

**West Wimmera Shire Council
ANNUAL FINANCIAL REPORT**

For the Year Ended 30 June 2022



West Wimmera Shire Council
Financial Report
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Certification of the Financial Statements

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



Melanie Jordan CPA, B.Com, Dip Mgt

Principal Accounting Officer

Date : 28/10/2022

Edenhope, VIC

In our opinion, the accompanying financial statements present fairly the financial transactions of the West Wimmera Shire Council for the year ended 30 June 2022 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.



Mayor Bruce Meyer

Councillor

Date : 28/10/2022

Edenhope, VIC



Cr Jodie Pretlove

Councillor

Date : 28/10/2022

Edenhope, VIC



David Bezuidenhout

Chief Executive Officer

Date : 28/10/2022

Edenhope, VIC

Independent Auditor's Report

To the Councillors of West Wimmera Shire Council

Opinion	<p>I have audited the financial report of West Wimmera Shire Council (the council) which comprises the:</p> <ul style="list-style-type: none">• balance sheet as at 30 June 2022• comprehensive income statement for the year then ended• statement of changes in equity for the year then ended• statement of cash flows for the year then ended• statement of capital works for the year then ended• notes to the financial statements, including significant accounting policies• certification of the financial statements.
	<p>In my opinion the financial report presents fairly, in all material respects, the financial position of the council as at 30 June 2022 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 4 of the <i>Local Government Act 2020</i>, the <i>Local Government (Planning and Reporting) Regulations 2020</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's <i>APES 110 Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Councillors' responsibilities for the financial report	<p>The Councillors of the council are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, the <i>Local Government Act 2020</i> and the <i>Local Government (Planning and Reporting) Regulations 2020</i>, and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Councillors are responsible for assessing the council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

Auditor's responsibilities for the audit of the financial report

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the council's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Councillors
- conclude on the appropriateness of the Councillors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the council's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the council to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Councillors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

MELBOURNE
17 November 2022



Travis Derricott
as delegate for the Auditor-General of Victoria

Comprehensive Income Statement For the Year Ended 30 June 2022

	Note	2022 \$'000	2021 \$'000
Income			
Rates and charges	3.1	8,066	7,965
Statutory fees and fines	3.2	130	135
User fees	3.3	379	391
Grants - operating	3.4	13,218	8,383
Grants - capital	3.4	2,903	3,319
Contributions - monetary	3.5	85	94
Net gain (or loss) on disposal of property, infrastructure, plant and equipment	3.6	87	(145)
Share of net profits (or loss) of associates and joint ventures	6.2	80	87
Reimbursements	3.7	1,350	2,723
Other income	3.7	432	500
Total income		26,730	23,452
Expenses			
Employee costs	4.1	9,038	8,319
Materials and services	4.2	8,026	7,532
Depreciation	4.3	8,165	7,953
Bad and doubtful debts	4.4	-	11
Other expenses	4.5	302	242
Total expenses		25,531	24,057
Surplus/(deficit) for the year		1,199	(605)
Other comprehensive income			
Items that will not be reclassified to surplus or deficit in future periods			
Net asset revaluation increment/(decrement)	6.1	-	33,827
Share of other comprehensive income of associates and joint ventures	6.2	35	11
Total other comprehensive income		35	33,838
Total comprehensive result		1,234	33,233

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

Balance Sheet As at 30 June 2022

	Note	2022 \$'000	2021 \$'000
Assets			
Current assets			
Cash and cash equivalents	5.1	17,197	17,046
Trade and other receivables	5.1	467	1,073
Inventories	5.2	180	136
Other assets	5.2	127	77
Total current assets		17,971	18,332
Non-current assets			
Trade and other receivables	5.1	-	10
Investments in associates, joint arrangements and subsidiaries	6.2	661	546
Property, infrastructure, plant and equipment	6.1	226,717	227,054
Total non-current assets		227,378	227,610
Total assets		245,349	245,942
Liabilities			
Current liabilities			
Trade and other payables	5.3	961	2,798
Trust funds and deposits	5.3	115	113
Provisions	5.5	2,470	2,460
Total current liabilities		3,546	5,371
Non-current liabilities			
Provisions	5.5	184	186
Total non-current liabilities		184	186
Total liabilities		3,730	5,557
Net assets		241,619	240,385
Equity			
Accumulated surplus		42,922	40,707
Reserves	9.1	198,697	199,678
Total Equity		241,619	240,385

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

Statement of Changes in Equity For the Year Ended 30 June 2022

2022	Note	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
Balance at beginning of the financial year		240,385	40,707	193,539	6,139
Surplus/(deficit) for the year		1,199	1,199	-	-
Share of other comprehensive income of associates		35	35	-	-
Net asset revaluation increment/(decrement)	6.2	-	-	-	-
Transfers to other reserves	9.1	-	(3,618)	-	3,618
Transfers from other reserves	9.1	-	4,599	-	(4,599)
		<u>241,619</u>	<u>42,922</u>	<u>193,539</u>	<u>5,158</u>
Balance at end of the financial year		241,619	42,922	193,539	5,158

2021		Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
Balance at beginning of the financial year		207,152	45,045	159,712	2,395
Adjusted opening balance		<u>207,152</u>	<u>45,045</u>	<u>159,712</u>	<u>2,395</u>
Surplus/(deficit) for the year		(605)	(605)	-	-
Share of other comprehensive income of associates		11	11	-	-
Net asset revaluation increment/(decrement)	6.2	33,827	-	33,827	-
Transfers to other reserves	9.1	-	(4,706)	-	4,706
Transfers from other reserves	9.1	-	962	-	(962)
		<u>240,385</u>	<u>40,707</u>	<u>193,539</u>	<u>6,139</u>
Balance at end of the financial year		240,385	40,707	193,539	6,139

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 2022

	Note	2022 Inflows/ (Outflows) \$'000	2021 Inflows/ (Outflows) \$'000
Cash flows from operating activities			
Rates and charges		8,096	7,995
Statutory fees and fines		130	135
User fees		496	256
Grants - operating		13,218	8,354
Grants - capital		2,903	3,348
Contributions - monetary		85	94
Interest received		96	121
Other receipts		1,685	3,106
Employee costs		(9,137)	(8,643)
Materials and services		(9,681)	(5,913)
Net cash provided by/(used in) operating activities		7,891	8,853
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment	6.2	(7,851)	(6,552)
Proceeds from sale of property, infrastructure, plant and equipment		109	190
Net cash provided by/(used in) investing activities		(7,742)	(6,362)
Cash flows from financing activities			
Trust funds and other deposits		2	(119)
Net cash provided by/(used in) financing activities		2	(119)
Net increase (decrease) in cash and cash equivalents		151	2,372
Cash and cash equivalents at the beginning of the financial year		17,046	14,674
Cash and cash equivalents at the end of the financial year		17,197	17,046
Financing arrangements	5.5		
Restrictions on cash assets	5.1		

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 2022**

	Note	2022 \$'000	2021 \$'000
Property			
Land improvements		137	18
Total land		137	18
Buildings		737	429
Total buildings		737	429
Total property		874	447
Plant and equipment			
Plant, machinery and equipment		920	386
Fixtures, fittings and furniture		23	167
Total plant and equipment		943	553
Infrastructure			
Roads		5,856	5,380
Bridges		80	-
Footpaths and cycleways		68	96
Drainage		31	79
Total infrastructure		6,035	5,555
Total capital works expenditure		7,852	6,555
Represented by:			
New asset expenditure		91	70
Asset renewal expenditure		7,232	6,217
Asset upgrade expenditure		529	268
Total capital works expenditure		7,852	6,555

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

Note 1 OVERVIEW

Introduction

The West Wimmera Shire Council was established by an Order of the Governor in Council on 20th January 1995 and is a body corporate.

