

Hindmarsh Shire Council

Annual Financial Report 2023-2024

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Hindmarsh Shire Council

Financial Report

Table of Contents

FINANCIAL REPORT	Page
Certification of the Financial Statements	3-5
Financial Statements	
Comprehensive Income Statement	6
Balance Sheet	7
Statement of Changes in Equity	8
Statement of Cash Flows	9
Statement of Capital Works	10
Notes to the Financial Statements	
Note 1 Overview	11
Note 2 Analysis of our results	12
2.1. Performance against budget	12-16
2.2. Analysis of council results by program	17-18
Note 3 Funding for the delivery of our services	19
3.1. Rates and charges	19
3.2. Statutory fees and fines	19
3.3. User fees	19
3.4. Funding from other levels of government	20-22
3.5. Contributions	23
3.6. Net gain/(loss) on disposal of property, infrastructure, plant and equipment	23
3.7. Other income	23
Note 4 The cost of delivering services	24
4.1. Employee costs	24
4.2. Materials and services	24
4.3. Depreciation	25
4.4. Allowance for impairment losses	25
4.5. Other expenses	25

Hindmarsh Shire Council

Financial Report

Table of Contents

FINANCIAL REPORT		Page
Note 5	Investing in and financing our operations	26
	5.1. Financial assets	26-27
	5.2. Non-financial assets	28
	5.3. Payables, trust funds and deposits and contract and other liabilities	29
	5.4. Provisions	30-32
	5.5. Financing arrangements	32
	5.6. Commitments	33
	5.7. Leases	34
Note 6	Assets we manage	35
	6.1. Non current assets classified as held for sale	35
	6.2. Property, infrastructure plant and equipment	36-42
	6.3. Investments in associates, joint arrangements and subsidiaries	43
Note 7	People and relationships	44
	7.1. Council and key management remuneration	44-45
	7.2. Related party disclosure	46
Note 8	Managing uncertainties	47
	8.1. Contingent assets and liabilities	47
	8.2. Change in accounting standards	48
	8.3. Financial instruments	48-49
	8.4. Fair value measurement	50
	8.5. Events occurring after balance date	50
Note 9	Other matters	51
	9.1. Reserves	51
	9.2. Reconciliation of cash flows from operating activities to surplus/(deficit)	52
	9.3. Superannuation	52-54
Note 10	Change in accounting policy	55

Certification of the Financial Statements

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

Heather Boyd, BBAA, MBA
Principal Accounting Officer

Dated : 25-Sep-24
Nhill

In our opinion, the accompanying financial statements present fairly the financial transactions of the Hindmarsh Shire Council for the year ended 30 June 2024 and the financial position of the Council as at that date.

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

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

Brett Ireland
Mayor
Dated : 25-Sep-24
Nhill

Wendy Bywaters
Deputy Mayor
Dated : 25-Sep-24
Nhill

Monica Revell
Chief Executive Officer
Dated : 25-Sep-24
Nhill

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Comprehensive Income Statement For the Year Ended 30 June 2024

	Note	2024 \$'000	2023 \$'000
Income / Revenue			
Rates and charges	3.1	9,852	9,450
Statutory fees and fines	3.2	172	220
User fees	3.3	2,313	2,021
Grants - operating	3.4	1,149	7,769
Grants - capital	3.4	5,365	3,459
Contributions - monetary	3.5	95	77
Net gain (or loss) on disposal of property, infrastructure, plant and equipment	3.6	38	34
Share of net profits (or loss) of associates and joint ventures	6.3	(14)	(62)
Other income	3.7	957	624
Total income / revenue		19,927	23,592
Expenses			
Employee costs	4.1	(8,109)	(8,208)
Materials and services	4.2	(5,510)	(5,063)
Depreciation	4.3	(5,388)	(4,946)
Allowance for impairment losses	4.4	(27)	75
Other expenses	4.5	(1,790)	(1,371)
Total expenses		(20,824)	(19,514)
Surplus/(deficit) for the year		(897)	4,079
Other comprehensive income			
Items that will not be reclassified to surplus or deficit in future periods			
Net asset revaluation gain/(loss)	6.2	(2,949)	-
Total other comprehensive income		(2,949)	-
Total comprehensive result		(3,846)	4,079

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

Balance Sheet As at 30 June 2024

	Note	2024 \$'000	2023 \$'000
Assets			
Current assets			
Cash and cash equivalents	5.1	11,613	10,589
Trade and other receivables	5.1	1,553	2,050
Other financial assets	5.1	-	4,000
Inventories	5.2	912	725
Prepayments	5.2	105	250
Non-current assets classified as held for sale	6.1	228	-
Other assets	5.2	43	-
Total current assets		<u>14,454</u>	<u>17,613</u>
Non-current assets			
Trade and other receivables	5.1	2	2
Investments in associates, joint arrangements and subsidiaries	6.3	219	233
Property, infrastructure, plant and equipment	6.2	202,432	203,818
Total non-current assets		<u>202,654</u>	<u>204,054</u>
Total assets		<u>217,107</u>	<u>221,667</u>
Liabilities			
Current liabilities			
Trade and other payables	5.3	670	868
Trust funds and deposits	5.3	148	101
Contract and other liabilities	5.3	1,227	1,726
Provisions	5.4	1,877	1,858
Total current liabilities		<u>3,922</u>	<u>4,553</u>
Non-current liabilities			
Provisions	5.4	509	488
Total non-current liabilities		<u>509</u>	<u>488</u>
Total liabilities		<u>4,431</u>	<u>5,041</u>
Net assets		<u>212,676</u>	<u>216,626</u>
Equity			
Accumulated surplus		83,064	83,961
Reserves	9.1	129,612	132,561
Total Equity		<u>212,676</u>	<u>216,521</u>

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

Statement of Changes in Equity For the Year Ended 30 June 2024

	Note	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000
2024				
Balance at beginning of the financial year		216,521	83,961	132,561
Surplus/(deficit) for the year		(897)	(897)	-
Net asset revaluation gain/(loss)	6.2	(2,949)	-	(2,949)
		212,676	83,064	129,612
Balance at end of the financial year		212,676	83,064	129,612
		Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000
2023				
Balance at beginning of the financial year		214,127	79,882	134,245
Surplus/(deficit) for the year		4,079	4,079	-
Net asset revaluation gain/(loss)	6.2	-	-	-
Net asset impairment	9.1	(1,684)	-	(1,684)
		216,521	83,961	132,561
Balance at end of the financial year		216,521	83,961	132,561

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 2024

	Note	2024 Inflows/ (Outflows) \$'000	2023 Inflows/ (Outflows) \$'000
Cash flows from operating activities			
Rates and charges		9,767	9,418
Statutory fees and fines		15	16
User fees		3,064	2,190
Grants - operating		1,232	7,771
Grants - capital		4,783	3,155
Contributions - monetary		95	77
Interest received		692	328
Trust funds and deposits taken		24	-
Other receipts		265	285
Net GST refund/payment		(21)	(32)
Employee costs		(8,081)	(8,105)
Materials and services		(1,971)	(6,749)
Short-term, low value and variable lease payments		(5,697)	-
Other payments		-	114
Net cash provided by/(used in) operating activities		4,167	8,467
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment	6.2	(7,239)	(9,102)
Proceeds from sale of property, infrastructure, plant and equipment		97	243
Redemption of term deposits		4,000	2,000
Net cash provided by/(used in) investing activities		(3,142)	(6,859)
Cash flows from financing activities			
Net increase (decrease) in cash and cash equivalents		1,024	1,608
Cash and cash equivalents at the beginning of the financial year		10,588	8,980
Cash and cash equivalents at the end of the financial year		11,612	10,588
Financing arrangements	5.4	2,022	2,030
Restrictions on cash assets	5.1	147	101

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

Statement of Capital Works For the Year Ended 30 June 2024

	Note	2024 \$'000	2023 \$'000
Property			
Buildings		1,867	2,198
Total buildings		1,867	2,198
Total property		1,867	2,198
Plant and equipment			
Plant, machinery and equipment		847	1,972
Fixtures, fittings and furniture		3	37
Computers and telecommunications		102	75
Library books		22	27
Total plant and equipment		975	2,111
Infrastructure			
Roads		1,839	3,262
Bridges		2	57
Footpaths and cycleways		780	251
Drainage		256	80
Other infrastructure		1,521	1,142
Total infrastructure		4,398	4,792
Total capital works expenditure		7,239	9,102
Represented by:			
New asset expenditure		1,946	2,139
Asset renewal expenditure		3,977	5,258
Asset expansion expenditure		268	-
Asset upgrade expenditure		1,049	1,705
Total capital works expenditure		7,239	9,102

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

Notes to the Financial Report For the Year Ended 30 June 2024

Note 1 OVERVIEW

Introduction

The Hindmarsh 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 92 Nelson St, Nhill, Victoria.

