

Murrindindi Shire Council Annual Financial Report For the Year Ended 30 June 2025

Murrindindi 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*, Australian Accounting Standards and other mandatory professional reporting requirements.

Nikki Rongong
Principal Accounting Officer

Date: 24 October 2025
Alexandra

In our opinion the accompanying financial statements present fairly the financial transactions of Murrindindi Shire Council for the year ended 30 June 2025 and the financial position of the Council as at that date.

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

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

Damien Gallagher
Mayor

Date: 24 October 2025
Alexandra

Paul Hildebrand

Councillor

Date: 24 October 2025
Alexandra

Livia Bonazzi
Chief Executive Officer

Date: 24 October 2025
Alexandra

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**Comprehensive
Income Statement
For the Year Ended 30 June 2025**

	Note	2025 \$'000	2024 \$'000
Income / Revenue			
Rates and charges	3.1	24,695	23,963
Statutory fees and fines	3.2	1,028	1,101
User fees	3.3	2,248	1,876
Grants - operating	3.4	11,840	7,701
Grants - capital	3.4	7,894	6,595
Contributions - monetary	3.5	458	359
Contributions - non monetary	3.5	1,970	424
Other income	3.6	4,796	3,290
Total income / revenue		<u>54,929</u>	<u>45,309</u>
Expenses			
Employee costs	4.1	18,551	17,203
Materials and services	4.2	17,168	18,801
Depreciation	4.3	9,710	9,084
Amortisation - intangible assets	4.4	200	353
Depreciation - right of use assets	4.5	18	18
Allowance for impairment losses	4.6	24	13
Finance costs - leases	4.8	3	4
Net loss on disposal of property, infrastructure, plant and equipment	4.7	575	723
Other expenses	4.9	643	723
Total expenses		<u>46,892</u>	<u>46,922</u>
Surplus/(deficit) for the year		<u>8,037</u>	<u>(1,613)</u>
Other comprehensive income			
Items that will not be reclassified to surplus or deficit in future periods			
Net asset revaluation gain	6.1	31,601	19,727
Total other comprehensive income		<u>31,601</u>	<u>19,727</u>
Comprehensive result		<u>39,638</u>	<u>18,114</u>

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

Balance Sheet As at 30 June 2025

	Note	2025 \$'000	2024 \$'000
Assets			
Current assets			
Cash and cash equivalents	5.1(a)	14,111	4,511
Trade and other receivables	5.1(c)	8,058	4,910
Other financial assets	5.1(b)	16,000	26,300
Inventories	5.2(a)	26	30
Other assets	5.2(b)	1,364	933
Total current assets		<u>39,559</u>	<u>36,684</u>
Non-current assets			
Property, infrastructure, plant and equipment	6.1	544,426	508,656
Right-of-use assets	5.7	54	72
Intangible assets	5.2(c)	102	355
Total non-current assets		<u>544,582</u>	<u>509,083</u>
Total assets		<u>584,141</u>	<u>545,767</u>
Liabilities			
Current liabilities			
Trade and other payables	5.3(a)	2,609	4,316
Trust funds and deposits	5.3(b)	1,965	2,077
Contract and other liabilities	5.3(c)	3,363	1,208
Provisions	5.4	7,348	4,556
Lease liabilities	5.7	18	17
Total current liabilities		<u>15,303</u>	<u>12,174</u>
Non-current liabilities			
Provisions	5.4	2,580	6,955
Lease liabilities	5.7	38	56
Total non-current liabilities		<u>2,618</u>	<u>7,011</u>
Total liabilities		<u>17,922</u>	<u>19,185</u>
Net assets		<u>566,220</u>	<u>526,582</u>
Equity			
Accumulated surplus		147,520	139,957
Reserves	9.1(a)	402,696	371,095
Other reserves	9.1(b)	16,004	15,530
Total equity		<u>566,220</u>	<u>526,582</u>

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

Statement of Changes in Equity For the Year Ended 30 June 2025

	Note	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
2025					
Balance at beginning of the financial year		526,582	139,957	371,095	15,530
Surplus for the year		8,037	8,037	-	-
Net asset revaluation increment	9.1	31,601	-	31,601	-
Transfers to other reserves	9.1(b)	-	(8,810)	-	8,810
Transfers from other reserves	9.1(b)	-	8,336	-	(8,336)
Balance at end of the financial year		566,220	147,520	402,696	16,004

		Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
2024					
Balance at beginning of the financial year		508,469	138,374	351,368	18,727
Deficit for the year		(1,613)	(1,613)	-	-
Net asset revaluation increment	9.1	19,727	-	19,727	-
Transfers to other reserves	9.1(b)	-	(6,415)	-	6,415
Transfers from other reserves	9.1(b)	-	9,612	-	(9,612)
Balance at end of the financial year		526,582	139,957	371,095	15,530