The Council's main office is located at 49 Elizabeth Street, Edenhope VIC 3318.

Statement of compliance

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

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

Significant accounting policies

(a) Basis of accounting

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

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

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

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

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

- the fair value of land, buildings, infrastructure, plant and equipment (refer to Note 6.2)
- 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 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)
- 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.

(b) Impact of Covid-19

During 2021-22 the COVID-19 pandemic continued to impact on Council's operations. Council has noted the following significant impacts on its financial operations:

- Additional revenue – an additional \$0.20 million in Covid-19-related funding for community activation and social initiatives
- Revenue reductions – Council experienced slightly reduced revenue from use of leisure facilities during Covid-19 lockdowns.
- Revenue foregone – Council offered free use of swimming pools to assist community members and promote community activation
- Additional costs – Council held several local events and initiatives to alleviate social isolation as Covid-19 restrictions eased

Note 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 2014* 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 and expenditure

	Budget 2022 \$'000	Actual 2022 \$'000	Variance \$'000	Variance %	Ref
Income					
Rates and charges	8,080	8,066	(14)	0%	
Statutory fees and fines	131	130	(1)	-1%	
User fees	714	379	(335)	-47%	1
Grants - operating	7,623	13,218	5,595	73%	2
Grants - capital	3,692	2,903	(789)	-21%	3
Contributions - monetary	6	85	79	1317%	4
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	100	87	(13)	-13%	
Other income	1,681	1,862	181	11%	5
Total income	22,027	26,730	4,703	21%	
Expenses					
Employee costs	8,152	9,038	886	11%	6
Materials and services	5,992	8,026	2,034	34%	7
Depreciation	8,019	8,165	146	2%	
Other expenses	297	302	5	2%	
Total expenses	22,460	25,531	3,071	14%	
	-				
Surplus/(deficit) for the year	(433)	1,199	1,632	-377%	

(i) Explanation of material variations

1	User fees	User fees are \$0.34m below 2021/22 budget due to the reversal of internal quarry reimbursement transactions
2	Grants - operating	<p>Grants - operating are \$5.60m above original budgeted 2021/22 figures due to several funding sources including:</p> <ul style="list-style-type: none"> - Prepayment of Financial Assistance Grants of 75% of the 2022/23 allocation (\$2.15m above budget) - Funding of \$1.5m for the Goroke Recreation Reserve project received during the 2020/21 year and recognised during the 2021/22 year in accordance with AASB1058 - Funding of \$0.88m received late in the financial year for projects relating to the 2022/23 year - Funding for child and youth services was \$0.37m above budget due to several initiatives unknown at the time of budget preparation - Additional non-recurrent support through various programs such as economic development and Covid-19 support <p>Grants - capital are \$0.79m below anticipated budget, predominantly due to budget timing differences with the receipt of funds in relation to the following:</p>
3	Grants - capital	<ul style="list-style-type: none"> - Local Roads and Community Infrastructure round 2 funding \$0.21 was not yet received by balance date - Heavy Vehicle Safety & Productivity Program funding of \$0.69 had not yet been received for two large road projects
4	Contributions - monetary	<p>Contributions - monetary were \$0.08m above budget due to the receipt of community contributions towards the following projects budgeted for in the 2022/23 year:</p> <ul style="list-style-type: none"> - Apsley Netball Tennis Court Upgrade - Edenhope Equine Facility
5	Other income	<p>Other income was \$0.18m above 2021/22 budget predominantly due to the receipt of reimbursements for Workcover, Income Protection and maternity leave</p> <p>Employee operating costs are \$0.89m above original 2021/22 budget. It must be noted that capital employee costs, however, were approximately \$0.20m below budget and Council received reimbursement income of \$0.20m in relation to employee costs, which is reflected in Other Income.</p> <p>This is mainly due to the following:</p> <ul style="list-style-type: none"> - A capital recovery amount of \$89,200 was paid following the winding up of the MAV WorkCover Scheme, which was unknown at the time of budget preparation - Staff turnover, including that in Council's Executive Leadership Team, has resulted in an increase due to increased salaries, entitlement payouts and handover period wages
6	Employee costs	<ul style="list-style-type: none"> - Emergency management employee costs were approximately \$74,000 above budget due to several fire and storm events which occurred in the Shire - The effects of Covid-19 continued in the 2022 financial year which is reflected in the higher than anticipated sick leave expense - Several long-standing staff retired or entered into transition to retirement arrangements during the year - The commencement of organisation restructuring processes as previously approved by Council, along with additional Project Management resourcing - Income Protection insurance of \$0.23m was represented in the budget under Materials and Services but is recognised in the financial
7	Materials and services	<p>Materials and services were \$2.03m above original 2021/22 budget. This is predominantly seen within contract payments being \$1.38m above original budget, mainly due to the expenditure of \$1.55m for the Goroke Recreation Reserve project being carried forward from the 2020/21 year</p>

2.1.2 Capital works

	Budget 2022 \$'000	Actual 2022 \$'000	Variance \$'000	Variance %	Ref
Property					
Land	23	-	(23)	-100%	1
Land improvements	209	137	(72)	-34%	2
Total land	232	137	(95)	-41%	
Buildings	138	737	599	434%	3
Total buildings	138	737	599	434%	
Total property	370	874	504	136%	
Plant and equipment					
Plant, machinery and equipment	1,247	920	(327)	-26%	4
Computers and telecommunications	175	23	(152)	-87%	5
Total plant and equipment	1,422	943	(479)	-34%	
Infrastructure					
Roads	5,916	5,856	(60)	-1%	
Bridges	110	80	(30)	-27%	
Footpaths and cycleways	192	68	(124)	-65%	6
Drainage	65	31	(34)	-52%	
Total infrastructure	6,283	6,035	(248)	-4%	
Total capital works expenditure	8,075	7,852	(223)	-3%	
Represented by:					
New asset expenditure	467	91	(376)	-81%	
Asset renewal expenditure	6,755	7,232	477	7%	
Asset upgrade expenditure	853	529	(324)	-38%	
Total capital works expenditure	8,075	7,852	(223)	-3%	