Statement of compliance

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

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

Accounting policy information

1.1 Basis of accounting

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

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

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

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

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

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

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

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

Goods and Services Tax (GST)

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

Notes to the Financial Report For the Year Ended 30 June 2024

Note 2 ANALYSIS OF OUR RESULTS

2.1 Performance against budget

The performance against budget notes compare Council's financial plan, expressed through its annual budget, with actual performance. The *Local Government (Planning and Reporting) Regulations 2020* requires explanation of any material variances. Council has adopted a materiality threshold of the lower of 10 percent or \$100,000 where further explanation is warranted. Explanations have not been provided for variations below the materiality threshold unless the variance is considered to be material because of its nature.

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

2.1.1 Income / Revenue and expenditure

	Budget 2024 \$'000	Actual 2024 \$'000	Variance \$'000	Variance %	Ref
Income / Revenue					
Rates and charges	9,804	9,852	47	0	1
Statutory fees and fines	37	24	(13)	(0)	2
User fees	1,772	2,461	689	0	3
Grants - operating	5,502	1,232	(4,270)	(1)	4
Grants - capital	4,770	5,282	512	0	5
Contributions - monetary	12	95	83	7	6
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	480	38	(442)	(1)	7
Share of net profits/(losses) of associates and joint ventures	-	(14)	(14)	-	8
Other income	443	957	514	1	9
Total income / revenue	22,820	19,928	(2,892)	(0)	
Expenses					
Employee costs	(8,062)	(8,109)	(47)	0	10
Materials and services	(5,860)	(5,511)	349	(0)	11
Depreciation	(4,839)	(5,388)	(550)	0	12
Other expenses	(1,548)	(1,816)	(269)	0	13
Total expenses	(20,308)	(20,825)	(517)	0	
Surplus/(deficit) for the year	2,512	(897)	(2,376)	(1)	

Notes to the Financial Report For the Year Ended 30 June 2024

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Rates and charges	Rates and charges are above budget due to supplementary rates levied.
2	Statutory fees and fines	Fire prevention fines, town planning fees and building fees were lower than budgeted.
3	User fees & fines	User fees and fines are above budget due to higher than expected health registration fees, transfer station fees and caravan park fees. Income from Rural Roads Victoria for provisional items was also above budget.
4	Grants - operating	<p>Recurrent operating grants are below budget due to Council ceasing to provide aged care services at the 30 June 2023. The Financial Assistance Grants which was budgeted to be received in the 2023/2024 financial year was received in June 2023.</p> <p>Non-recurrent operating grants are higher than budgeted as Council received funding for activities - including facilitating distribution of free Rapid Antigen Tests through the COVID Relief Program, to assist in the development of an Oniste Domestic Wastewater Management Plan, through the Kerbside Reform Support Fund and a Digital Planning Grant to enable the roll out of online planning software- which were not budgeted for.</p>
5	Grants - capital	Non-recurrent capital grants are higher than budgeted due to the recognition of funding received in 2022/2023 committed to capital projects. Funding has been received for the Albacutya Bridge approach roads as well as a grant for the Nhill Aerodrome Runway upgrade. The final payment for the Wimmera River Discovery Trail through the Building Better Regions Fund was received during 2023/24. Funding was also received from the Tiny Towns Program as well as the Council Football program for projects that will be completed in 2024/2025.
6	Contributions - monetary	Contributions is higher than budgeted due to a contribution from Dimboola Town Committee towards the Dimboola Soundshel project. Council also received a contribution towards the Dimboola Boating Pontoon, and the Jeparit Town Committee made a contribution towards a playground for Jeparit.
7	Net gain/(loss) on disposal of property, infrastructure, plant and equipment	A small gain was recognised on the disposal of plant and equipment.
8	Share of net profits/(losses) of associates and joint ventures	An expense was recognised due to the decrease in Hindmarsh Shire Council's share in the Wimmera Southern Mallee Development Association. This is due to the WSMDA distributing funds as per their charter.
9	Other Income	<p>Revenue from interest is higher than budgeted due to increases in interest rates and Council holding higher cash than anticipated due to a number of capital works projects still to be completed.</p> <p>Other income is higher than budgeted due to the receipt of insurance recoupments for damage to the Nhill Memorial Community Centre following significant rain damage.</p>

Notes to the Financial Report For the Year Ended 30 June 2024

10	Employee expenses	Employee costs are slightly over budget due to a number of long term employees retiring and concluding employment during 2023/2024 which saw all entitlements paid on termination.
11	Materials and services	Materials and services is lower than budgeted as Council ceased to provide Aged Care Services on 30 June 2023 including Meals on Wheels. Sealed road repairs are below budget due to weather conditions while unsealed road repairs are slightly above budget. Tree maintenance and Private Works are below budget. Swimming pool management is below budget due to the timing of the budget. Quarry restoration work has not yet commenced in 2023/2024. Financial Software expenses are below budget due to the RCTP project commencing in November 2023.
12	Depreciation	Depreciation for 2023/2024 is higher than budgeted as capital projects are completed and brought to account. Work in progress will not accrue depreciation until the work is completed.
13	Other expenses	Other expenses is higher than budgeted due to the repayment of unspent funding for community care services from previous years as Council has ceased providing that service.

Notes to the Financial Report For the Year Ended 30 June 2024

2.1.2 Capital works

	Budget 2024 \$'000	Actual 2024 \$'000	Variance \$'000	Variance %	Ref
Property					
Buildings	1,180	1,867	687	1	1
Total buildings	1,180	1,867	687	1	
Total property	1,180	1,867	687	1	
Plant and equipment					
Plant, machinery and equipment	1,291	847	(444)	(0)	2
Fixtures, fittings and furniture	5	3	(2)	(0)	
Computers and telecommunications	85	102	17	0	3
Library books	50	22	(28)	(1)	4
Total plant and equipment	1,431	975	(456)	(0)	
Infrastructure					
Roads	3,922	1,839	(2,083)	(1)	5
Bridges	-	2	2	-	
Footpaths and cycleways	130	780	650	5	6
Drainage	35	256	221	6	7
Other infrastructure	757	1,521	764	1	8
Total infrastructure	4,844	4,398	(446)	(0)	
Total capital works expenditure	7,455	7,239	(215)	(0)	
Represented by:					
New asset expenditure	396	1,946	1,550	4	
Asset renewal expenditure	6,558	3,977	(2,581)	(0)	
Asset expansion expenditure	130	268	138	1	
Asset upgrade expenditure	371	1,049	678	2	
Total capital works expenditure	7,455	7,239	(215)	(0)	

Notes to the Financial Report For the Year Ended 30 June 2024

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Buildings	Work on the Rainbow Caravan Park amenities and Caravan Park cabins has continued from 2022/2023 using carried forward funding. Water damage repairs and seat replacement has been completed at the Nhill Memorial Community Centre.
2	Plant, machinery and equipment	A number of trucks were ordered in 2023/2024 however delivery is not expected until 2024/2025.
3	Computers and telecommunications	Computer and telecommunications equipment was purchased using carried forward funds.
4	Library Books	Purchase of library materials was delayed until confirmation of funding was received in late 2023/2024.
5	Roads	The shortfall of actual expenditure to budgeted is due to funding not being received for roads damaged in the October 2022 floods.
6	Footpaths and cycleways	Work has been completed on the Wimmera Discovery Trail using carried forward grant funds.
7	Drainage	Drainage work which commenced in 2022/2023 has been continued using carried forward funds.
8	Other	Other infrastructure work carried forward from 2022/2023 include the Jeparit Swimming Hole as well as upgrades to the Nhill aerodrome.

