.4 Amortisation - Right of use assets

Vehicles	158	34
Total Amortisation - Right of use assets	158	34

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

**Notes to the Financial Report
For the Year Ended 30 June 2023**

4.5 Bad & Doubtful Debts - allowance for impairment losses	2023 \$'000	2022 \$'000
Other debtors	(97)	86
Total bad and doubtful debts - allowance for impairment losses	(97)	86

Movement in allowance for impairment losses in respect of debtors

Balance at the beginning of the year	163	78
New provisions recognised during the year	-	84
Amounts provided for but recovered during the year	(97)	-
Balance at the end of year	66	163

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.

4.6 Borrowing costs		
Interest on loans	43	72
Total borrowing costs	43	72

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.

4.7 Finance Costs - Leases		
Interest - lease liabilities	-	3
Total finance costs	-	3

4.8 Net loss on disposal of property, infrastructure, plant and equipment		
Proceeds from sale of assets	438	17
Written down value of assets disposed	(1,771)	(2,988)
Total net loss on disposal of property, infrastructure, plant and equipment	(1,333)	(2,971)

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

4.9 Other expenses		
Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	36	28
Auditors' remuneration - Internal Audit	11	15
Councillors' allowances	227	215
Community contributions	168	788
Operating lease rentals	247	292
Other	209	39
Total other expenses	898	1,378

**Notes to the Financial Report
For the Year Ended 30 June 2023**

Note 5 Our financial position	2023	2022
5.1 Financial assets	\$'000	\$'000
(a) Cash and cash equivalents		
Cash on hand	2	2
Cash at bank	26,621	25,345
Total cash and cash equivalents	26,623	25,347

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.

(c) Trade and other receivables		
Current		
<i>Statutory receivables</i>		
Rates debtors	1,252	1,139
Net GST receivable	279	238
<i>Non statutory receivables</i>		
Other debtors	1,358	630
Provision for doubtful debts - other debtors	(66)	(163)
Total trade and other receivables	2,824	1,844

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

Notes to the Financial Report
For the Year Ended 30 June 2023

5.1 Financial assets (cont)

(d) Ageing of Receivables *

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

	2023	2022
	\$'000	\$'000
Current (not yet due)	791	21
Past due by up to 30 days	191	325
Past due between 31 and 90 days	280	13
Past due between 91 and 365 days	29	105
Past due by more than 1 year	3	2
Total trade & other receivables	1,293	467

(e) Ageing of individually impaired Receivables

At balance date, other debtors representing financial assets with a nominal value of \$66,554 (2022: \$162,611) were impaired. The amount of the provision raised against these debtors was \$66,554 (2022: \$162,611). They individually have been impaired as a result of their doubtful collection.

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 90 days	-	-
Past due between 91 and 365 days	40	145
Past due by more than 1 year	25	17
Total trade & other receivables	66	163

5.2 Non-financial assets

(a) Inventories

Inventory held for distribution

	91	427
Total inventories	91	427

Inventories held for distribution are measured at cost, adjusted when applicable for any loss of service potential.

(b) Other assets

Prepayments

	446	205
Total other assets	446	205

	2023 \$'000	2022 \$'000
5.3 Payables, trust funds and deposits and unearned income/revenue		
(a) Trade and other payables		
Current		
<i>Non statutory payables</i>		
Trade payables	182	1,531
Accrued wages and salaries	384	170
Accrued expenses	1,217	295
Total Current trade and other payables	1,783	1,995
(b) Trust funds and deposits		
Current		
Refundable deposits	7	6
Total Current trust funds and deposits	7	6
(c) Unearned Income/Revenue		
Current		
Grants received in advance - operating	1,847	965
Grants received in advance - capital	3,636	3,755
Total current unearned income	5,483	4,720

Unearned Income

Unearned income/revenue represents contract liabilities and reflect consideration received in advance from customers in respect of capital works and operational projects. Unearned income/revenue are derecognised and recorded as revenue when promised goods and services are transferred to the customer. Refer to Note 3.

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

Purpose and nature of items

Refundable deposits - Deposits are taken by council as a form of surety in a number of circumstances, including in relation to building works and the use of civic facilities.

Notes to the Financial Report
For the Year Ended 30 June 2023

	2023 \$'000	2022 \$'000
5.4 Interest-bearing liabilities		
Current		
Bank Borrowings - secured (1)	-	97
Total current interest-bearing liabilities	-	97
Non-current		
Bank Borrowings - secured (1)	1,000	1,000
Total non-current interest-bearing liabilities	1,000	1,000
Total	1,000	1,097
 (1) Borrowings are secured by the general rates of the Council		
a) The maturity profile for Council's borrowings is:		
Not later than one year	-	97
Later than one year and not later than five years	1,000	1,000
Later than five years	-	-
	1,000	1,097

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 at initial recognition. At present all Council's borrowings are classified at amortised cost.