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 2025

		2025 Inflows/ (Outflows) \$'000	2024 Inflows/ (Outflows) \$'000
	Note		
Cash flows from operating activities			
Rates and charges		23,592	23,249
Statutory fees and fines		1,011	1,124
User fees		2,791	3,449
Grants - operating		12,407	5,440
Grants - capital		6,560	5,444
Contributions - monetary		504	381
Interest received		1,777	2,074
Other receipts		3,309	1,325
Net Fire Services Property Levy received (remitted)		308	(30)
Net GST refund		2,310	3,005
Trust funds and deposits repaid		(420)	213
Materials and services		(21,568)	(22,633)
Employee costs		(18,143)	(16,864)
Other payments		(375)	(391)
Net cash provided by operating activities	9.2	14,063	5,786
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment		(14,892)	(16,169)
Payments for intangible assets		(11)	-
Proceeds from sale of property, infrastructure, plant and equipment		162	207
Receipts from Investments		10,300	7,300
Net cash used in investing activities		(4,441)	(8,662)
Cash flows from financing activities			
Finance costs		(3)	(4)
Repayments of lease liabilities		(17)	(17)
Net cash used in financing activities		(20)	(21)
Net increase / (decrease) in cash and cash equivalents		9,602	(2,897)
Cash and cash equivalents at the beginning of the financial year		4,511	7,408
Cash and cash equivalents at the end of the financial year	5.1(a)	14,114	4,511

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

Statement of Capital Works For the Year Ended 30 June 2025

	Note	2025 \$'000	2024 \$'000
Property			
Land		44	898
Total land		44	898
Buildings		575	8,972
Total buildings		575	8,972
Total property		619	9,870
 Plant and equipment			
Plant, machinery and equipment		1,092	1,391
Fixtures, fittings and furniture		183	151
Library books		104	102
Total plant and equipment		1,379	1,644
 Infrastructure			
Roads		3,604	4,976
Bridges		618	118
Footpaths and cycleways		364	251
Drainage		312	105
Recreational, leisure and community facilities		3,601	-
Waste management		1,186	-
Parks, open space and streetscapes		580	-
Other infrastructure		384	-
Total infrastructure		10,649	5,450
 Total capital works expenditure		12,647	16,964
 Represented by:			
New asset expenditure		2,849	4,389
Asset renewal expenditure		5,853	6,359
Asset expansion expenditure		1,531	3,858
Asset upgrade expenditure		2,414	2,358
Total capital works expenditure		12,647	16,964

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

Note 1 Overview

Introduction

The Murrindindi Shire Council was established by an Order of the Governor in Council on 18 November 1994 and is a body corporate. The Council's main office is located at Perkins Street, Alexandra.

Statement of compliance

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

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

Accounting policy information

1.1 Basis of accounting

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

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

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

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

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

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

- the fair value of land, buildings, infrastructure, plant and equipment (refer to Note 6.1)
- the determination of depreciation for buildings, infrastructure, plant and equipment (refer to Note 6.1)
- the determination of employee provisions (refer to Note 5.4)
- the determination of landfill provisions (refer to Note 5.4)
- the determination of whether performance obligations are sufficiently specific so as to determine whether an arrangement is within the scope of AASB 15 Revenue from Contracts with Customers or AASB 1058 Income of Not-for-Profit Entities (refer to Note 3)
- the determination, in accordance with AASB 16 Leases, of the lease term, the estimation of the discount rate when not implicit in the lease and whether an arrangement is in substance short-term or low value (refer to Note 5.7)
- whether or not AASB 1059 Service Concession Arrangements: Grantors is applicable
- other areas requiring judgements.

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

Goods and Services Tax (GST)

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

Notes to Financial Report For the Year Ended 30 June 2025

Note 2 Analysis of Results

2.1 Performance against budget

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

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

2.1.1 Income / revenue and expenditure

	Budget 2025 \$'000	Actual 2025 \$'000	Variance \$'000	Variance %	Ref
Income / revenue					
Rates and charges	24,935	24,695	(240)	(1%)	
Statutory fees and fines	1,295	1,028	(267)	(21%)	1
User fees	1,652	2,248	596	36%	2
Grants - operating	7,768	11,840	4,072	52%	3
Grants - capital	5,832	7,894	2,062	35%	4
Contributions - monetary	441	458	17	4%	
Contributions - non monetary	600	1,970	1,370	228%	5
Other income	2,009	4,796	2,787	139%	6
Total income / revenue	44,532	54,929	10,397	-	
Expenses					
Employee costs	18,341	18,551	(210)	1%	
Materials and services	13,817	17,168	(3,351)	24%	7
Allowance for impairment losses	-	24	(24)	100%	8
Depreciation	8,570	9,710	(1,140)	13%	9
Amortisation - intangible assets	244	200	44	(18%)	10
Depreciation - right of use assets	18	18	-	-	
Finance costs - leases	77	3	74	(96%)	11
Net loss on disposal of property, infrastructure, plant and	600	575	25	(4%)	
Other expenses	532	643	(111)	21%	12
Total expenses	42,199	46,892	(4,692)	11%	
Surplus/(deficit) for the year	2,333	8,037	5,704	244%	

Notes to Financial Report For the Year Ended 30 June 2025

Note 2 Performance against budget (cont.)