Notes to the Financial Report For the Year Ended 30 June 2024

2.2 Analysis of Council results by program

Council delivers its functions and activities through the following programs.

2.2.1 Our Community

Our Community's mission is to increase accessible services to enable the community to be healthy, active and engaged.

Built and Natural Environment

Built and Natural Environment's mission is to provide infrastructure essential to support the community; and to protect and enhance our natural environment.

Competitive and Innovative Economy

Competitive and Innovative Economy's mission is to foster a sustainable and diversified local economy where economic growth is encouraged and supported.

Good Governance and Financial Sustainability

Good Governance and Financial Sustainability's mission is to promote user friendly services to ensure transparency, good governance and financial sustainability, and to advance gender equality, equity and inclusion for all.

Notes to the Financial Report For the Year Ended 30 June 2024

2.2.2 Summary of income / revenue, expenses, assets and capital expenses by program

	Income / Revenue	Expenses	Surplus/ (Deficit)	Grants included in income / revenue	Total assets
	\$'000	\$'000	\$'000	\$'000	\$'000
2024					
Our Community	996	(2,081)	(1,085)	848	1,835
Built and Natural Environment	5,209	(11,278)	(6,069)	4,557	190,523
Competitive and Innovative Economy	2,997	(2,540)	457	956	3,594
Good Governance and Financial Sustainability	11,027	(4,902)	6,125	154	20,330
Unattributed	-	-	-	-	822
	20,228	(20,800)	(572)	6,514	217,106

	Income / Revenue	Expenses	Surplus/ (Deficit)	Grants included in income / revenue	Total assets
	\$'000	\$'000	\$'000	\$'000	\$'000
2023					
Our Community	2,453	(2,539)	(85)	1,739	1,811
Built and Natural Environment	4,080	(9,345)	(5,264)	2,319	172,922
Competitive and Innovative Economy	2,099	(2,033)	65	813	4,374
Good Governance and Financial Sustainability	14,959	(5,597)	9,363	6,358	42,325
Unattributed	-	-	-	-	235
	23,592	(19,513)	4,079	11,228	221,667

Notes to the Financial Report For the Year Ended 30 June 2024

Note 3 FUNDING FOR THE DELIVERY OF OUR SERVICES

3.1 Rates and charges 2024 2023

\$'000 \$'000

Council uses Capital Improved Value (CIV) as the basis of valuation of all properties within the municipal district. The CIV of a property is the value of land and all of its improvements.

The valuation base used to calculate general rates for 2023/24 was \$4,015.9million (2022/23 \$2,813.4 million).

General rates	7,669	7,401
Municipal charge	746	742
Waste management charge	1,279	1,179
Revenue in lieu of rates	158	127
Total rates and charges	9,852	9,450

The date of the general revaluation of land for rating purposes within the municipal district was 1 January 2023 and the valuation was first applied in the rating year commencing 1 July 2023.

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

3.2 Statutory fees and fines

Animal registration fees	65	63
Building fees	16	9
Infringements and costs	24	26
Town planning fees	53	109
Land information certificates	9	8
Permits	6	5
Total statutory fees and fines	172	220

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

3.3 User fees

Aged and health services	2	485
Private works	40	38
Caravan parks & camping fees	808	818
Transfer station fees	145	115
Commercial garbage collection fees	61	58
Film screenings and hall hire	5	12
Regional Roads Victoria works	1,114	350
Lease fees	63	39
Certificates	39	33
Events	2	53
Other fees and charges	32	19
Total user fees	2,313	2,021

User fees by timing of revenue recognition

User fees recognised at a point in time	2,313	2,021
Total user fees	2,313	2,021

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.

Notes to the Financial Report For the Year Ended 30 June 2024

	2024	2023
	\$'000	\$'000
3.4 Funding from other levels of government		
Grants were received in respect of the following:		
Summary of grants		
Commonwealth funded grants	3,423	8,225
State funded grants	3,091	3,003
Total grants received	6,514	11,228
(a) Operating Grants		
<i>Recurrent - Commonwealth Government</i>		
Financial Assistance Grants	238	6,338
General home care	23	551
Other	23	21
<i>Recurrent - State Government</i>		
Case assessment	72	27
Delivered meals	4	36
Home care services	8	65
Home maintenance	4	6
Senior citizens	17	-
School crossing supervisors	8	7
Facilitated playgroup	38	77
Kindergarten central enrolment	30	39
Libraries	124	124
Freeza youth participation program	36	36
Engage!	50	50
Roadside weeds and pest management	85	150
Other	3	13
Total recurrent operating grants	763	7,538
<i>Non-recurrent - Commonwealth Government</i>		
Other	-	10
<i>Non-recurrent - State Government</i>		
Regional events funding	16	6
Covid relief program	60	90
Kindergarten infrastructure & services	-	42
VicHealth	45	30
Premiers reading challenge	6	6
Digital literacy	-	12
Animal welfare - pet desexing	1	7
Kerbside reform	85	22
Free From Violence	50	-
Multi-cultural storytime	39	-
Landcare facilitator	30	-
State Library Innovation grant - Jigsaws	15	-
Onsite domestic water management	20	-
Education sustainability	9	-
Other	12	6
Total non-recurrent operating grants	386	231
Total operating grants	1,149	7,769

Notes to the Financial Report For the Year Ended 30 June 2024

(b) Capital Grants	2024 \$'000	2023 \$'000
Recurrent - Commonwealth Government		
Roads to Recovery	1,081	1,081
Local Roads & Infrastructure Program	1,186	-
Nhill Aerodrome	300	-
Building Better Regions	572	-
Recurrent - State Government		
<i>Other</i>	-	-
Total recurrent capital grants	3,138	1,081
Non-recurrent - Commonwealth Government		
<i>Buildings</i>		150
Non-recurrent - State Government		
Agrilinks	-	(55)
TAC Community Road Safety	-	12
Rainbow Rec Reserve Change Rooms	13	21
Dimboola Boating Pontoon	38	-
Silo Art	103	267
Redevelop Rainbow Rises	168	282
Libraries to You, Library Van	6	70
Pieces to You Libraries for Health & Wellbeing	-	8
Flood Recovery	-	500
TAC Road Safety	-	35
Wimmera River Discovery Trail	-	300
Transfer Station Upgrades	58	243
Yurunga Homestead Living Heritage	18	166
Park Cabins WDA	475	380
Digital Planning	60	-
Albacutya Bridge	1,200	-
Tiny Towns - Jeparit Streetscape	25	-
Davis Park changerooms	63	-
Total non-recurrent capital grants	2,226	2,379
Total capital grants	5,365	3,459
TOTAL GRANTS	6,514	11,228

Notes to the Financial Report For the Year Ended 30 June 2024

(c) Recognition of grant income

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

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

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

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

	2024	2023
	\$'000	\$'000
Income recognised under AASB 1058 <i>Income of Not-for-Profit Entities</i>		
General purpose	321	6,482
Specific purpose grants to acquire non-financial assets	6,592	5,192
Other specific purpose grants	631	434
Revenue recognised under AASB 15 <i>Revenue from Contracts with Customers</i>		
Specific purpose grants	197	847
	7,741	12,955

	2024	2023
	\$'000	\$'000
(d) Unspent grants received on condition that they be spent in a specific manner		
<i>Operating</i>		
Balance at start of year	-	47
Received during the financial year and remained unspent at balance date	-	-
Received in prior years and spent during the financial year	-	(47)
Balance at year end	-	-
<i>Capital</i>		
Balance at start of year	1,726	1,982
Received during the financial year and remained unspent at balance date	197	724
Received in prior years and spent during the financial year	(696)	(979)
Balance at year end	1,227	1,726

Unspent grants are determined and disclosed on a cash basis.