Notes to the Financial Report
For the Year Ended 30 June 2023

5.5 Provisions

	Employee Provisions \$ '000	Landfill restoration \$ '000	Gravel pit restoration \$ '000	Total \$ '000
2023				
Balance at beginning of the financial year	3,594	53	72	3,718
Additional provisions	1,380	-	8	1,388
Amounts used	(1,404)	(5)	-	(1,409)
Increase in the discounted amount arising because of time and the effect of any change in the discount rate	(164)	-	-	(164)
Balance at the end of the financial year	3,406	48	80	3,533
Provisions - current	3,114	-	-	3,114
Provisions - non-current	292	48	80	419
Balance at the end of the financial year	3,406	48	80	3,533
2022				
Balance at beginning of the financial year	3,563	58	65	3,686
Additional provisions	1,220	-	7	1,227
Amounts used	(1,174)	(5)	-	(1,179)
Increase in the discounted amount arising because of time and the effect of any change in the discount rate	(16)	-	-	(16)
Balance at the end of the financial year	3,594	53	72	3,718
Provisions - current	3,354	-	-	3,354
Provisions - non-current	240	53	72	364
Balance at the end of the financial year	3,594	53	72	3,718

5.5 Provisions (cont)

	2023 \$'000	2022 \$'000
(a) Employee provisions		
Current provisions expected to be wholly settled		
Annual leave	1,008	919
Rostered days off	(2)	12
Long service leave	138	145
	1,145	1,075
Current provisions expected to be wholly settled		
Annual leave	693	851
Long service leave	1,276	1,427
	1,969	2,279
Total current provisions	3,114	3,354
Non-current		
Long service leave	292	240
Total non-current provisions	292	240
Aggregate carrying amount of employee provisions:		
Current	3,114	3,354
Non-current	292	240
Total aggregate carrying amount of employee provisions	3,406	3,594
Provisions		
Current		
Employee provisions	3,114	3,354
	3,114	3,354
Non-current		
Employee provisions	292	240
Land fill & Gravel Pit restoration	128	125
	419	364

5.5 Provisions (cont)

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:

	2023	2022
- discount rate	4.06%	3.26%
- inflation rate	2.00%	2.00%

Discount rates depend on the years of service and are based upon the rates released by the Department of Treasury and Finance.

(b) Land fill restoration

Non-current

	2023 \$'000	2022 \$'000
	48	53
	48	53

Council is obligated to restore the St Arnaud landfill site to a particular standard. 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 the EPA self assessment tool and the 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.

**Notes to the Financial Report
For the Year Ended 30 June 2023**

5.5 Provisions (cont)

c) Gravel pit restoration

Non-current

	2023 \$'000	2022 \$'000
	80	72
	80	72

Council is obligated to restore the Kara Kara gravel pit site to a particular standard. The forecast life of the site is based on current estimates of remaining capacity and the forecast rate of gravel use. The provision for gravel pit restoration has been calculated based on the present value of the expected cost of works to be undertaken. The expected cost of works has been estimated based on the required revegetation required and the infill of the site 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.

5.6 Financing arrangements

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

Interest bearing loans

Bank overdraft

Credit card facilities

Total facilities

Used facilities

Unused facilities

	2023 \$'000	2022 \$'000
	1,000	1,097
	200	200
	250	250
	1,450	1,547
	1,000	1,097
	450	450

Notes to the Financial Report
For the Year Ended 30 June 2023

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 GST payable.

(a) Commitments for expenditure

2023	Not later than 1 year \$'000	Later than 1 year and not later than 2 years \$'000	Later than 2 years and not later than 5 years \$'000	Later than 5 years \$'000	Total \$'000
Operating					
Consultancies	197	-	-	-	197
Cleaning services	131	-	-	-	131
ICT Services	656	148	151	-	955
Total	984	148	151	-	1,283
Capital					
Buildings	88	-	-	-	88
Infrastructure	500	-	-	-	500
Drainage	4	-	-	-	4
Recreation facilities	631	-	-	-	631
Total	1,222	-	-	-	1,222

2022	Not later than 1 year \$'000	Later than 1 year and not later than 2 years \$'000	Later than 2 years and not later than 5 years \$'000	Later than 5 years \$'000	Total \$'000
Operating					
Consultancies	91	23	-	-	114
Cleaning services	131	-	-	-	131
Provision of transfer stations	54	32	-	-	86
ICT Services	218	218	-	-	436
Total	495	272	-	-	767
Capital					
Buildings	93	-	-	-	93
Drainage	899	-	-	-	899
Recreation facilities	541	-	-	-	541
Total	1,533	-	-	-	1,533

5.8 Leases

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

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

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

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

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

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

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

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

- Fixed payments
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the
- 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.

	2023 \$'000	2022 \$'000
	Vehicles	Vehicles
Balance at 1 July 2022	208	95
Additions	577	147
Amortisation charge	(158)	(34)
Balance at 30 June 2023	626	208

Lease Liabilities

Maturity analysis - contractual undiscounted cash flows		
Less than one year	191	69
One to five years	435	152
Total undiscounted lease liabilities as at 30 June:	626	221

Lease liabilities included in the Balance Sheet at 30 June:

Current	191	63
Non current	435	146
Total lease liabilities	626	209

5.8 Leases (cont)

Short-term and low value leases

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

	2023 \$'000	2022 \$'000
Expenses relating to:		
Short-term leases	247	291
Total	247	291

Notes to the Financial Report
For the Year Ended 30 June 2023

Note 6 Assets we manage

6.1 Property, infrastructure, plant and equipment

Summary of property, infrastructure, plant and equipment

	Carrying amount 30 June 2022	Acquisitions	Transfers	Found & Relinquished Assets	Revaluation	Depreciation	Disposal	Carrying amount 30 June 2023
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Land	13,199	-	-	-	-	-	-	13,199
Buildings	60,084	1,002	4,174	-	-	(2,054)	(505)	62,700
Plant and Equipment	4,972	927	196	-	-	(821)	(302)	4,972
Infrastructure	368,525	5,409	4,916	3	-	(11,588)	(1,031)	366,234
Work in progress	13,529	6,183	(9,286)	-	-	-	-	10,426
	460,309	13,521	-	3	-	(14,463)	(1,838)	457,532