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Land	Capital expenditure on land was \$0.02m below budget for the 2021/22 year. This was due to the anticipated purchase of Goroke Quarry extension land not going ahead during the year
2	Land improvements	Land improvement capital spend was \$0.07m below 2021/22 budget due to several projects including playground maintenance, tree amenity works and demolition/landscaping being of an operational nature
3	Buildings	Buildings capital expenditure is \$0.60m above budget due to the completion of prior year carried forward projects such as the Edenhope and District Community Centre, Kaniva Wetlands Building. Additionally work in progress budgeted for in the 2022/23 year commenced in 2021/22, predominantly the Wimmera Southern Mallee Caravan Park Upgrades project
4	Plant, machinery and equipment	Capital spend on plant, machinery and equipment was \$0.33m under budget for the 2021/22 year due to several vehicles and a water truck being ordered but subject to production delays, therefore budget to be carried forward
5	Computers and telecommunications	Computers and telecommunications capital spend was \$0.15m under budget due to the cloud/network upgrades being of an operational nature, rather than capital as originally anticipated
6	Footpaths and cycleways	Footpaths and cycleways capital spend was \$0.12m under budget for 2021/22 due to due to the carry forward of several jobs that were in progress at 30 June 2022 and have now been completed, with final expenditure incurred after balance date, including; <ul style="list-style-type: none"> - Elizabeth St, Edenhope, Footpath, Dundas St. – Bend - Station St Goroke, Footpath, Railway St. - Senior Citizens - Lake Wallace path. Reconstruct section near bowling club

Note 2.2 Analysis of Council results by program

Council delivers its functions and activities through the following programs.

2.2.1 Community Services

Community Services provides efficient and effective services to meet the growing needs of the community and is dedicated to the health, safety and amenity of the community. Its services include Aged and Disability Services, Arts and Culture, Children Youth and Family Services, Recreation Sport Leisure and Tourism and Events.

Corporate Services

Corporate Services provides a range of administrative services to Council, including Customer Services, Finance, Human Resources, Information Technology, Occupational Health and Safety and Records Management.

Development and Environmental Services

Development and Environmental Services provide for the planning and encouragement of growth and development within the shire. Services include Town Planning, Building Control, Local Laws and Regulatory Services, Environmental Health and Economic Development.

Engineering

Engineering is responsible for constructing new infrastructure and maintaining existing infrastructure across a diverse range of assets that underpin the wellbeing of the community. These assets include capital works engineering services, waste management, parks and gardens, emergency management and infrastructure maintenance.

Governance

Governance provides effective governance oversight of the organisation. Service areas include Community Support, CEO Office and Elected Members.

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

	Income	Expenses	Surplus/(Deficit)	Grants included in income	Total assets
	\$'000	\$'000	\$'000	\$'000	\$'000
2022					
Community Services	1,900	(2,558)	(658)	1,667	4
Corporate Services	15,510	(4,330)	11,180	7,647	21,023
Development and Environmental Services	730	(1,853)	(1,123)	302	10
Engineering	8,570	(15,346)	(6,776)	6,505	220,841
Governance	20	(1,444)	(1,424)	-	3,471
	26,730	(25,531)	1,199	16,121	245,349

	Income	Expenses	Surplus/(Deficit)	Grants included in income	Total assets
	\$'000	\$'000	\$'000	\$'000	\$'000
2021					
Community Services	1,679	(2,390)	(711)	1,450	69
Corporate Services	11,424	(3,080)	8,344	3,959	19,231
Development and Environmental Services	624	(1,629)	(1,005)	195	41
Engineering	9,722	(15,357)	(5,635)	6,097	223,081
Governance	3	(1,601)	(1,598)	1	3,520
	23,452	(24,057)	(605)	11,702	245,942

Note 3 Funding for the delivery of our services	2022	2021
3.1 Rates and charges	\$'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 its current market value determined by Council's contract valuer.

The valuation base used to calculate general rates for 2021/22 was \$3,662 million (2020/21 \$3,073 million).

General rates	7,014	6,928
Municipal charge	464	458
Waste management charge	569	551
Interest on rates and charges	19	28
Total rates and charges	8,066	7,965

The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2021, and the valuation will be first applied in the rating year commencing 1 July 2021.

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

3.2 Statutory fees and fines

Animal management	35	37
Building fees	26	49
Permits	18	19
Town planning fees	45	28
Infringements and costs	6	2
Other	-	-
Total statutory fees and fines	130	135

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

3.3 User fees

Refuse disposal fees	59	60
User charges	14	23
Caravan park fees	25	19
Other fees and charges:		
- HACC services	196	179
- Cemetery user fees	79	92
- Other	6	18
Total user fees	379	391

User fees by timing of revenue recognition

User fees recognised over time	-	-
User fees recognised at a point in time	379	391
Total user fees	379	391

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

3.4 Funding from other levels of government

Grants were received in respect of the following:

Summary of grants

Commonwealth funded grants	11,248	8,800
State funded grants	4,873	2,902
Total grants received	16,121	11,702

(a) Operating Grants

Recurrent - Commonwealth Government

Financial Assistance Grants	8,396	5,852
CHSP	396	391

Recurrent - State Government

HACC Programs	159	151
Preschool operating	588	452
Maternal and child health	344	343
Pest and weed control	75	75
Preschool cluster management	99	32
Supported Parent Groups and Playgroups	54	59
Youth initiatives	57	28
Immunisations	48	7
School crossing	6	6
Victorian Apprenticeship Recovery Package	19	9
Childcare subsidy	2	-
Total recurrent operating grants	10,243	7,405

	2022	2021
	\$'000	\$'000
Non-recurrent - Commonwealth Government		
Sport Australia	22	-
Non-recurrent - State Government		
Fire Services Levy Implementation Grant	44	43
Community Activation & Social Isolation	-	145
COVID-19 Support	200	14
MAV Health Projects	6	7
National Australia Day Council Funding	20	21
Economic Development	248	114
Waste Management Funding	21	10
Goroke Recreation Reserve	1706	382
Silo Art Funding	-	242
Edenhope Equine Facility	225	-
Apsley Netball Tennis Court Upgrade	444	-
Employment Subsidies	9	-
Infrastructure	30	-
Total non-recurrent operating grants	2,975	978
Total operating grants	13,218	8,383

(b) Capital Grants

Recurrent - Commonwealth Government		
Roads to recovery	1,528	1,528
Local Roads and Community Infrastructure	906	1,029
Recurrent - State Government		
Total recurrent capital grants	2,434	2,557
Non-recurrent - Commonwealth Government		
Non-recurrent - State Government		
Community Services	-	250
Buildings & Facilities	360	145
Agrilinks	88	263
Indigenous Trail	-	5
ICT Tech Support Package	-	99
Fire Access Road Subsidy	21	-
Total non-recurrent capital grants	469	762
Total capital grants	2,903	3,319

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

Operating		
Balance at start of year	1,676	-
Received during the financial year and remained unspent at balance date	-	704
Received in prior years and spent during the financial year	-	-
Balance at year end	972	1,676
Capital		
Balance at start of year	629	263
Received during the financial year and remained unspent at balance date	-	472
Received in prior years and spent during the financial year	-	120
Balance at year end	509	629

(d) Recognition of grant income

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

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

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

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

Income recognised under AASB 1058 Income of Not-for-Profit Entities		
General purpose	8,396	5,852
Specific purpose grants to acquire non-financial assets	-	-
Other specific purpose grants	7,709	4,253
Revenue recognised under AASB 15 Revenue from Contracts with Customers		
Specific purpose grants	16	1,597
	16,121	11,702

	2022	2021
	\$'000	\$'000
3.5 Contributions		
Monetary	85	94
Total contributions	85	94

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

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

Proceeds of sale	109	190
Written down value of assets disposed	(22)	(335)
Total net gain/(loss) on disposal of property, infrastructure, plant and equipment	87	(145)

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	2022	2021
	\$'000	\$'000
Reimbursements - Roadworks	1,248	2,638
Interest	96	121
Reimbursements - other	102	85
Insurance refunds	161	205
Rent	43	47
Fuel tax refund	38	53
Other	94	74
Total other income	1,782	3,223

Interest is recognised as it is earned.