Notes to the Financial Report For the Year Ended 30 June 2024

	2024	2,023
	\$'000	\$'000
3.5 Contributions		
Monetary	95	77
Total contributions	95	77

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

3.6 Net gain/(loss) on disposal of property, infrastructure, plant and equipment

Proceeds of sale	100	243
Written down value of assets disposed	(62)	(209)
Total net gain/(loss) on disposal of property, infrastructure, plant and equipment	38	34

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

3.7 Other income

Quarry Operations	-	2
Interest	692	328
Recoupments	171	168
Fire Services levy administration	47	46
Scrap metal and transfer station fees	34	31
Other	13	50
Total other income	957	624

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.

**Notes to the Financial Report
For the Year Ended 30 June 2024**

	2024	2023
	\$'000	\$'000
Note 4 THE COST OF DELIVERING SERVICES		
4.1 (a) Employee costs		
Wages and salaries	6,039	6,065
WorkCover	254	155
Annual leave, sick leave and long service leave	656	667
Superannuation	843	797
Fringe benefits tax	108	109
Training	165	179
Other	44	236
Total employee costs	8,109	8,208
(b) Superannuation		
Council made contributions to the following funds:		
Defined benefit fund		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	22	40
	22	40
Employer contributions payable at reporting date.	-	-
Accumulation funds		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	338	349
Employer contributions - other funds	482	431
	821	780
Employer contributions payable at reporting date.	-	-
Contributions made exclude amounts accrued at balance date. Refer to note 9.3 for further information relating to Council's superannuation obligations.		
4.2 Materials and services	2024	2023
	\$'000	\$'000
Building maintenance	616	295
Consultants and labour hire	74	195
Contract payments	278	206
Depots and workshops	39	50
Emergency assistance and fire prevention	66	32
Flood recovery	-	110
Health promotion	22	91
Home and community care	13	197
Community development, tourism and youth activities	198	250
Garbage and recycling collection and waste disposal	1,036	928
Utilities	330	125
Office administration	259	177
Information technology	423	365
Parks, reserves and aerodromes	113	88
Plant and fleet operations	742	(158)
Printing, stationery and advertising	12	26
Quarry operations	42	193
Rating and valuation	10	10
Roads, footpaths, bridges and drainage management	748	1,382
Swimming pool maintenance and management	400	340
Town beautification	35	116
Other	54	48
Total materials and services	5,510	5,063

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

**Notes to the Financial Report
For the Year Ended 30 June 2024**

	2024	2023
	\$'000	\$'000
4.3 Depreciation		
Property	641	586
Plant and equipment	1,295	1,171
Infrastructure	3,452	3,189
Total depreciation	5,388	4,946

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

	2024	2023
	\$'000	\$'000
4.4 Allowance for impairment losses		
Rates debtors	(6)	(55)
Other debtors	33	(20)
Total allowance for impairment losses	27	(75)

Movement in allowance for impairment losses in respect of debtors

Balance at the beginning of the year	34	109
New allowances recognised during the year	27	(75)
Amounts already allowed for and written off as uncollectible	1	-
Amounts allowed for but recovered during the year	(1)	-
Balance at end of year	61	34

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.

4.5 Other expenses

Advertising	74	60
Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	63	43
Auditors' remuneration - Internal Audit	14	12
Bank charges	35	35
Community action grants	19	13
Concil contributions - other	31	24
Councillors' allowances	225	213
Fire services levy	27	24
Insurance	407	384
Landfill charges	323	288
Legal costs	45	44
Postage	20	21
Subscriptions	166	151
Telecommunications	6	10
Town committees	114	30
Reimbursement of overpayments	200	-
Others	21	17
Total other expenses	1,790	1,371

Notes to the Financial Report For the Year Ended 30 June 2024

Note 5 INVESTING IN AND FINANCING OUR OPERATIONS	2024	2023
5.1 Financial assets	\$'000	\$'000
(a) Cash and cash equivalents		
Cash on hand	4	4
Cash at bank	2,609	3,585
Term deposits	9,000	7,000
Total cash and cash equivalents	11,613	10,589
(b) Other financial assets		
Current		
Term deposits	-	4,000
Total other financial assets	-	4,000
Total cash and cash equivalents and other financial assets	11,613	14,589

Councils cash and cash equivalents are subject to external restrictions that limit amounts available for discretionary use. These include:

- Trust funds and deposits (Note 5.3)	147	101
Total restricted funds	147	101
Total unrestricted cash and cash equivalents	11,466	14,488

Intended allocations

Although not externally restricted, the following amounts have been allocated for specific future purposes by Council:

- Grants received in advance - capital works	1,227	1,726
- Grants received in advance - operating	-	-
Total funds subject to intended allocations	1,227	1,726

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

Other financial assets are valued at fair value, at balance date. Term deposits are measured at original cost. Any unrealised gains and losses on holdings at balance date are recognised as either a revenue or expense.

Other financial assets include term deposits and those with original maturity dates of three to 12 months are classified as current, whilst term deposits with maturity dates greater than 12 months are classified as non-current.

Notes to the Financial Report For the Year Ended 30 June 2024

	2024 \$'000	2023 \$'000
(c) Trade and other receivables		
Current		
<i>Statutory receivables</i>		
Rates debtors	642	563
Allowance for expected credit loss - rates	(15)	(21)
Building Permit debtors	11	17
Infringement debtors	197	188
Net GST receivable	216	195
<i>Non statutory receivables</i>		
Other debtors	150	183
Sundry debtors	395	935
Allowance for expected credit loss - other debtors	(43)	(11)
Total current trade and other receivables	1,553	2,050
Non-current		
<i>Statutory receivables</i>		
Street Scheme debtors	2	2
Total non-current trade and other receivables	2	2
Total trade and other receivables	1,555	2,052

Short term receivables are carried at invoice amount. An allowance for expected credit losses is recognised based on past experience and other objective evidence of expected losses. Long term receivables are carried at amortised cost using the effective interest rate method.

(d) Ageing of Receivables

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

Past due by up to 30 days	340	58
Past due between 31 and 180 days	19	856
Past due between 181 and 365 days	6	118
Past due by more than 1 year	180	87
Total trade and other receivables	545	1,119

(e) Ageing of individually impaired Receivables

At balance date, other debtors representing financial assets with a nominal value of \$43,298 (2023: \$11,373) were impaired. The amount of the allowance raised against these debtors was \$43,298 (2023: \$11,373). They individually have been impaired as a result of their doubtful collection. Many of the long outstanding past due amounts have been lodged with Council's debt collectors or are on payment arrangements.