Summary of Work in Progress

	Opening WIP \$'000	Additions \$'000	Transfers \$'000	Write Offs \$'000	Closing WIP \$'000
Land & Buildings	5,900	1,667	(4,174)	-	3,392
Plant and Equipment	196	-	(196)	-	(0)
Infrastructure	7,433	4,517	(4,916)	-	7,034
Total	13,529	6,183	(9,286)	-	10,426

(a) Land and Buildings

	Land - specialised \$'000	Land - non specialised \$'000	Land improvements \$'000	Total Land \$'000	Buildings - specialised \$'000	Total Buildings \$'000	Work In Progress \$'000	Total Property \$'000
At fair value 1 July 2022	12,839	360	132	13,331	85,884	85,884	5,900	105,115
Accumulated depreciation at 1 July 2022	-	-	(132)	(132)	(25,800)	(25,800)	-	(25,932)
	12,839	360	-	13,199	60,084	60,084	5,900	79,183
Movements in fair value								
Acquisition of assets at fair value	-	-	-	-	1,024	1,024	1,667	2,691
Fair value of assets disposed	-	-	-	-	(793)	(793)	-	(793)
Transfers	-	-	-	-	4,174	4,174	(4,174)	-
	-	-	-	-	4,405	4,405	(2,507)	1,898
Movements in accumulated depreciation								
Depreciation	-	-	-	-	(2,054)	(2,054)	-	(2,054)
Accumulated depreciation of disposals	-	-	-	-	288	288	-	288
Accumulated depreciation of additions	-	-	-	-	(22)	(22)	-	(22)
	-	-	-	-	(1,789)	(1,789)	-	(1,789)
At fair value 30 June 2023	12,839	360	132	13,331	90,289	90,289	3,392	107,013
Accumulated depreciation at 30 June 2023	-	-	(132)	(132)	(27,589)	(27,589)	-	(27,721)
Carrying amount	12,839	360	-	13,199	62,700	62,700	3,392	79,292

Notes to the Financial Report
For the Year Ended 30 June 2023

6.1 Property, infrastructure, plant and equipment (cont.)

(b) Plant and Equipment	Plant machinery and equipment \$'000	Fixtures fittings and furniture \$'000	Library Resources \$'000	Computers and telecoms \$'000	Work In Progress \$'000	Total plant and equipment \$'000
At fair value 1 July 2022	12,216	454	386	1,352	196	14,604
Accumulated depreciation at 1 July 2022	(7,632)	(412)	(77)	(1,315)	-	(9,436)
	4,584	42	309	37	196	5,168
Movements in fair value						
Acquisition of assets at fair value	928	-	-	42	-	970
Fair value of assets disposed	(801)	-	-	-	-	(801)
Transfers	170	-	-	26	(196)	-
	297	-	-	68	(196)	169
Movements in accumulated depreciation						
Depreciation	(742)	(23)	(39)	(16)	-	(821)
Accumulated depreciation of disposals	499	-	-	-	-	499
Accumulated depreciation of additions	(43)	-	-	-	-	(43)
	(287)	(23)	(39)	(16)	-	(365)
At fair value 30 June 2023	12,513	454	386	1,420	-	14,773
Accumulated depreciation at 30 June 2023	(7,919)	(436)	(116)	(1,331)	-	(9,802)
Carrying amount	4,594	19	270	88	-	4,972

(c) Infrastructure	Roads \$'000	Bridges \$'000	Footpaths and cycleways \$'000	Drainage \$'000	Parks open spaces and streetscapes \$'000	Other Infrastructure \$'000	Work In Progress \$'000	Total Infrastructure \$'000
At fair value 1 July 2022	316,494	94,090	21,197	23,914	7,187	210	7,433	470,524
Accumulated depreciation at 1 July 2022	(64,748)	(11,781)	(4,695)	(10,574)	(2,720)	(47)	-	(94,566)
	251,745	82,309	16,501	13,340	4,467	162	7,433	375,958
Movements in fair value								
Acquisition of assets at fair value	3,747	361	470	146	738	-	4,517	9,979
Found & relinquished assets at fair value	-	-	-	3	-	-	-	3
Fair value of assets disposed	(1,077)	(83)	(2)	(123)	-	-	-	(1,285)
Transfers	1,774	343	420	290	2,089	-	(4,916)	-
	4,444	620	889	316	2,827	-	(400)	8,697
Movements in accumulated depreciation								
Depreciation	(9,621)	(923)	(494)	(262)	(286)	(2)	-	(11,588)
Accumulated depreciation of disposals	179	22	0	52	-	-	-	254
Accumulated depreciation of additions	(26)	-	(3)	(9)	(14)	-	-	(53)
	(9,468)	(901)	(497)	(219)	(301)	(2)	-	(11,388)
At fair value 30 June 2023	320,938	94,710	22,086	24,230	10,014	210	7,034	479,221
Accumulated depreciation at 30 June 2023	(74,216)	(12,682)	(5,193)	(10,792)	(3,021)	(49)	-	(105,953)
Carrying amount	246,722	82,029	16,893	13,438	6,993	160	7,034	373,268

Notes to the Financial Report For the Year Ended 30 June 2023

6.1 Property, infrastructure, plant and equipment (cont)

Acquisition

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

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

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

Land under roads

Land under roads acquired after 30 June 2008 is brought to account using fair value basis. Council does not recognise land under roads that it controlled prior to that period in its financial report.

Depreciation

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 formations 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.