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

Note 4 The cost of delivering services	2022	2021
	\$'000	\$'000
4.1 (a) Employee costs		
Wages and salaries	7,693	7,112
WorkCover	214	172
Superannuation	826	711
Fringe benefits tax	76	74
Income protection insurance	229	250
Total employee costs	9,038	8,319

(b) Superannuation

Council made contributions to the following funds:

Defined benefit fund

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	49	61
	49	61

Employer contributions payable at reporting date.

Accumulation funds

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	329	310
Employer contributions - other funds	438	352
	767	662

Employer contributions payable at reporting date.

Refer to note 9.3 for further information relating to Council's superannuation obligations.

4.2 Materials and services

Contract payments	4,114	3,961
Plant and equipment maintenance	896	874
Utilities	372	568
Office administration	40	34
Information technology	285	184
Insurance	336	315
Consultants	380	393
Other materials and services	1,603	1,203
Total materials and services	8,026	7,532

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

4.3 Depreciation

Property	823	764
Plant and equipment	715	740
Infrastructure	6,627	6,449
Total depreciation	8,165	7,953

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

	2022	2021
	\$'000	\$'000
4.4 Bad and doubtful debts		
Other debtors	-	11
Total bad and doubtful debts	-	11
Movement in provisions for doubtful debts		
Balance at the beginning of the year	81	70
New provisions recognised during the year	-	11
Amounts already provided for and written off as uncollectible	(4)	-
Amounts provided for but recovered during the year	(9)	-
Balance at end of year	68	81

Provision for doubtful debt 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

Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	49	32
Auditors' remuneration - Internal	11	9
Councillors' allowances	171	136
Operating lease rentals	15	13
Others	56	52
Total other expenses	302	242

Note 5 Our financial position

	2022	2021
	\$'000	\$'000
5.1 Financial assets		
(a) Cash and cash equivalents		
Cash on hand	1	1
Cash at bank	221	3,256
Term deposits	16,975	13,789
Total cash and cash equivalents	17,197	17,046
Total financial assets	17,197	17,046

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)	115	113
- Unspent Grants (Note 3.4)	1,481	2,305
- Cemetery Trust funds (Note 6.2)	187	196
Total unrestricted cash and cash equivalents	1,783	2,614

Intended allocations

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

- Cash held to fund carried forward capital works	3,509	4,599
- Cash held to fund long service leave provision	1,454	1,532
- Other discretionary reserves	1,649	1,540
Total funds subject to intended allocations	6,612	7,671

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.

	2022	2021
	\$'000	\$'000
(b) Trade and other receivables		
Current		
Rates debtors	254	354
Provision for doubtful debts	(66)	(75)
Other debtors	281	800
Provision for doubtful debts - other debtors	(2)	(6)
Total current trade and other receivables	<u>467</u>	<u>1,073</u>
Non-current		
Prepayments	-	10
Total non-current trade and other receivables	<u>-</u>	<u>10</u>
Total trade and other receivables	<u>467</u>	<u>1,083</u>

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

(c) Ageing of Receivables

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

Current (not yet due)	167	775
Past due by up to 30 days	112	7
Past due between 31 and 180 days	-	12
Past due between 181 and 365 days	-	-
Past due by more than 1 year	-	-
Total trade and other receivables	<u>279</u>	<u>794</u>

(d) Ageing of individually impaired Receivables

At balance date, other debtors representing financial assets with a nominal value of \$2,090 (2021: \$6,207) were impaired. The amount of the provision raised against these debtors was -\$4,118 (2021: \$5,711). They individually have been impaired as a result of their doubtful collection. Many of the long outstanding past due amounts have been lodged with Council's debt collectors or are on payment arrangements.

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

Current (not yet due)	-	-
Past due by up to 30 days	-	-
Past due between 31 and 180 days	-	-
Past due between 181 and 365 days	2	-
Past due by more than 1 year	-	-
Total trade & other receivables	<u>2</u>	<u>-</u>

5.2 Non-financial assets	2022	2021
(a) Inventories	\$'000	\$'000
Inventories held for distribution	180	136
Total inventories	180	136

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	29	56
Accrued income	98	21
Total other assets	127	77

5.3 Payables, trust funds and deposits and unearned income/revenue	2022	2021
(a) Trade and other payables	\$'000	\$'000
Trade payables	56	780
Net GST payable	(118)	(4)
Accrued expenses	1,007	46
Accrued salaries	-	284
Income received in advance	16	1,692
Total trade and other payables	961	2,798

(b) Trust funds and deposits

Refundable deposits	6	6
Fire services levy	85	86
Other refundable deposits		
Refundable Trust Kaniva Rotary Club	15	15
Refundable Trust Newlands Lake Restoration	3	3
Refundable Trust Lake Wallace Committee proceeds	2	2
Refundable Trust Edenhope Skateboard Park	1	1
Refundable Trust Edenhope Childcare Feasibility	3	-
Total trust funds and deposits	115	113

(c) Unearned income/revenue

Grants received in advance - operating	16	1,597
Grants received in advance - capital	-	-
Other	-	95
Total unearned income/revenue	16	1,692

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

Purpose and nature of items

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

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

5.4 Provisions

	Annual Leave	Long Service Leave	Rostered Days Off	Time in Lieu	Total
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
2022					
Balance at beginning of the financial year	1,007	1,532	50	57	2,646
Additional provisions	579	77	144	76	876
Amounts used	(514)	(134)	(146)	(85)	(879)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	31	(20)	-	-	11
Balance at the end of the financial year	1,103	1,455	48	48	2,654
2021					
Balance at beginning of the financial year	999	2,079	71	56	3,205
Additional provisions	548	(310)	200	83	521
Amounts used	(555)	(277)	(221)	(82)	(1,135)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	15	40	-	-	55
Balance at the end of the financial year	1,007	1,532	50	57	2,646

	2022	2021
	\$'000	\$'000
(a) Employee provisions		
Current provisions expected to be wholly settled within 12 months		
Annual leave	666	651
Long service leave	207	113
Rostered Days Off	48	50
Time in Lieu	48	57
	969	871
Current provisions expected to be wholly settled after 12 months		
Annual leave	438	356
Long service leave	1,063	1,233
	1,501	1,589
Total current employee provisions	2,470	2,460
Non-current		
Long service leave	184	186
Total non-current employee provisions	184	186
Aggregate carrying amount of employee provisions:		
Current	2,470	2,460
Non-current	184	186
Total aggregate carrying amount of employee provisions	2,654	2,646

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

Annual leave

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

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

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

Long service leave

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

Key assumptions:

- discount rate	3.85%	1.49%
- index rate	3.69%	1.46%

5.5 Financing arrangements

The Council has the following funding arrangements in place as at 30 June 2022.