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

Past due by more than 1 year	43	11
Total trade & other receivables	43	11

Notes to the Financial Report For the Year Ended 30 June 2024

5.2 Non-financial assets	2024	2023
(a) Inventories	\$'000	\$'000
Inventories held for distribution	912	725
Total inventories	912	725

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

(b) Other assets

Prepayments	105	250
Accrued Income	43	-
Total other assets	148	250

Notes to the Financial Report For the Year Ended 30 June 2024

	2024	2023
5.3 Payables, trust funds and deposits and contract and other liabilities	\$'000	\$'000
(a) Trade and other payables		
Current		
<i>Non-statutory payables</i>		
Trade payables	332	663
Accrued expenses	338	205
Total current trade and other payables	670	868
(b) Trust funds and deposits		
Current		
Refundable deposits	2	-
Fire services levy	146	101
Total current trust funds and deposits	148	101
(c) Contract and other liabilities		
Contract liabilities		
Current		
Grants received in advance - capital	1,227	1,726
Total contract liabilities	1,227	1,726
Total contract and other liabilities	1,227	1,726

Trust funds and deposits

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

Contract liabilities

Contract liabilities reflect consideration received in advance from grant providers in respect of the completion of obligations contained within funding agreements. Contract liabilities are derecognised and recorded as revenue when promised goods and services are transferred to Hindmarsh Shire Council Refer to Note 3.

Purpose and nature of items

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

Notes to the Financial Report For the Year Ended 30 June 2024

5.4 Provisions

	Employee \$ '000	Landfill restoration \$ '000	Quarry \$ '000	Total \$ '000
2024				
Balance at beginning of the financial year	2,244	29	177	2,451
Additional provisions	648	57	21	727
Amounts used	(754)	-	(38)	(792)
Balance at the end of the financial year	2,138	87	161	2,386
<i>Provisions - current</i>	1,744	87	47	1,877
<i>Provisions - non-current</i>	395	-	114	509
2023				
Balance at beginning of the financial year	2,140	28	196	2,364
Additional provisions	706	1	-	707
Amounts used	(602)	-	(19)	(620)
Balance at the end of the financial year	2,244	29	177	2,451
<i>Provisions - current</i>	1,744	29	85	1,858
<i>Provisions - non-current</i>	395	-	93	488

Notes to the Financial Report For the Year Ended 30 June 2024

	2024	2023
(a) Employee provisions	\$'000	\$'000
Current provisions expected to be wholly settled within 12 months		
Annual leave	601	806
Long service leave	122	127
	724	933
Current provisions expected to be wholly settled after 12 months		
Annual leave	166	252
Long service leave	854	944
	1,020	1,197
Total current employee provisions	1,744	2,130
Non-current		
Long service leave	395	114
Total non-current employee provisions	395	114
Aggregate carrying amount of employee provisions:		
Current	1,744	2,130
Non-current	395	114
Total aggregate carrying amount of employee provisions	2,138	2,244

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.

Notes to the Financial Report For the Year Ended 30 June 2024

Key assumptions:

- discount rate	4.348%	4.063%
- index rate	4.450%	6.000%

	2024	2023
	\$'000	\$'000
(b) Landfill restoration		
Current	87	30
Non-current	-	-
	87	30

Council is obligated to restore a number of landfill sites to a particular standard. The forecast life of the site is based on current estimates of remaining capacity and the forecast rate of infill. The provision for landfill restoration has been calculated based on the present value of the expected cost of works to be undertaken. The expected cost of works has been estimated based on current understanding of work required to reinstate the site to a suitable standard. Accordingly, the estimation of the provision required is dependent on the accuracy of the forecast timing of the work, work required and related costs.

Council reviews the landfill restoration provision on an annual basis, including the key assumptions listed below.

Key assumptions:

- discount rate	4.348%	4.063%
- index rate	4.450%	6.000%

(c) Quarry restoration

Current	47	85
Non-current	114	93
	161	178

Key assumptions:

- discount rate	4.348%	4.063%
- index rate	4.450%	6.000%

(d) Summary of Provisions

Current

Annual Leave	767	1,058
Long Service Leave	976	1,071
Landfill	87	30
Quarry	47	85
Total current provisions	1,877	2,244

Non-current

Long Service Leave	395	114
Quarry	114	93
	509	207

5.5 Financing arrangements

The Council has the following funding arrangements in place as at 30 June 2024.

Bank overdraft	2,000	2,000
Credit card facilities	30	30
Total facilities	2,030	2,030

Used facilities	8	13
Unused facilities	2,022	2,017

Notes to the Financial Report For the Year Ended 30 June 2024

5.6 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

2024	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 5 years	Later than 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Operating					
Printers/photocopiers	11	6	-	-	17
Garbage collection	1,033	1,084	1,139	1,195	4,451
Internal audit services	19	-	-	-	19
Kindergarten services	23	24	26	27	100
Information communication and technology	-	-	-	-	-
Quarry material	248	260	-	-	508
Total	1,333	1,375	1,164	1,222	5,095

Capital					
Buildings	4,208	-	-	-	4,208
Total	4,208	-	-	-	4,208

2023	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 5 years	Later than 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Operating					
Town planning services	139	-	-	-	139
Printers/photocopiers	11	11	6	-	28
Garbage collection	984	1,033	1,084	1,139	4,239
Swimming pool management	357	375	98	-	831
Internal audit services	19	20	20	-	59
Kindergarten services	22	23	24	26	95
Information communication and technology	44	46	-	-	90
Quarry material	236	248	260	273	1,017
Total	1,811	1,755	1,494	1,437	6,497

Notes to the Financial Report For the Year Ended 30 June 2024

5.7 Leases

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

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

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

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

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

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

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

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

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

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

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

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.

	2024	2023
Expenses relating to:	\$'000	\$'000
Short-term leases	-	-
Leases of low value assets	5	-
Total	5	-

2024	2023
\$'000	\$'000

Non-cancellable lease commitments - Short-term and low-value leases

Commitments for minimum lease payments for short-term and low-value leases are payable as follows:

Payable:

Within one year	5	2
Later than one year but not later than five years	3	-
Total lease commitments	8	2

**Notes to the Financial Report
For the Year Ended 30 June 2024**

Note 6 ASSETS WE MANAGE

6.1 Non current assets classified as held for sale

	2024	2023
	\$'000	\$'000
Written Down Value of Asset held for disposal	228	-
Total non current assets classified as held for sale	228	-

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

**Notes to the Financial Report
For the Year Ended 30 June 2024**

6.2 PROPERTY, INFRASTRUCTURE, PLANT AND EQUIPMENT

Summary of property, infrastructure, plant and equipment

	Carrying amount 30 June 2023 \$'000	Additions \$'000	Revaluation \$'000	Depreciation \$'000	Disposal \$'000	Transfers \$'000	Carrying amount 30 June 2024 \$'000
Property	28,471	1,150	-	(446)	-	871	30,046
Plant and equipment	8,169	1,198	-	(1,335)	(218)	54	7,868
Infrastructure	163,824	3,677	(2,949)	(3,452)	-	1,421	162,521
Work in progress	3,354	1,217	-	-	-	(2,574)	1,996
	203,818	7,241	(2,949)	(5,233)	(218)	(228)	202,432

Summary of Work in Progress

	Opening WIP \$'000	Additions \$'000	Write-off \$'000	Transfers \$'000	Closing WIP \$'000
Property	1,124	570	-	(1,099)	595
Plant and equipment	54	-	-	(54)	-
Infrastructure	2,176	647	-	(1,421)	1,402
Total	3,354	1,217	-	(2,574)	1,996