Asset recognition thresholds and depreciation periods

	Depreciation Period	Threshold Limit \$'000
Property		
land	-	All assets
land improvements	5 years	5
land under roads	-	All assets
Buildings		
buildings	15-100 years	5
Plant and Equipment		
plant, machinery and equipment	1-20 years	2
fixtures, fittings and furniture	2-10 years	2
computers and telecommunications	3-10 years	2
Infrastructure		
road pavements and seals	5-80 years	5
road formation and earthworks	-	5
road kerb and channel	15-100 years	5
bridges superstructure	120 years	15
bridges substructure	120 years	15
bridges rails	40 years	15
major culverts	20-80 years	15
footpaths and cycleways	15-80 years	5
drainage	20-120 years	5
parks, open spaces and streetscapes	15-100 years	5
heritage assets	15-100 years	10

Repairs and maintenance

Routine maintenance, repair costs, and minor renewal costs are expensed as incurred. Where the repair relates to the replacement of a component of an asset and the cost exceeds the capitalisation threshold the cost is capitalised and depreciated. The carrying value of the replaced asset is expensed.

6.1 Property, infrastructure, plant and equipment (cont.)

Valuation of land and buildings

Valuation of land was undertaken by qualified independent valuers Grant Kerambrun AAPI Certified Practising Valuer VRC Property Pty Ltd as at 30/06/2018. A revaluation and condition assessment of buildings was undertaken by Ashay Prabhu of Assetic Pty Ltd, MIE (Aust) CPEng, NPER: Membership 1102199 in the 2019/20 financial year. 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.

As a part of councils assessment of the fair value of its assets at 30 June 2022 there has been an indexation applied to the valuation of the Land and Buildings categories. The indexation is based on the Victorian Valuer General's office indices which for the past 3 years have increased by 13.1% for land and in the past 4 years for buildings by 10.1%. This index has been applied to Land - Specialised, Land - Non Specialised and Buildings - Specialised. The value of land under roads has been excluded.

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 of the current valuation (DoV) is detailed in the table below together with details of the Council's land and buildings and information about the fair value hierarchy as at 30 June 2023 which are as follows:

	\$'000 Level 1	\$'000 Level 2	\$'000 Level 3	DoV	Type of Valuation
Non-specialised land	-	360	-	06/22	Index
Specialised land	-	-	12,839	06/22	Index
Land improvements	-	-	-	06/22	Index
Buildings	-	-	58,993	06/22	Index
Total	-	360	71,832		

Valuation of infrastructure

The valuation method used for Council Infrastructure assets depends on the asset class. Roads, bridges, footpaths and drainage are all valued using the Fair Value method. Parks & open spaces and other infrastructure are valued using the cost method. All assets are reviewed for fair value on an annual basis.

Valuation of road and footpath assets has been determined in accordance with an internal valuation undertaken by Mr Kandee Balasingham B.Engineering (Civil) MIE Aust as at 31/12/2021. This valuation was reviewed at 30 June 2023 with no material changes to valuations.

Valuation of Bridge and Major Culvert assets has been determined in accordance with an external valuation undertaken by Driscoll Engineering Services Pty Ltd as at 01/07/2018. This valuation was reviewed at 30 June 2023 with no material changes to valuations.

Valuation of drainage assets has been determined in accordance with an external valuation undertaken by Malcolm Style Pty Ltd and a partial condition assessment was undertaken by Rapid Map Pty Ltd. as at 31/12/2021. This valuation was reviewed at 30 June 2023 with no material changes to valuations.

Notes to the Financial Report For the Year Ended 30 June 2023

6.1 Property, infrastructure, plant and equipment (cont.)

The date of the current valuation of each asset class is detailed in the following table.

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

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

	\$'000 Level 1	\$'000 Level 2	\$'000 Level 3	DoV	Type of Valuation
Roads	-	-	245,667	12/22	Full
Bridges	-	-	82,029	07/18	Full
Footpaths and cycleways	-	-	16,585	12/22	Full
Drainage	-	-	13,368	12/22	Full
Parks (etc)	-	-	6,908	N/A	N/A
Other infrastructure	-	-	160	N/A	N/A
Total	-	-	364,717		

Description of significant unobservable inputs into level 3 valuations

Specialised land and land under roads is valued using a market based direct comparison technique.

Significant unobservable inputs include the extent and impact of restriction of use and the market cost of land per square metre. The extent and impact of restrictions on use varies and results in a reduction to surrounding land values between 5% and 95%. The market value of land varies significantly depending on the location of the land and the current market conditions. Currently land values range between \$0.05 and \$226.62 per square metre.

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 by individual building components and the remaining useful lives are determined on the basis of the current condition of each of the various components. 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. 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. Parks and other infrastructure are valued using the cost method.

Reconciliation of specialised land

	2023 \$'000	2022 \$'000
Land under roads	2	2
Parks and reserves	5,705	5,705
Vacant land	810	810
Water management	274	274
Waste management	323	323
Gravel reserve	297	297
Aerodromes	304	304
Carpark	700	700
Recreation	578	578
Zoning restrictions	821	821
Council controlled (including land of Town Hall locations)	2,332	2,332
Other	693	693
Total specialised land	12,839	12,839

Notes to the Financial Report
For the Year Ended 30 June 2023

	2023 \$'000	2022 \$'000
6.2 Investment in associates		
Investments in associates		
Investments in associates accounted for by the equity method are:		
- Wimmera Development Association	455	576
	455	576
Share of (deficit)/surplus for year	(121)	160
(a) Wimmera Development Association		
<i>Background</i>		
Council's investment in the Wimmera Development Association is based on the equity method of accounting.		
Fair value of Council's investment in Wimmera Development Association	455	576
Council's interest in equity	20.17%	20.17%
Council's share of accumulated surplus		
Council's share of accumulated surplus at start of year	504	312
Reported surplus for year	(121)	160
Transfers (to)/from reserves	(17)	32
Council's share of accumulated surplus at end of year	365	504
Council's share of reserves		
Council's share of reserves at start of year	72	104
Transfers (to)/from reserves	17	(32)
Council's share of reserves at end of year	90	72
Movement in carrying value of specific investment		
Carrying value of investment at start of year	576	416
Share of surplus for year	(121)	160
Carrying value of investment at end of year	455	576

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

Note 7 People and relationships

7.1 Council and key management remuneration

(a) Related Parties

Parent entity

Northern Grampians Shire Council is the parent entity.