Bank overdraft	2,000	2,000
Credit card facilities	16	16
Total facilities	2,016	2,016
Used facilities	-	-
Unused facilities	2,016	2,016

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

2022	Not later than 1	Later than 1	Later than 2	Later than 5	Total
	year	year and not	years and not	years	
	\$'000	later than 2	later than 5	years	\$'000
		years	years	years	
Operating					
Caravan park caretaker	4	-	-	-	4
Cleaning of Council buildings	320	324	332	-	976
Consultancies	-	-	-	-	-
Garbage collection	101	-	-	-	101
Meals for delivery	-	-	-	-	-
Recycling	52	-	-	-	52
Street cleaning services	157	-	-	-	157
Swimming pool management	10	-	-	-	10
Total	644	324	332	-	1,300

2021	Not later than 1	Later than 1	Later than 2	Later than 5	Total
	year	year and not	years and not	years	
	\$'000	later than 2	later than 5	years	\$'000
		years	years	years	
Operating					
Caravan park caretaker	20	10	-	-	30
Cleaning of Council buildings	86	-	-	-	86
Consultancies	214	-	-	-	214
Garbage collection	175	-	-	-	175
Meals for delivery	16	11	-	-	27
Recycling	137	-	-	-	137
Street cleaning services	157	-	-	-	157
Swimming pool management	161	15	-	-	176
Total	966	36	-	-	1,002

6.1 Property, infrastructure, plant and equipment

Summary of property, infrastructure, plant and equipment

	Carrying amount 30 June 2021	Additions	Contributions	Revaluation	Depreciation	Disposal	Write-off	Transfers	Carrying amount 30 June 2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Property	17,563	571	-	-	(824)	-	-	91	17,401
Plant and equipment	2,844	943	-	-	(715)	(23)	-	-	3,049
Infrastructure	205,715	5,342	-	-	(6,626)	-	-	711	205,142
Work in progress	932	996	-	-	-	-	-	(802)	1,125
	227,054	7,852	-	-	(8,165)	(23)	-	-	226,717

Summary of Work in Progress

	Opening WIP	Additions	Write-off	Transfers	Closing WIP
	\$'000	\$'000	\$'000	\$'000	\$'000
Property	172	303	-	(91)	384
Plant and equipment	27	-	-	-	27
Infrastructure	732	693	-	(711)	714
Total	931	996	-	(802)	1,125

Notes to the Financial Report
For the Year Ended 30 June 2022

(a) Property

	Land - specialised	Land - non specialised	Land improvements	Total Land & Land Improvements	Heritage buildings	Buildings - specialised	Buildings - non specialised	Total Buildings	Work In Progress	Total Property
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2021	776	88	4,424	5,288	111	33,961	1,265	35,337	172	40,797
Accumulated depreciation at 1 July 2021	-	-	(1,661)	(1,661)	(104)	(20,570)	(727)	(21,401)	-	(23,062)
	776	88	2,763	3,627	7	13,391	538	13,936	172	17,735
Movements in fair value										
Additions	-	-	137	137	-	434	-	434	303	874
Contributions	-	-	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-	-	-
Disposal	-	-	-	-	-	-	-	-	-	-
Write-off	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	7	7	-	84	-	84	(91)	-
Impairment losses recognised in operating result	-	-	-	-	-	-	-	-	-	-
	-	-	144	144	-	518	-	518	212	874
Movements in accumulated depreciation										
Depreciation and amortisation	-	-	(255)	(255)	(1)	(547)	(21)	(569)	-	(824)
Accumulated depreciation of disposals	-	-	-	-	-	-	-	-	-	-
Impairment losses recognised in operating result	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-
	-	-	(255)	(255)	(1)	(547)	(21)	(569)	-	(824)
At fair value 30 June 2022	776	88	4,568	5,432	111	34,479	1,265	35,855	384	41,671
Accumulated depreciation at 30 June 2022	-	-	(1,916)	(1,916)	(105)	(21,117)	(748)	(21,970)	-	(23,886)
Carrying amount	776	88	2,652	3,516	6	13,362	517	13,885	384	17,785

(b) Plant and Equipment

	Motor vehicles	Plant & Equipment	Fixtures fittings and furniture	Work In Progress	Total plant and equipment
	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2021	599	8,514	1,597	27	10,737
Accumulated depreciation at 1 July 2021	(271)	(6,200)	(1,395)	-	(7,866)
	328	2,314	202	27	2,871
Movements in fair value					
Additions	168	752	23	-	943
Contributions	-	-	-	-	-
Revaluation	-	-	-	-	-
Disposal	(100)	(216)	-	-	(316)
Write-off	-	-	-	-	-
Transfers	-	-	-	-	-
Impairment losses recognised in operating result	-	-	-	-	-
	68	536	23	-	627
Movements in accumulated depreciation					
Depreciation and amortisation	(111)	(556)	(48)	-	(715)
Accumulated depreciation of disposals	78	215	-	-	293
Impairment losses recognised in operating result	-	-	-	-	-
Transfers	-	-	-	-	-
	(33)	(341)	(48)	-	(422)
At fair value 30 June 2022	667	9,050	1,620	27	11,364
Accumulated depreciation at 30 June 2022	(304)	(6,541)	(1,443)	-	(8,288)
Carrying amount	363	2,509	177	27	3,076

(c) Infrastructure

	Roads	Bridges	Footpaths and cycleways	Drainage	Work In Progress	Total Infrastructure
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2021	274,806	3,200	4,104	15,896	732	298,738
Accumulated depreciation at 1 July 2021	(80,092)	(1,508)	(808)	(9,883)	-	(92,291)
	194,714	1,692	3,296	6,013	732	206,447
Movements in fair value						
Additions	5,163	80	68	31	693	6,035
Contributions	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-
Disposal	-	-	-	-	-	-
Write-off	-	-	-	-	-	-
Transfers	699	-	12	-	(711)	-
Impairment losses recognised in operating result	-	-	-	-	-	-
	5,862	80	80	31	(18)	6,035
Movements in accumulated depreciation						
Depreciation and amortisation	(6,321)	(34)	(82)	(189)	-	(6,626)
Accumulated depreciation of disposals	-	-	-	-	-	-
Impairment losses recognised in operating result	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
	(6,321)	(34)	(82)	(189)	-	(6,626)
At fair value 30 June 2022	280,668	3,280	4,184	15,927	714	304,773
Accumulated depreciation at 30 June 2022	(86,413)	(1,542)	(890)	(10,072)	-	(98,917)
Carrying amount	194,255	1,738	3,294	5,855	714	205,856

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

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

	Depreciation Period	Threshold Limit \$'000
<i>Asset recognition thresholds and depreciation periods</i>		
Land & land improvements		
land	-	5
land improvements	6 - 50 years	5
Buildings		
buildings	30 - 120 years	5
building and leasehold improvements	30 - 120 years	5
Plant and Equipment		
heritage plant and equipment	3 - 40 years	1
plant, machinery and equipment	3 - 10 years	1
others	3 - 10 years	1
Infrastructure		
road pavements and seals	17 - 75 years	5
road substructure	75 years	5
road formation and earthworks	75 years	5
road kerb, channel and minor culverts	50 - 70 years	5
bridges deck	35 - 80 years	5
bridges substructure	35 - 80 years	5
footpaths and cycleways	25 - 50 years	5
drainage	70 - 80 years	5
Intangible assets		

Land under roads

Council recognises land under roads it controls at fair value.