**Notes to the Financial Report
For the Year Ended 30 June 2024**

(a) Property

	Land	Total Land & Land Improvements	Heritage buildings	Buildings - specialised	Total Buildings	Work In Progress	Total Property
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2023	2,607	2,607	1,364	25,284	26,648	1,124	30,380
Accumulated depreciation at 1 July 2023	-	-	(44)	(741)	(785)	-	(785)
	2,607	2,607	1,320	24,544	25,864	1,124	29,595
Movements in fair value							
Additions	-	-	-	1,150	1,150	570	1,719
Contributions	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-
Disposal	-	-	-	-	-	-	-
Write-off	-	-	-	-	-	-	-
Transfers	(32)	(32)	-	895	895	(1,099)	(236)
Impairment losses recognised in operating result	-	-	-	-	-	-	-
	(32)	(32)	-	2,045	2,045	(529)	1,483
Movements in accumulated depreciation							
Depreciation and amortisation	-	-	(22)	(424)	(446)	-	(446)
Accumulated depreciation of disposals	-	-	-	-	-	-	-
Impairment losses recognised in operating result	-	-	-	-	-	-	-
Transfers	-	-	-	8	8	-	8
	-	-	(22)	(416)	(438)	-	(438)
At fair value 30 June 2024	2,575	2,575	1,364	27,329	28,693	595	31,863
Accumulated depreciation at 30 June 2024	-	-	(66)	(1,156)	(1,222)	-	(1,222)
Carrying amount	2,575	2,575	1,298	26,173	27,471	595	30,641

Notes to the Financial Report
For the Year Ended 30 June 2024

(b) Plant and Equipment

	Plant machinery and equipment	Fixtures fittings and furniture	Library books	Work in Progress	Total plant and equipment
	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2023	14,208	1,075	299	54	15,635
Accumulated depreciation at 1 July 2023	(6,544)	(795)	(73)	-	(7,413)
	7,664	280	226	54	8,223
Movements in fair value					
Additions	847	328	22	-	1,198
Contributions	-	-	-	-	-
Revaluation	-	-	-	-	-
Disposal	(218)	-	-	-	(218)
Write-off	-	-	-	-	-
Transfers	-	54	-	(54)	-
Impairment losses recognised in operating result	-	-	-	-	-
	630	382	22	(54)	980
Movements in accumulated depreciation					
Depreciation and amortisation	(1,295)	(161)	(35)	-	(1,490)
Accumulated depreciation of disposals	156	-	-	-	156
Impairment losses recognised in operating result	-	-	-	-	-
Transfers	-	-	-	-	-
	(1,140)	(161)	(35)	-	(1,335)
At fair value 30 June 2024	14,838	1,456	322	-	15,582
Accumulated depreciation at 30 June 2024	(7,684)	(956)	(108)	-	(8,747)
Carrying amount	7,154	501	214	-	7,868

Notes to the Financial Report
For the Year Ended 30 June 2024

(c) Infrastructure

	Roads	Bridges	Footpaths and cycleways	Drainage	Kerb & Channel	Other Infrastructure	Work In Progress	Total Infrastructure
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2023	123,544	10,111	7,548	6,818	22,557	12,879	2,176	185,634
Accumulated depreciation at 1 July 2023	(5,736)	(1,640)	(4,132)	(2,492)	(444)	(5,190)	-	(19,634)
	117,808	8,471	3,417	4,327	22,113	7,689	2,176	166,000
Movements in fair value								
Additions	1,520	2	780	256	86	1,033	647	4,324
Contributions	-	-	-	-	-	-	-	-
Revaluation	-	-	1,572	-	(4,521)	-	-	(2,949)
Disposal	-	-	-	-	-	-	-	-
Write-off	-	-	-	-	-	-	-	-
Transfers	58	-	674	104	-	585	(1,421)	-
Impairment losses recognised in operating result	-	-	-	-	-	-	-	-
	1,578	2	3,027	359	(4,435)	1,617	(774)	1,375
Movements in accumulated depreciation								
Depreciation and amortisation	(2,319)	(101)	(168)	(87)	(233)	(545)	-	(3,452)
Accumulated depreciation of disposals	-	-	-	-	-	-	-	-
Impairment losses recognised in operating result	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
	(2,319)	(101)	(168)	(87)	(233)	(545)	-	(3,452)
At fair value 30 June 2024	125,122	10,113	10,575	7,178	18,123	14,497	1,402	187,009
Accumulated depreciation at 30 June 2024	(8,055)	(1,741)	(4,299)	(2,578)	(677)	(5,736)	-	(23,086)
Carrying amount	117,067	8,372	6,276	4,600	17,445	8,761	1,402	163,923

Notes to the Financial Report For the Year Ended 30 June 2024

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. Refer also to Note 8.4 for further disclosure regarding fair value measurement.

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

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

	Depreciation Period	Threshold Limit \$'000
<i>Asset recognition thresholds and depreciation periods</i>		
Land & land improvements		
land	-	1
Buildings		
buildings	30 - 100 years	1
Plant and Equipment		
plant, machinery and equipment	2 - 20 years	1
Fixtures, fittings and furniture	2 - 50 years	1
Infrastructure		
roads - pavements, substructure, formation and earthworks	15 - 110 years	1
roads - kerb, channel and minor culverts and other	60 - 100 years	1
bridges - deck and substructure	70 - 120 years	1
footpaths and cycleways	15 - 80 years	1
drainage	80 - 120 years	1
others	5 - 100 years	1

Land under roads

Council recognises land under roads it controls at fair value.

Depreciation and amortisation

Buildings, land improvements, plant and equipment, infrastructure, and other assets having limited useful lives are systematically depreciated over their useful lives to the Council in a manner which reflects consumption of the service potential embodied in those assets. Estimates of remaining useful lives and residual values are made on a regular basis with major asset classes reassessed annually. Depreciation rates and methods are reviewed annually.

Where assets have separate identifiable components that are subject to regular replacement, these components are assigned distinct useful lives and residual values and a separate depreciation rate is determined for each component.

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

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

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

Repairs and maintenance

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

Notes to the Financial Report For the Year Ended 30 June 2024

Valuation of land and buildings

Valuation of land and buildings were undertaken by a qualified independent valuer Ben Sawyer AAPI Reg 63163 of Preston Roe Patterson Horsham and Wimmera Pty Ltd as at 30 June 2021. The valuation of land and buildings is at fair value, being market value based on highest and best use permitted by relevant land planning provisions. Where land use is restricted through existing planning provisions the valuation is reduced to reflect this limitation. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the comprehensive income statement.

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

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

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

Details of the Council's land and buildings and information about the fair value hierarchy as at 30 June 2024 are as follows:

	Level 1	Level 2	Level 3	Date of Valuation	Type of Valuation
Land	-	-	2,607	Jun-21	Full
Heritage Buildings	-	-	1,320	Jun-21	Full
Buildings	-	-	24,544	Jun-21	Full
Total	-	-	28,471		

Valuation of infrastructure

Valuation of infrastructure assets has been determined in accordance with an independent valuation undertaken by Peter Moloney MIE Aust from Moloney Asset Management Systems or Dr Farhad Nabavi PhD, CPEng, NER, RPEQ, PE (Vic), APEC Eng, IntPE from Technocrete Structural & Durability Consulting Engineers.

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

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

Details of the Council's infrastructure and information about the fair value hierarchy as at 30 June 2024 are as follows:

	Level 1	Level 2	Level 3	Date of Valuation	Type of Valuation
Roads	-	-	117,808	Jul-21	Full
Bridges	-	-	8,471	Jun-18	Full
Footpaths and cycleways	-	-	6,276	Jun-24	Full
Drainage	-	-	4,327	Jun-20	Full
Kerb & Channel	-	-	17,445	Jun-24	Full
Other infrastructure	-	-	7,689	Jun-20	Full
Total	-	-	162,015		

Notes to the Financial Report For the Year Ended 30 June 2024

Description of significant unobservable inputs into level 3 valuations

Specialised buildings are valued using a current replacement cost technique. Significant unobservable inputs include the current replacement cost and remaining useful lives of buildings. Current replacement costs are calculated on a square metre basis and ranges from \$300 to \$2,600 per square metre. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary from 5 years to 75 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of buildings are sensitive to changes in expectations or requirements that could either shorten or extend the useful lives of buildings.