Associates

Interests in associates are detailed in note 6.2.

(b) Key Management Personnel

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

Details of KMP at any time during the year are:

Councillors	Councillor Anthony Driscoll (1 July 2022 - 31 July 2022)
	Councillor Brian Emerson
	Councillor Kevin Erwin
	Councillor Rob Haswell
	Councillor Lauren Dempsey
	Councillor Trevor Gready
	Councillor Eddy Ostarcevic
	Councillor Karen Hyslop (11 November 2022 - current)
Key Management	Chief Executive Officer - Liana Thompson (1 July 2022 - 16 October 2022)
	Chief Executive Officer - Brent McAlister (13 February 2023 - current)
	Director Corporate Services and Community Services - Vaughan Williams
	Director Infrastructure and Amenity - Trenton Fithall

Total Number of Councillors

Chief Executive Officer and other Key Management Personnel

Total Number of Key Management Personnel

	2023	2022
	No.	No.
Total Number of Councillors	8	7
Chief Executive Officer and other Key Management Personnel	4	3
Total Number of Key Management Personnel	12	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.

7.1 Council and key management (cont)

(c) Remuneration of Key Management Personnel (cont.)

Total remuneration of key management personnel was as follows:

Short-term employee benefits

Other long-term employee benefits

Post-employment benefits

Total

	2023 \$'000	2022 \$'000
Short-term employee benefits	922	853
Other long-term employee benefits	27	6
Post-employment benefits	57	80
Total	1,006	940

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

\$0,000 - \$9,999

\$10,000 - \$19,999

\$20,000 - \$29,999

\$30,000 - \$39,999

\$60,000 - \$69,999

\$90,000 - \$99,999

\$110,000 - \$119,999

\$200,000 - \$209,999

\$230,000 - \$239,999

\$260,000 - \$269,999

\$280,000 - \$289,999

	2023 No.	2022 No.
\$0,000 - \$9,999	1	-
\$10,000 - \$19,999	1	-
\$20,000 - \$29,999	4	5
\$30,000 - \$39,999	1	1
\$60,000 - \$69,999	1	1
\$90,000 - \$99,999	1	-
\$110,000 - \$119,999	1	-
\$200,000 - \$209,999	-	1
\$230,000 - \$239,999	-	1
\$260,000 - \$269,999	-	1
\$280,000 - \$289,999	2	-
Total	12	10

7.1 Council and key management (cont)

(d) Remuneration of other Senior Staff

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

	2023 \$'000	2022 \$'000
Total remuneration of other senior staff was as follows:		
Short-term employee benefits	1,663	1,910
Long-term employee benefits	101	116
Post-employment benefits	145	162
Total	1,909	2,188

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

Income Range:	2023 No.	2022 No.
\$160,000 - \$169,999	-	1
\$170,000 - \$179,999	6	7
\$180,000 - \$189,999	1	1
\$190,000 - \$199,999	-	1
\$200,000 - \$209,999	-	1
\$210,000 - \$229,999	2	-
\$230,000 - \$239,999	1	1
	10	12
Total remuneration for the reporting year for other senior staff included above, amounted to:	1,909	2,188

* Due to a definitional change the comparative figures in this note may not align with the previous year's annual report, which included disclosure of senior officers as defined in the Local Government Act 1989.

7.2 Related party disclosures

(a) Transactions with related parties

Nil

(b) 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 on commercial terms as follows:

Nil

Note 8 Managing uncertainties

8.1 Contingent assets and liabilities

Contingent assets and 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 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.

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.

MAV WorkCare

Council was a participant of the MAV WorkCare Scheme. The MAV WorkCare Scheme provided workers compensation insurance. MAV WorkCare commenced business on 1 November 2017 and the last day the Scheme operated as a self-insurer was 30 June 2021. In accordance with the Workplace Injury Rehabilitation and Compensation Act 2013, there is a six year liability period following the cessation of the Scheme (to 30 June 2027). During the liability period, adjustment payments may be required (or received). The determination of any adjustment payments is dependent upon revised actuarial assessments of the Scheme's tail claims liabilities as undertaken by Work Safe Victoria. If required, adjustments will occur at the 3-year and 6-year points during the liability period, and will affect participating members.

(b) Contingent Assets

Contingent assets are possible assets that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Council.

There are no known contingent assets as at balance date.

8.1 Contingent assets and liabilities (cont)

(c) Guarantees for loans to other entities

The Council has provided bank guarantees in favour of the Commonwealth Bank to secure debts or obligations. The liability is contingent upon the satisfactory completion of contracts involving the following organisations.

	2023 \$'000	2022 \$'000
Minister for Energy and Resources	93	93
Minister for Agriculture and Resources	6	6
Department of Sustainability and Environment	50	50
	148	148

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

8.2 Change in accounting standards

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

8.3 Financial Instruments

(a) Objectives and policies

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

(b) Market risk

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

Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Our interest rate liability risk arises primarily from long term loans and borrowings at fixed rates which exposes us 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 rate.