Depreciation and amortisation

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

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

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

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

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

Repairs and maintenance

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

Valuation of land and buildings

Valuation of land and buildings were undertaken by a qualified independent valuer (Mr Peter Wigg of WBP Group). 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 land and buildings were subject to full independent valuation in June 2020 by accredited independent valuers. Council does not believe there has been a material movement in fair value since the 30 June 2020 valuation date.

The valuation was performed during the COVID-19 pandemic, with limited market activity and low sales volumes. While the valuer's independent valuation report did not indicate impairment of land and buildings, it does present estimation uncertainty regarding the valuation of land and buildings by acknowledging that past cycles indicate a lag for property markets to react to economic events, and that the extent of any decline in value is presently uncertain, and may depend on the length of the COVID-19 pandemic. Also, there is not yet any comparable market evidence available to determine what, if any, impact the current COVID-19 pandemic may have on the value or marketability of the subject property, particularly in the short and medium terms.

The fair value assessed may change significantly and unexpectedly over a relatively short period of time (including as a result of factors that the valuer could not reasonably have been aware of as at the date of valuation). Refer to Significant accounting policies under Overview section and Note 8.4 for further information on fair value measurement.

The date 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 2022 are as follows:

	Level 1	Level 2	Level 3	Date of Valuation
Land	-	776	-	Jun-20
Specialised land	-	-	88	Jun-20
Land Improvements	-	-	2,763	Jun-20
Heritage Buildings	-	-	7	Jun-20
Buildings	-	-	13,929	Jun-20
Total	-	776	16,787	

Valuation of infrastructure

Valuation of infrastructure assets has been undertaken by Council's Asset Management team and Mr Peter Moloney of Moloney Asset Management Systems in October 2020. Values were updated using information provided by Moloney Asset Management Systems as a result of his condition assessment and unit rate comparison to other similar councils.

The date of the current valuation is detailed in the following table. An index based revaluation was conducted in the prior year, this valuation was based on unit rate and useful life data analysis.

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

Details of the Council's infrastructure and information about the fair value hierarchy as at 30 June 2022 are as follows:

	Level 1	Level 2	Level 3	Date of Valuation
Roads	-	-	194,714	Oct-20
Bridges	-	-	1,692	Oct-20
Footpaths and cycleways	-	-	3,296	Oct-20
Drainage	-	-	6,013	Oct-20
Total	-	-	205,715	

Description of significant unobservable inputs into level 3 valuations

Specialised land and land under roads is valued using a market based direct comparison technique. Significant unobservable inputs include the extent and impact of restriction of use and the market cost of land per square metre. The extent and impact of restrictions on use varies and results in a reduction to surrounding land values between 30% and 95%. The market value of land varies significantly depending on the location of the land and the current market conditions. Currently Council records no land under roads.

Specialised buildings are valued using a depreciated replacement cost technique. Significant unobservable inputs include the current replacement cost and remaining useful lives of buildings. Current replacement costs is calculated on a square metre basis and ranges from \$350 to \$1,700 per square metre. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary from 40 years to 60 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 depreciated 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 1 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.

	2022	2021
	\$'000	\$'000
Reconciliation of specialised land		
Municipal Office Land	90	90
Waste Disposal Land	-	-
Community Services Land	73	73
Infrastructure and Works Operations Land	113	113
Recreational and Sundry Council Land	500	500
Total specialised land	776	776

	2022	2021
	\$'000	\$'000
6.2 Investments in associates, joint arrangements and subsidiaries		
(a) Investments in associates		
Investments in associates accounted for by the equity method are:		
- Wimmera Regional Library Corporation	440	386
- Wimmera Development Association	221	160
Wimmera Regional Library Corporation		
<i>Background</i>		
Council's investment in the Wimmera Regional Library Corporation is based on the equity method		
Council's interest in equity	30.54%	27.97%
Fair value of Council's investment in Wimmera Regional Library Corporation	<u>440</u>	<u>386</u>
Council's share of accumulated surplus/(deficit)		
Council's share of accumulated surplus/(deficit) at start of year	252	230
Reported surplus/(deficit) for year	19	4
Transfers (to) from reserves	4	16
Change in equity share apportionment	24	2
Council's share of accumulated surplus/(deficit) at end of year	<u>299</u>	<u>252</u>
Council's share of reserves		
Council's share of reserves at start of year	133	141
Transfers (to) from reserves	(4)	(12)
Change in equity share apportionment	12	4
Council's share of reserves at end of year	<u>141</u>	<u>133</u>
Movement in carrying value of specific investment		
Carrying value of investment at start of year	386	371
Share of surplus/(deficit) for year	19	4
Change in equity share apportionment	35	11
Carrying value of investment at end of year	<u>440</u>	<u>386</u>
Wimmera Development Association		
Council's investment in the Wimmera Development Association is based on the equity method of accounting.		
Council's interest in equity	7.76%	7.76%
Fair value of Council's investment in Wimmera Development Association	<u>221</u>	<u>160</u>
Council's share of accumulated surplus/(deficit)		
Council's share of accumulated surplus/(deficit) at start of year	120	37
Reported surplus/(deficit) for year	63	83
Transfers (to) from reserves	11	-
Council's share of accumulated surplus/(deficit) at end of year	<u>194</u>	<u>120</u>
Council's share of reserves		
Council's share of reserves at start of year	40	40
Transfers (to) from reserves	(12)	-
Council's share of reserves at end of year	<u>28</u>	<u>40</u>
Movement in carrying value of specific investment		
Carrying value of investment at start of year	160	77
Share of surplus/(deficit) for year	61	83
Carrying value of investment at end of year	<u>221</u>	<u>160</u>

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

(b) Committees of management

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

The Council is the Committee of Management for the Edenhope, Goroke and Kaniva Cemeteries. The assets and liabilities of the Committees have been included in Council's financial statement and are summarised below:

	2022 \$'000	2021 \$'000
(b) Edenhope Cemetery		
Assets		
Current assets		
Cash and cash equivalents	34	42
Total Current assets	<u>34</u>	<u>42</u>
Non-current assets	-	-
Net Assets	<u>34</u>	<u>42</u>
Income		
Fees and Charges	18	31
Total Income	<u>18</u>	<u>31</u>
Expenses		
Other Materials & Services	27	45
Total Expenses	<u>27</u>	<u>45</u>
Surplus(Loss) for period	<u>(9)</u>	<u>(14)</u>
(c) Goroke Cemetery		
Assets		
Current assets		
Cash and cash equivalents	19	19
Total Current assets	<u>19</u>	<u>19</u>
Non-current assets	-	-
Net Assets	<u>19</u>	<u>19</u>
Income		
Fees and Charges	20	20
Total Income	<u>20</u>	<u>20</u>
Expenses		
Other Materials & Services	16	16
Total Expenses	<u>16</u>	<u>16</u>
Surplus(Loss) for period	<u>4</u>	<u>4</u>
(d) Kaniva Cemetery		
Assets		
Current assets		
Cash and cash equivalents	135	135
Total Current assets	<u>135</u>	<u>135</u>
Non-current assets	-	-
Net Assets	<u>135</u>	<u>135</u>
Income		
Fees and Charges	41	41
Total Income	<u>41</u>	<u>41</u>
Expenses		
Other Materials & Services	33	33
Total Expenses	<u>33</u>	<u>33</u>
Surplus(Loss) for period	<u>8</u>	<u>8</u>

	2022	2021
	No.	No.
Note 7 People and relationships		
7.1 Council and key management remuneration		
(a) Related Parties		
<i>Parent entity</i>		
Model Council is the parent entity.		
<i>Subsidiaries and Associates</i>		
Interests in subsidiaries and associates are detailed in Note 6.2.		
(b) Key Management Personnel		
Details of persons holding the position of Councillor or other members of key management personnel at any time during the year are:		
Details of KMP at any time during the year are:		
Councillors		
Mayor Bruce Meyer		
Cr Jodie Pretlove		
Cr Trevor Domaschenz		
Cr Tom Houlihan		
Cr Tim Meyer		
Chief Executive Officer David Bezuidenhout		
Director - Corporate & Community Services Vin McKay (1 July 2021 - 8 December 2021)		
Director - Corporate & Community Services James Bentley (8 December 2021 - 30 June 2022)		
Director - Infrastructure Development & Works Ram Upadhyaya		
Total Number of Councillors	5	6
Total of Chief Executive Officer and other Key Management Personnel	4	6
Total Number of Key Management Personnel	9	12
(c) Remuneration of Key Management Personnel	2022	2021
	\$	\$
Total remuneration of key management personnel was as follows:		
Short-term benefits	648	771
Long-term benefits	111	73
Post employment benefits	-	-
Termination benefits	-	-
Total	759	844
The numbers of key management personnel whose total remuneration from Council and any related entities, fall within the following bands:		
	2022	2021
	No.	No.
\$10,000 - \$19,999	-	2
\$20,000 - \$29,999	3	4
\$30,000 - \$39,999	1	1
\$50,000 - \$59,999	-	1
\$60,000 - \$69,999	1	-
\$80,000 - \$89,999	1	-
\$100,000 - \$109,999	-	1
\$120,000 - \$129,999	1	-
\$140,000 - \$149,999	1	1
\$160,000 - \$169,999	-	1
\$200,000 - \$209,999	-	1
\$220,000 - \$229,999	1	-
	9	12

(d) Senior Officer Remuneration

A Senior Officer is an officer of Council, other than Key Management Personnel, who:

- a) has management responsibilities and reports directly to the Chief Executive; or
- b) whose total annual remuneration exceeds \$151,000

Council had no Senior Officers whose total remuneration exceeded \$151,000 for the year ended 30 June 2022.

7.2 Related party disclosure

(a) Transactions with related parties

No transactions with related parties were conducted during the year.

(b) Outstanding balances with related parties

There are no outstanding balances with related parties at balance date.

(c) Loans to/from related parties

There were no loans during the year between Council and related parties.

(d) Commitments to/from related parties

There were no commitments during the year between Council and related parties.

Note 8 Managing uncertainties

8.1 (a) Contingent assets and liabilities

Council has no contingent assets identified at balance date.

(b) Contingent liabilities

Contingent liabilities are:

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

Superannuation

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

Landfill

Council does not operate any landfill site within its boundaries. There are no former licenced landfill sites within the shire.

Insurance claims

Council does not have any pending insurance claims at 30 June 2022.

Legal matters

Council may be subject to future legal costs in relation to the electricity supply to one of its recreation facilities and the sporting club which utilises the facility. At this stage Council is unable to assign any cost to this potentiality.

Council may be subject to further legal costs in relation to a compensation claim by a shire resident who was prosecuted by the Department of Environment, Land, Water and Planning over illegal clearing of native vegetation. At this stage, Council is unable to assign any cost to this potentiality.

Council may be subject to legal action regarding two separate alleged workplace injuries by former employees of West Wimmera Shire Council. At this stage Council is unable to assign any cost to these potentialities.

Building cladding

Council does not have any potential contingents that exist in relation to rectification works or other matters associated with building cladding.

Liability Mutual Insurance

Council is (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.

Other Contingent Liabilities

Council might be required to cover for any natural disasters (Fire, flood, or storm event) for any events under the DRFA threshold.

(c) Guarantees for loans to other entities

Council has made no guarantees for loans to other entities.

8.2 Change in accounting standards

Certain new Australian Accounting Standards and interpretations have been published that are not mandatory for the 30 June 2022 reporting period. Council assesses the impact of these new standards. As at 30 June 2022 there were no new accounting standards or interpretations issued by the AASB which are applicable for the year ending 30 June 2023 that are expected to impact Council.

8.3 Financial instruments

(a) Objectives and policies

The Council's principal financial instruments comprise cash assets, term deposits, receivables (excluding statutory receivables), payables (excluding statutory payables) and bank borrowings. Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument is disclosed in 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 does not hold any interest bearing financial instruments that are measured at fair value, and therefore has no exposure to fair value interest rate risk. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Council has minimal exposure to cash flow interest rate risk through its cash and deposits that are at floating rates.

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

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

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

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

(c) Credit risk

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

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

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

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

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

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

(d) Liquidity risk

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

To help reduce these risks Council:

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

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

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

All financial liabilities are expected to be settled within normal terms of trade.

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

(e) Sensitivity disclosure analysis

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

- A parallel shift of + 1% and -1% in market interest rates (AUD) from year-end rates of **2.11%**.

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

8.4 Fair value measurement

Fair value hierarchy

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

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

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

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

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

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

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

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

Revaluation

Subsequent to the initial recognition of assets, non-current physical assets, other than plant and equipment, are measured at their fair value, being the price that would be received to sell an asset (or paid to transfer a liability) in an orderly transaction between market participants at the measurement date. 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 3 to 5 years. The valuation is performed either by experienced council officers or independent experts.

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

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

There have been no significant events occurring after the balance date which may affect the Council's operations or the results of those operations, except for noting that the COVID-19 pandemic is ongoing and it is not practicable to estimate the potential impact after the reporting date.