Infrastructure assets are valued based on the current replacement cost. Significant unobservable inputs include the current replacement cost and remaining useful lives of infrastructure. The remaining useful lives of infrastructure assets are determined on the basis of the current condition of the asset and vary from 10 years to 100 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of infrastructure are sensitive to changes in use, expectations or requirements that could either shorten or extend the useful lives of infrastructure assets.

Notes to the Financial Report For the Year Ended 30 June 2024

	2024	2023
	\$'000	\$'000
6.3 Investments in associates, joint arrangements and subsidiaries		
(a) Investments in associates		
- Wimmera Southern Mallee Development Inc (formerly Wimmera Development Association)	219	233
Wimmera Development Association		
<i>Background</i>		
Hindmarsh Shire Council, in conjunction with Horsham Rural City Council, Northern Grampians Shire Council, West Wimmera Shire Council and Yarriambiak Shire Council, have an interest in the Wimmera South Mallee Development Inc (formerly Wimmera Development Association). Hindmarsh Shire has a 10.34% interest in equity (10.34% in 2022/23).		
Fair value of Council's investment in Wimmera Southern Mallee Development Inc	219	233
Council's share of accumulated surplus/(deficit)		
Council's share of accumulated surplus(deficit) at start of year	209	271
Reported surplus(deficit) for year	13	(62)
Transfers (to) from reserves	-	-
Distributions for the year	-	-
Council's share of accumulated surplus(deficit) at end of year	222	209
Council's share of reserves		
Council's share of reserves at start of year	45	24
Transfers (to) from reserves	(11)	21
Council's share of reserves at end of year	34	45
Movement in carrying value of specific investment		
Carrying value of investment at start of year	233	295
Share of surplus(deficit) for year	(14)	(62)
Share of asset revaluation	-	-
Distributions received	-	-
Carrying value of investment at end of year	219	233
Council's share of expenditure commitments		
Operating commitments	59	-
Capital commitments	-	-
Council's share of expenditure commitments	59	-
Council's share of contingent liabilities and contingent assets		
Current provisions	8	9
Non-current provisions	4	4

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.

Notes to the Financial Report For the Year Ended 30 June 2024

Note 7 PEOPLE AND RELATIONSHIPS

7.1 Council and key management remuneration

(a) Related Parties

Parent entity

Hindmarsh Shire Council is the parent entity.

Subsidiaries and Associates

Interests in subsidiaries and associates are detailed in Note 6.3.

(b) Key Management Personnel

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

Details of KMP at any time during the year are:

	2024 No.	2023 No.
Councillors		
Councillor B Ireland (Mayor)		
Councillor W Bywaters		
Councillor M Albrecht		
Councillor R Gersch		
Councillor R Ismay		
Councillor D Nelson		
Chief Executive Officer 01/07/2023 - 15/10/2023		
Chief Executive Officer 16/10/2023 - 30/06/2024		
Director - Corporate & Community Services 01/07/2023 - 15/10/2023		
Director - Corporate & Community Services 16/10/2023 - 30/06/2024		
Director - Infrastructure Services 08/01/2024 - 30/06/2024		
Director - Infrastructure Services 01/07/2023 - 16/10/2023		
Director - infrastructure Services - Temporary 01/07/2023 - 06/10/2023		
Total Number of Councillors	6	6
Total of Chief Executive Officer and other Key Management Personnel	6	4
Total Number of Key Management Personnel	12	10

Notes to the Financial Report For the Year Ended 30 June 2024

(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.

	2024	2023
	\$'000	\$'000
Total remuneration of key management personnel was as follows:		
Short-term employee benefits	901	816
Other long-term employee benefits	33	18
Post-employment benefits	99	78
Total	1,033	911

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

	2024	2023
	No.	No.
\$10,000 - \$19,999	-	1
\$20,000 - \$29,999	3	4
\$30,000 - \$39,999	3	-
\$50,000 - \$59,999	-	2
\$60,000 - \$69,999	1	-
\$80,000 - \$89,999	2	-
\$160,000 - \$169,999	1	-
\$190,000 - \$199,999	1	1
\$200,000 - \$209,999	-	1
\$260,000 - \$269,999	1	-
\$290,000 - \$299,999	-	1
	12	10

Notes to the Financial Report For the Year Ended 30 June 2024

	2024 \$'000	2023 \$'000
7.2 Related party disclosure		
(a) Transactions with related parties		
During the period Council entered into the following transactions with related parties.		
<i>T ismay & Co (a related party to Cr R Ismay)</i>		
<i>Purchases of hardware 30 day terms</i>	119	24
<i>Nhill IGA (a related party to Cr W Bywaters)</i>		
<i>Groceries and newspapers 30 day terms</i>	14	16
<i>Rural Councils Victoria (a related party to Cr R Gersch)</i>		
<i>Membership and conferences 30 day terms</i>	6	4
<i>Hindmarsh Landcare Network (a related party to Cr D Nelson)</i>		
<i>Membership 30 day terms</i>	11	2
<i>Hot Spark Fabrication (a related party to Cr W Bywaters)</i>		
<i>Plant repairs 30 day terms</i>	62	47
<i>Wimmera Southern Mallee Development (formerly Wimmera Development Association) (a related party to Cr M Albrecht)</i>		
<i>Membership and conferences 30 day terms</i>	55	81

Include aggregate details and disclose each type of transaction, the nature of the terms and conditions relating to the transaction and the aggregate amount of each type of transaction.

(b) Outstanding balances with related parties

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

	Nil	Nil
--	-----	-----

Include aggregate details and disclose each type of transaction, the nature of the terms and conditions relating to the transaction and the aggregate amount of each type of transaction.

(c) Commitments to/from related parties

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

Include aggregated details of commitments to or from related parties.

Notes to the Financial Report For the Year Ended 30 June 2024

Note 8 MANAGING UNCERTAINTIES

8.1 Contingent assets and liabilities

(a) Contingent assets

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

Operating Lease Receivables

Council receives lease payments for telephone towers, small sections of land and rooms within Council owned buildings. The receivable is incidental to the purpose for holding the property. The lease terms are between 1 and 10 years and include a CPI based revision annually.

Future undiscounted minimum rates receivable under non-cancellable operating leases are as follows:

	2024 \$'000	2023 \$'000
No later than one year	38	47
Later than one year and not later than five years	113	161
Later than 5 years	325	4
	<u>476</u>	<u>212</u>

(b) Contingent liabilities

Contingent liabilities are:

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

Superannuation

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

Future superannuation contributions.

Other than the disclosed contributions, Hindmarsh Shire Council has not paid any unfunded liability payments to Vision Super. There were no contributions outstanding and no loans issued from or to the above schemes as at 30 June 2024. The expected contributions to be paid to the Defined Benefits category of Vision Super for the year ending 30 June 2025 are \$24,000.

Liability Mutual Insurance

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

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.

(c) Guarantees for loans to other entities

Council holds financial guarantees totalling \$131,000 held with the National Australia Bank on behalf of the Minister of Energy and Resources for the purpose of ensuring quarry sites are restored to an environmentally satisfactory condition. If Council fail to meet the conditions of these guarantees they may become future liabilities of Council.

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.

Notes to the Financial Report For the Year Ended 30 June 2024

8.2 Change in accounting standards

Certain new Australian Accounting Standards and interpretations have been published that are not mandatory for the 30 June 2024 reporting period. Council assesses the impact of these new standards.