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

- diversification of investment product,
- monitoring of return on investment,
- 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.

8.3 Financial Instruments (cont)

(c) Credit risk

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause us to make a financial loss. We have exposure to credit risk on some financial assets included in our balance sheet. To help manage this risk:

- council may require collateral where appropriate; and
- council only invest surplus funds with financial institutions which have a recognised credit rating specified in our 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 we provide a guarantee for another party. Details of our contingent liabilities are disclosed in Note 8.1.

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

(d) Liquidity risk

Liquidity risk includes the risk that, as a result of our operational liquidity requirements, or we will not have sufficient funds to settle a transaction when required, we 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 long term financial plan which forecasts the cash and cash equivalent requirements over a long term period to be maintained;
- have readily accessible standby facilities and other funding arrangements in place;
- have an investment policy 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 in the face of the balance sheet and the amounts related to financial guarantees disclosed in Note 8.1, and is deemed insignificant based on prior periods' data and current assessment of risk.

8.3 Financial Instruments (cont)

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.

(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 shift of + 3% in market interest rates (AUD) from year-end rates of 4.1%.

These movements will not have a material impact on the valuation of Council's financial

8.4 Fair value measurement

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

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

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

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

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

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

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

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

Revaluation

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

Fair value valuations are determined in accordance with a valuation hierarchy. Changes to the valuation hierarchy will only occur if an external change in the restrictions or limitations of use on an asset result in changes to the permissible or practical highest and best use of the asset.

8.4 Fair value measurement (cont)

In addition Council undertakes a formal revaluation of land, buildings, and infrastructure assets on a regular basis ranging from 5 to 10 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	3 to 5 years
Buildings	3 to 5 years
Roads	3 to 5 years
Bridges	3 to 5 years
Footpaths and cycleways	3 to 5 years
Drainage	3 to 5 years
Recreational, leisure and community facilities	3 to 5 years
Waste management	3 to 5 years
Parks, open space and streetscapes	N/A
Aerodromes	3 to 5 years
Other infrastructure	N/A

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

Impairment of assets

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

8.5 Events occurring after balance date

Council is not aware of any other after reporting date events.

Notes to the Financial Report
For the Year Ended 30 June 2023

Note 9 Other matters

9.1 Reserves	Balance at beginning of reporting period	Share of increment/ (decrement)	Balance at end of reporting period
(a) Asset revaluation reserves	\$'000	\$'000	\$'000
2023			
Property			
Land	8,168	-	8,168
Buildings	58,475	-	58,475
	66,643	-	66,643
Infrastructure			
Roads	198,321	-	198,321
Bridges	65,715	-	65,715
Footpaths and cycleways	11,481	-	11,481
Drainage	2,088	-	2,088
	277,604	-	277,604
	344,247	-	344,247
Other			
Investment in associates	19	-	19
	19	-	19
Total asset revaluation reserves	344,266	-	344,266
2022			
Property			
Land	6,619	1,549	8,168
Buildings	52,966	5,509	58,475
	59,585	7,058	66,643
Infrastructure			
Roads	181,735	16,586	198,321
Bridges	65,715	-	65,715
Footpaths and cycleways	6,863	4,618	11,481
Drainage	570	1,518	2,088
	254,883	22,721	277,604
	314,468	29,779	344,247
Other			
Investment in associates	19	-	19
	19	-	19
Total asset revaluation reserves	314,487	29,779	344,266

The asset revaluation reserve is used to record the increased (net) value of Council's assets over time.

Notes to the Financial Report
For the Year Ended 30 June 2023

Note 9 Other matters (cont.)

	Balance at beginning of reporting period	Transfer to / (from) accumulated surplus	Balance at end of reporting period
(b) Other reserves	\$'000	\$'000	\$'000
2023			
Economic development	853	712	1,565
Community loans	150	-	150
Waste management	4,725	781	5,506
Long service leave	334	1	335
Defined benefits	300	-	300
Loan repayments	750	125	875
Total other reserves	7,112	1,619	8,731
2022			
Economic development	328	525	853
Community loans	42	108	150
Waste management	3,905	820	4,725
General	250	(250)	-
Long service leave	-	334	334
Defined benefits	300	-	300
Loan repayments	1,625	(875)	750
Total other reserves	6,450	662	7,112

Economic Development Reserve - Funds held for use in enhancing the economic development of our towns.

Gravel Pits Restoration - Provision of the established rehabilitation of gravel pits. No further provision will be added to this in the future.

Community Loans Reserve - Funds held for the restoration of shop front verandahs and other community benefits.

Waste Management - Funds held for the restoration of waste sites and bin replacement.

General - Funds generated from operational savings to be reinvested in future efficiency gains and service reviews.

Long Service Leave Reserve - Funds held for employee long service leave.

Defined Benefits Reserve - Funds held for future calls on defined benefits superannuation.

Loan Repayments Reserve - Funds are being held for the future repayment of interest only loans.