Note 9 Other matters

	Balance at beginning of reporting period \$'000	Increment (decrement) \$'000	Balance at end of reporting period \$'000
9.1 Reserves			
(a) Asset revaluation reserves			
2022			
Property			
Land	569		569
Land and land improvements	198	-	198
Buildings	7,566	-	7,566
	8,333	-	8,333
Infrastructure			
Roads	174,745	-	174,745
Footpaths and cycleways	5,991	-	5,991
Drainage	4,470	-	4,470
	185,206	-	185,206
Total asset revaluation reserves	193,539	-	193,539
2021			
Property			
Land	569	-	569
Land and land improvements	198	-	198
Buildings	7,566	-	7,566
	8,333	-	8,333
Infrastructure			
Roads	141,636	33,109	174,745
Footpaths and cycleways	5,273	718	5,991
Drainage	4,470	-	4,470
	151,379	33,827	185,206
Total asset revaluation reserves	159,712	33,827	193,539

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

	Balance at beginning of reporting period \$'000	Transfer from accumulated surplus \$'000	Transfer to accumulated surplus \$'000	Balance at end of reporting period \$'000
(b) Other reserves				
2022				
Plant replacement	692	79	-	771
Quarry restoration	119	3	-	122
Capital improvement	315	7	-	322
Rates revaluation	399	-	-	399
Elections	15	20	-	35
Carried Forward project Reserve	4,599	3,509	(4,599)	3,509
Total Other reserves	6,139	3,618	(4,599)	5,158
2021				
Plant replacement	616	76	-	692
Quarry restoration	116	3	-	119
Capital improvement	308	7	-	315
Rates revaluation	399	-	-	399
Elections	62	21	(68)	15
Carried Forward project Reserve	894	4,599	(894)	4,599
Total Other reserves	2,395	4,706	(962)	6,139

Description of nature and purpose of each of Council's discretionary reserves are:

The Plant Replacement is funded by the Plant Operating Surplus and is maintained to replace all major items of Plant and Equipment
Crabtree Trust Reserve was bequeathed to Council to provide funds for the upgrade of facilities at the Lake Charlegrark Reserve.

The Quarry Restoration Reserve was generated via a charge against the sale price of quarry stocks that was retained to restore the quarry sites to natural levels once quarrying has ceased. There have been no further charges (other than nominal interest) generated for this reserve since the 1997/98 financial year as the retained reserve is considered adequate to undertake restoration
Capital Improvement Reserve is generated via transfers from Surplus Funds from time to time as determined by Council for use on any significant capital infrastructure projects.

Rates Revaluation Reserve provides funds to undertake each property revaluation for rating purposes every two years.

The Elections Reserve provides funds to undertake Council Elections every 4th year.

The Kindergarten Operations Reserve provides that unspent budgeted funds from each year are brought forward and made available for kindergarten spending in future years. In this way negative effects of falling enrolments can be minimised.

The Carried Forward Projects Reserve provides for all budgeted amounts which have not been spent as at 30 June and which are required to be carried forward to the next financial year and are not budgeted in the next financial year.

	2022 \$'000	2021 \$'000
9.2 Reconciliation of cash flows from operating activities to surplus/(deficit)		
Surplus/(deficit) for the year	1,199	(605)
Depreciation	8,165	7,953
(Profit)/loss on disposal of property, infrastructure, plant and equipment	(87)	145
Share of net (profit)/loss of associates	(80)	(87)
Provision for doubtful debts	-	11
<i>Change in assets and liabilities:</i>		
(Increase)/decrease in trade and other receivables	616	(653)
(Increase)/decrease in other assets	(50)	232
Increase/(decrease) in trade and other payables	(1,741)	2,162
(Decrease)/increase in other liabilities	-	-
(Increase)/decrease in inventories	(44)	19
Increase/(decrease) in provisions	(87)	(324)
Net cash provided by/(used in) operating activities	<u>7,891</u>	<u>8,853</u>

9.3 Superannuation

Council makes the majority of its employer superannuation contributions in respect of its employees to the Local Authorities Superannuation Fund (the Fund). This Fund has two categories of membership, accumulation and defined benefit, each of which is funded differently. Obligations for contributions to the Fund are recognised as an expense in Comprehensive Operating 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 2021, this was 9.5% as required under Superannuation Guarantee (SG) legislation).

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 West Wimmera Shire Council in the Fund cannot be measured as a percentage compared with other participating employers. Therefore, the Fund Actuary is unable to allocate benefit liabilities, assets and costs between employers for the purposes of AASB 119.

Funding arrangements

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

As at 30 June 2021, an interim actuarial investigation was held as the Fund provides lifetime pensions in the Defined Benefit category.

The vested benefit index (VBI) of the Defined Benefit category of which Council is a contributing employer was 109.8%. The financial assumptions used to calculate the VBI were:

Net investment returns 4.75% pa
Salary information 2.75% pa
Price inflation (CPI) 2.25% pa.

As at 30 June 2022, an interim actuarial investigation is underway as the Fund provides lifetime pensions in the Defined Benefit category. It is expected to be completed by 31 October 2022.

Vision Super has advised that the VBI at 30 June 2022 was 102.2%. Council was notified of the 30 June 2022 VBI during August 2022 (2021: August 2021). The financial assumptions used to calculate this VBI were:

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

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

Employer contributions

(a) Regular contributions

On the basis of the results of the 2021 interim actuarial investigation conducted by the Fund Actuary, Council makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2022, this rate was 10.0% of members' salaries (9.5% in 2020/21). 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 2020 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 2021 interim actuarial investigation surplus amounts

An actuarial investigation is conducted annually for the Defined Benefit category of which Council is a contributing employer. Generally, a full actuarial investigation is conducted every three years and interim actuarial investigations are conducted for each intervening year. An interim investigation was conducted as at 30 June 2021 and the last full investigation was conducted as at 30 June 2020.

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

	2021 (Interim) \$m	2020 (Triennial) \$m
- A VBI Surplus	214.7	100.0
- A total service liability surplus	270.3	200.0
- A discounted accrued benefits surplus	285.2	217.8

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 2021.

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 2021.

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 2021.

Council was notified of the 30 June 2021 VBI during August 2021 (2020: August 2020).

The 2022 interim actuarial investigation

An interim actuarial investigation is being conducted for the Fund's position as at 30 June 2022 as the Fund provides lifetime pensions in the Defined Benefit category. It is anticipated that this actuarial investigation will be completed by October 2022. Council was notified of the 30 June 2022 VBI during August 2022 (2021: August 2021).

Superannuation contributions

Contributions by Council (excluding any unfunded liability payments) to the above superannuation plans for the financial year ended 30 June 2022 are detailed below:

Scheme	Type of Scheme	Rate	2022 \$'000	2021 \$'000
Vision super	Defined benefits	10.0% (2021:9.5%)	49	61
Vision super	Accumulation	10.0% (2021:9.5%)	329	310
Other super funds	Accumulation	10.0% (2021:9.5%)	438	352

There were no contributions outstanding and no loans issued from or to the above schemes as at 30 June 2022.

The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2023 is \$48,591.85

10 Change in accounting policy

There have been no changes to accounting policies in the 2021-22 year.

There are no pending accounting standards that are likely to have a material impact on council