In December 2022 the Australian Accounting Standards Board (AASB) issued AASB 2022-10 Amendments to Australian Accounting Standards - Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities to modify AASB 13 Fair Value Measurement. AASB 2022-10 amends AASB 13 Fair Value Measurement for fair value measurements of non-financial assets of not-for-profit public sector entities not held primarily for their ability to generate net cash inflows. The AASB 13 modifications:

- are applicable only to not-for-profit public sector entities;
 - are limited to fair value measurements of non-financial assets not held primarily for their ability to generate net cash inflows;
 - are to be applied prospectively for annual periods beginning on or after 1 January 2024;
 - would not necessarily change practice for some not-for-profit public sector entities; and
 - do not indicate that entities changing practice in how they measure relevant assets made an error in applying the existing requirements of AASB 13.
- Council will assess any impact of the modifications to AASB 13 ahead of the 2024-25 reporting period.

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. Details of the material accounting policy information and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument is disclosed in the notes of the financial statements. Risk management is carried out by senior management under policies approved by the Council. These policies include identification and analysis of the risk exposure to Council and appropriate procedures, controls and risk minimisation.

(b) Market risk

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

Interest rate risk

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

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

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

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

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

Notes to the Financial Report For the Year Ended 30 June 2024

(c) Credit risk

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

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

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

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

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

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

(d) Liquidity risk

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

To help reduce these risks Council:

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

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

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

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

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

(e) Sensitivity disclosure analysis

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

- A parallel shift of + 2% and -1% 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 assets and liabilities, nor will they have a material impact on the results of Council's operations.

Notes to the Financial Report For the Year Ended 30 June 2024

8.4 Fair value measurement

Fair value hierarchy

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

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

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

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

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

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

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

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

Revaluation

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

Fair value valuations are determined in accordance with a valuation hierarchy. Changes to the valuation hierarchy will only occur if an external change in the restrictions or limitations of use of an asset result in changes to the permissible or practical highest and best use of the asset. In addition, Council undertakes a formal revaluation of land, buildings, and infrastructure assets on a regular basis ranging from < > to < > 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
Other infrastructure	3 to 5 years

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

Impairment of assets

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

8.5 Events occurring after balance date

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

Notes to the Financial Report For the Year Ended 30 June 2024

Note 9 OTHER MATTERS

	Balance at beginning of reporting period \$'000	Increase (decrease) \$'000	Balance at end of reporting period \$'000
9.1 Reserves			
(a) Asset revaluation reserves			
2024			
Property			
Land and land improvements	1,832	-	1,832
Buildings	8,176	-	8,176
	10,008	-	10,008
Infrastructure			
Roads	111,057	(4,521)	106,536
Bridges	218	-	218
Footpaths and cycleways	1,479	1,572	3,051
Drainage	2,416	-	2,416
Other infrastructure	7,354	-	7,354
Share in asset revaluation in associates	28	-	28
	122,553	(2,949)	119,604
Total asset revaluation reserves	132,561	(2,949)	129,612
2023			
Property			
Land and land improvements	1,832	-	1,832
Buildings	8,176	-	8,176
	10,008	-	10,008
Infrastructure			
Roads	112,742	(1,684)	111,057
Bridges	218	-	218
Footpaths and cycleways	1,479	-	1,479
Drainage	2,416	-	2,416
Other infrastructure	7,354	-	7,354
Share in asset revaluation in associates	28	-	28
	124,237	(1,684)	122,553
Total asset revaluation reserves	134,245	(1,684)	132,561

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 2024

	2024	2023
9.2 Reconciliation of cash flows from operating activities to surplus/(deficit)	\$'000	\$'000
Surplus/(deficit) for the year	(897)	4,079
<i>Non-cash adjustments:</i>		
Profit/(loss) on disposal of property, infrastructure, plant and equipment	38	34
Impairment losses	5,338	4,946
Other	(14)	15
<i>Change in assets and liabilities:</i>		
(Increase)/decrease in trade and other receivables	497	(147)
(Increase)/decrease in prepayments	145	(166)
Increase/(decrease) in trade and other payables	(197)	208
(Decrease)/increase in contract and other liabilities	(499)	(303)
(Decrease)/increase in other liabilities	(43)	1
(Increase)/decrease in inventories	(187)	(222)
(Decrease)/increase in provisions	(389)	87
(Decrease)/Increase in trust funds	47	(1)
(Decrease)/increase in accrued expenses	-	(65)
Net cash provided by/(used in) operating activities	3,842	8,467

9.3 Superannuation

Council makes [all/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 category, Vision MySuper/Vision Super Saver, receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2024, this was 11.0% as required under Superannuation Guarantee (SG) legislation (2023: 10.5%)).

Defined Benefit

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

There is no proportional split of the defined benefit liabilities, assets or costs between the participating employers as the defined benefit obligation is a floating obligation between the participating employers and the only time that the aggregate obligation is allocated to specific employers is when a call is made. As a result, the level of participation of [Employer name] 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 for the Defined Benefit category as at 30 June 2023 was conducted and completed by 31 December 2023. The vested benefit index (VBI) of the Defined Benefit category as at 30 June 2023 was 104.1%. Council was notified of the 30 June 2023 VBI during August 2023. 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

The VBI is used as the primary funding indicator. Because the VBI was above 100%, the 30 June 2023 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.

Notes to the Financial Report For the Year Ended 30 June 2024

Employer contributions

(a) Regular contributions

On the basis of the results of the 2023 triennial 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 2024, this rate was 11.0% of members' salaries (10.5% in 2022/23). This rate is expected to increase in line with any increases in the SG contribution rate and was reviewed as part of the 30 June 2023 triennial valuation.

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

(b) Funding calls

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

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

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

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

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

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

The 2023 triennial 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. A full investigation was conducted as at 30 June 2023.

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

	2023 (Triennial) \$m	2022 (Interim) \$m
- A VBI Surplus	84.7	45.7
- A total service liability surplus	123.6	105.8
- A discounted accrued benefits surplus	141.9	112.9

The VBI surplus means that the market value of the fund's assets supporting the defined benefit obligations exceed the vested benefits that the defined benefit members would have been entitled to if they had all exited on 30 June 2023.

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 2023.

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 2023.

Notes to the Financial Report For the Year Ended 30 June 2024

The 2024 interim actuarial investigation

An interim actuarial investigation is being conducted for the Fund's position as at 30 June 2024 as the Fund provides lifetime pensions in the Defined Benefit category. It is anticipated that this actuarial investigation will be completed by October 2024.

The VBI of the Defined Benefit category was 105.4% as at 30 June 2024. The financial assumptions used to calculate the 30 June 2024 VBI were:

Net investment returns 5.6% pa
Salary information 3.5% pa
Price inflation (CPI) 2.7% pa

Council was notified of the 30 June 2024 VBI during August 2024.

Because the VBI was above 100%, the Defined Benefit category was in a satisfactory financial position at 30 June 2024 and it is expected that the actuarial investigation will recommend that no change will be necessary to the Defined Benefit category's funding arrangements from prior years.

The 2020 triennial investigation

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

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

Superannuation contributions

Contributions by Council (excluding any unfunded liability payments) to the above superannuation plans for the financial year ended 30 June 2024 are detailed below:

			2024 \$'000	2023 \$'000
Vision super	Defined benefits	11.0% (2023:10.5%)	22	40
Vision super	Accumulation	11.0% (2023:10.5%)	338	349
Other Funds	Accumulation	11.0% (2023:10.5%)	482	431

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

There were no contributions outstanding and no loans issued from or to the above schemes as at 30 June 2024.

The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2025 is \$24,000.

Notes to the Financial Report
For the Year Ended 30 June 2024

Note 10 CHANGE IN ACCOUNTING POLICY

There have been no changes to accounting policies in the 2023-24 year.



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