Notes to the Financial Report
For the Year Ended 30 June 2023

	2023 \$'000	2022 \$'000
9.2 Reconciliation of cash flows from operating activities to surplus/(deficit)		
Surplus/(deficit) for the year	(1,004)	(2,648)
Depreciation	14,463	14,089
Amortisation - Right of Use Assets	158	34
Net loss on disposal of property, infrastructure, plant and equipment	1,333	2,971
Assets recognised for the first time	(3)	-
Reversal of Provision	3	2
Share of (profit)/loss of associates	121	(160)
Contributions - Non-monetary assets	(19)	(3)
Finance costs (included in financing activities)	43	72
Finance Costs - Leases (included in financing activities)	-	3
Change in assets and liabilities:		
Decrease in trade and other receivables	(980)	114
Increase/(decrease) in prepayments	(242)	(175)
Increase/(decrease) in trade and other payables	(213)	(1,627)
(Decrease)/increase in unearned income /revenue	764	(480)
(Increase) in inventories	336	(289)
Increase/(Decrease) in provisions	(188)	32
Net cash provided by operating activities	14,574	11,935

9.3 Superannuation

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

Accumulation

The Fund's accumulation categories, Vision MySuper/Vision Super Saver, receive both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2023, this was 10.5% as required under Superannuation Guarantee legislation (2022: 10.0%)).

Defined Benefit

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

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

Funding Arrangements

Council makes employer contributions to the Defined Benefit category of the Fund at rates determined by the Trustee on the advice of the Fund Actuary.

A triennial actuarial investigation is currently underway for the Defined Benefit category which is expected to be completed by 31 December 2023.

Council was notified of the 30 June 2023 VBI during August 2023 (2022: August 2022). The vested benefit index (VBI) of the Defined Benefit category of which Council is a contributing employer was 104.1%. The financial assumptions used to calculate the 30 June 2023 VBI were:

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

9.3 Superannuation (cont)

As at 30 June 2022, an interim actuarial investigation is underway as the Fund provides lifetime pensions in the Defined Benefit category.

The vested benefit index (VBI) of the Defined Benefit category of which Council is a contributing employer was 102.2% at 30 June 2023 .

The financial assumptions used to calculate this VBI were:

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

Council was notified of the 30 June 2022 VBI during August 2022 (2021: August 2021).

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

Employer Contributions **Regular Contributions**

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

Funding Calls

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

In the event that the Fund Actuary determines that there is a shortfall based on the above requirement, the Fund's participating employers (including Council) are required to make an employer contribution to cover the shortfall. Using the agreed methodology, the shortfall amount is apportioned between the participating employers based on the pre-1 July 1993 and post-30 June 1993 service liabilities of the Fund's Defined Benefit category, together with the employer's payroll at 30 June 1993 and at the date the shortfall has been calculated.

9.3 Superannuation (cont)

Due to the nature of the contractual obligations between the participating employers and the Fund, and that the Fund includes lifetime pensioners and their reversionary beneficiaries, it is unlikely that the Fund will be wound up. If there is a surplus in the Fund, the surplus cannot be returned to the participating employers. In the event that a participating employer is wound-up, the defined benefit obligations of that employer will be transferred to that employer's successor.

The 2022 interim actuarial investigation surplus amounts

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

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

	2022	2021
	(Interim)	(Interim)
	\$m	\$m
A VBI surplus	\$44.6	\$214.7
A total service liability surplus	\$105.8	\$270.3
A discounted accrued benefits surplus	\$111.9	\$285.2

The VBI surplus means that the market value of the fund's assets supporting the defined benefit obligations exceed the vested benefits that the defined benefit members would have been entitled to if they had all exited on 30 June 2022. The total service liability surplus means that the current value of the assets in the Fund's Defined Benefit category plus expected future contributions exceeds the value of expected future benefits and expenses as at 30 June 2022. The discounted accrued 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 2022.

9.3 Superannuation (cont)

The 2023 interim actuarial investigation

A triennial actuarial investigation is being conducted for the Fund's position as at 30 June 2023. It is anticipated that this actuarial investigation will be completed by 31 December 2023.

The financial assumptions for the purposes of this investigation are:

	2022 (Triennial Investigation)	2021 (Triennial Investigation)
Net investment return	5.5% pa	5.6% pa
Salary inflation	3.5% pa	2.5% pa *
Price inflation	2.8% pa	2.0% pa

* 2.5% for the first two years and 2.75%pa thereafter.

Superannuation contributions

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

Scheme	Type of scheme	Rate	2023 \$'000	2022 \$'000
Vision Super	Defined benefits	10.5% (2022: 10.0%)	52	57
Vision Super	Accumulation	10.5% (2022: 10.0%)	832	837
Aware Super	Accumulation	10.5% (2022: 10.0%)	72	66
Australian Super	Accumulation	10.5% (2022: 10.0%)	145	56
Other Funds	Accumulation	10.5% (2022: 10.0%)	352	305

There were no contributions outstanding as at 30 June 2023.

The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2023 is \$63,000.

Note 10 Change in accounting policy

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

Sustainable Capacity Indicators

For the year ended 30 June 2023

Indicator / measure [formula]	Results				Comment
	2020	2021	2022	2023	
Population					
Expenses per head of municipal population	\$3,380.37	\$3,960.01	\$4,001.49	\$4,033.21	There has been a steady increase in operating expenditure over the past 4 years with minimal population growth which leads to these changes.
[Total expenses / Municipal population]					
Infrastructure per head of municipal population	\$37,149.27	\$36,859.60	\$39,285.74	\$37,452.21	
[Value of infrastructure / Municipal population]					
Population density per length of road	3.37	3.38	3.37	3.52	
[Municipal population / Kilometres of local roads]					
Own-source revenue					
Own-source revenue per head of municipal population	\$1,779.25	\$1,867.67	\$1,951.41	\$1,977.58	
[Own-source revenue / Municipal population]					
Recurrent grants					
Recurrent grants per head of municipal population	\$1,013.16	\$1,056.21	\$1,264.92	\$1,361.26	There has been an increase in the amount of recurrent funding that council has received, along with the minimal population growth, increases this indicator.
[Recurrent grants / Municipal population]					
Disadvantage					
Relative Socio-Economic Disadvantage	1.00	1.00	1.00	2.00	
[Index of Relative Socio-Economic Disadvantage by decile]					
Workforce turnover					
Percentage of staff turnover	15.0%	17.9%	25.8%	25.1%	This is slightly higher than expected but consistent with Rural Councils staff turnover.
[Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100					

Service Performance Indicators

For the year ended 30 June 2022

Service/indicator /measure [formula]	Results				Comment
	2020	2021	2022	2023	
Aquatic Facilities Utilisation <i>Utilisation of aquatic facilities</i> [Number of visits to aquatic facilities / Municipal population]	4.43	3.25	5.22	6.55	Increase in usage for relates to the higher number in the learn to swim programs that are held at the centres.
Animal Management Health and safety <i>Animal management prosecutions</i> [Number of successful animal management prosecutions / Number of animal management prosecutions] x 100	0%	0%	0%	0%	
Food Safety Health and safety <i>Critical and major non-compliance outcome notifications</i> [Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises] x100	100.00%	88.89%	90.91%	100.00%	Previous year a non-compliant business closed before the inspection could be carried out. This year with increased resources we are able to improve the service to the community.
Governance Satisfaction <i>Satisfaction with council decisions</i> [Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community]	50	55	55	55	
Libraries Participation <i>Active library borrowers in municipality</i> [Number of active library borrowers in the last three years / The sum of the population for the last three years] x100	12.92%	10.63%	8.61%	7.98%	
Maternal and Child Health (MCH) Participation <i>Participation in the MCH service</i> [Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100 Participation <i>Participation in the MCH service by Aboriginal children</i> [Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x100	84.02%	87.28%	84.28%	85.23%	
Roads Satisfaction <i>Satisfaction with sealed local roads</i> [Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads]	50	54	53	53	The communities perception of the condition of the road network has decreased during this period. This could be related to flood damaged roads.
Statutory Planning Decision making <i>Council planning decisions upheld at VCAT</i> [Number of VCAT decisions that did not set aside council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x100	0.00%	0.00%	0.00%	0.00%	
Waste Collection Waste diversion <i>Kerbside collection waste diverted from landfill</i> [Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100	31.69%	32.02%	30.41%	28.99%	

Financial Performance Indicators

For the year ended 30 June 2023

Dimension/indicator /measure	Results				Forecasts				Material Variations and Comments
	2020	2021	2022	2023	2024	2025	2026	2027	
Efficiency									
Expenditure level									
Expenses per property assessment [Total expenses / Number of property assessments]	\$4,125.78	\$4,799.23	\$4,554.10	\$4,785.00	\$4,498.60	\$4,617.40	\$4,681.50	\$4,771.00	There has been a steady increase in operating expenditure over the past 4 years with minimal population growth which leads to these changes.
Revenue level									
Average rate per property assessment [Total rate revenue (general rates and municipal charges) / Number of property assessments]	\$1,607.79	\$1,637.26	\$1,595.20	\$1,627.00	\$1,686.70	\$1,737.30	\$1,784.12	\$1,826.84	
Liquidity									
Working capital									
Current assets compared to current liabilities [Current assets / Current liabilities] x100	396.07%	254.45%	279.48%	283.46%	154.64%	112.94%	89.58%	76.69%	This relates to uncomplete works at the end of the year which are to be completed in future years. This also shows that council has a heavy reliance on funding from other agencies. This relates to the timing of payment for project work at the end of the financial year, where invoices are not due until the new year.
Unrestricted cash									
Unrestricted cash compared to current liabilities [Unrestricted cash / Current liabilities] x100	235.06%	131.73%	95.01%	159.37%	129.46%	90.10%	64.40%	51.51%	
Obligations									
Loans and borrowings									
Loans and borrowings compared to rates [Interest bearing loans and borrowings / Rate revenue] x100	13.48%	11.99%	5.67%	5.12%	4.97%	6.78%	1.90%	1.85%	Compared to last year there was a larger payment for an interest only loan
Loans and borrowings repayments compared to rates [Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100	1.80%	1.70%	6.02%	0.72%	0.21%	0.19%	4.98%	0.07%	
Indebtedness									
Non-current liabilities compared to own source revenue [Non-current liabilities / Own source revenue] x100	16.71%	9.75%	8.07%	7.90%	6.51%	5.01%	4.89%	4.79%	
Asset renewal and upgrade									
Asset renewal and upgrade compared to depreciation [Asset renewal and asset upgrade expense / Asset depreciation] x100	75.08%	53.82%	91.97%	87.29%	75.95%	151.82%	57.71%	52.00%	
Operating position									
Adjusted underlying result									
Adjusted underlying surplus (or deficit) [Adjusted underlying surplus (deficit) / Adjusted underlying revenue] x100	-16.16%	-26.39%	-21.64%	-15.63%	-24.12%	-24.40%	-29.94%	-29.63%	This shows that council has a heavy reliance on non-own sourced funding to enable it to operate.
Stability									
Rates concentration									
Rates compared to adjusted underlying revenue [Rate revenue / Adjusted underlying revenue] x100	53.82%	51.11%	51.65%	47.16%	55.56%	55.74%	58.86%	58.92%	The change here relates to the changes in property values in the current year.
Rates effort									
Rates compared to property values [Rate revenue / Capital improved value of rateable properties in the municipality] x100	0.64%	0.51%	0.54%	0.39%	0.39%	0.38%	0.37%	0.36%	