2.1.1 Income / revenue and expenditure (cont.) (i) Explanation of material variations

Variance Ref	Item	Explanation
1	Statutory fees and fines	Unfavourable variance \$267k due to decreased economic activity resulting in lower than budgeted building and development fees.
2	User fees	Favourable variance \$596k due to increased activity at resource recovery centres and landfill \$136k. Higher throughput at the sale yards \$445k due to increased number of auction dates following Pakenham saleyard closure.
3	Grants - operating	Favourable variance \$4m. Financial assistance grant (Victorian Grants Commission) paid in advance \$3.3m, flood assistance grants \$300k, new grant Alexandra east development plan \$289k.
4	Grants - capital	Flood assistance grants \$2.3m moved from operating grants to capital grants due to the capital nature.
5	Contributions - non monetary	Council receives contributions in the form of infrastructure as a result of subdivisions and developments. The timing and amount of such contributions is largely outside Council's control. Details of contributions are shown at Note 3.5.
6	Other income	Favourable variance Interest on investments \$183k due to higher interest rates. Volunteer services higher than budgeted (offset by corresponding expenditure) \$148k. Furthermore, insurance reimbursements were \$177k higher than budget, and income received from the Yea Wetlands Community Asset Committee of \$167k as payment for works done by Council. Recycling income received from resource recovery was \$58k higher than budgeted. A favourable one-off adjustment to the provision for the rehabilitation and aftercare of the Alexandra landfill site due to lower than anticipated future costs \$1.9m.
7	Materials and services	Contractor and materials utilised to complete flood funded recovery works \$2m. Resource were engaged to complete other new and carried forward grant funded projects \$526k. Staff vacancies were difficult to fill, and short-term contract and labour hire arrangements were harnessed \$243k. Higher fuel and plant repair cost \$126k. Extra works at Marysville Caravan and Holiday Park including removal of dangerous trees, funded from reserve transfer \$73k. Extra throughput at the saleyards generated extra cost \$257k , more than offset by additional saleyards income.
8	Allowance for impairment losses	Provision for doubtful debts and infringements write-off occurred. This item was not budgeted.
9	Depreciation	Infrastructure depreciation increased due to the impact of the revaluation and indexation of asset values during 2024-25.
10	Amortisation - intangible assets	Intangible landfill airspace assets were revalued during the year, resulting in a lower amortisation charge \$44k than budget.
11	Finance costs - leases	Proposed borrowing did not proceed. Small finance cost is due to the take up of right of use leased assets.
12	Other expenses	Volunteers' services were above budget expectations \$148k, offset by corresponding income recognition. Refer (5). Councillor expenses \$20k lower than budgeted.

**Notes to Financial Report
For the Year Ended 30 June 2025**

Note 2 Performance against budget (cont.)

2.1.2 Capital works

	Budget 2025 \$'000	Actual 2025 \$'000	Variance \$'000	Variance %	Ref
Property					
Land	330	44	(286)	(87%)	1
Total land	330	44	(286)	(87%)	
Buildings	4,394	575	(3,819)	(87%)	2
Total buildings	4,394	575	(3,819)	(87%)	
Total property	4,724	619	(4,105)	(87%)	
Plant and equipment					
Plant, machinery and equipment	1,148	1,092	(56)	(5%)	3
Fixtures, fittings and furniture	166	183	17	10%	
Library books	100	104	4	4%	
Total plant and equipment	1,414	1,379	(35)	(2%)	
Infrastructure					
Roads	4,244	3,604	(640)	(15%)	4
Bridges	465	618	153	33%	5
Footpaths and cycleways	333	364	31	9%	
Drainage	713	312	(401)	(56%)	6
Recreational, Leisure & Community Facilities	-	3,601	3,601	100%	7
Waste management	2,330	1,186	(1,144)	(49%)	8
Parks, Open Space & Streetscapes	-	580	580	100%	7
Other Infrastructure	-	384	384	100%	7
Total infrastructure	8,085	10,649	2,564	32%	
Total capital works expenditure	14,223	12,647	(1,576)	(11%)	
Represented by:					
New asset expenditure	1,837	2,849	1,012	55%	
Asset renewal expenditure	5,916	5,853	(63)	(1%)	
Asset expansion expenditure	2,073	1,531	(542)	(26%)	
Asset upgrade expenditure	4,397	2,414	(1,983)	(45%)	
Note 2.1.2 Total capital works expenditure	14,223	12,647	(1,576)	(11%)	

Performance against budget (cont.)

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Land	The current expenditure is under the allocated budget, as the construction activities for the Eildon Key Worker Housing development did not begin until June 2025. Consequently, these expenditures will need to be rolled over into the following financial year, reflecting the delayed start of the subdivision works.
2	Buildings	Initially, Recreational, Leisure, and Community Facilities were categorized as an asset subclass within the Buildings budget. This classification has now been transferred to the Infrastructure category. Please refer to Note 6 for further details regarding the transfer between asset categories.
3	Fixtures, fittings and furniture	The budget overrun resulted from IT equipment acquisitions and improvements for the Yea Chambers.
4	Roads	The variance is below budget primarily due to the underspend on Road Safety Strategy Implementation and the LRCI-funded Castella Road Reconstruction project. The unspent funds will be carried forward to the 2025/26 financial year.
5	Bridges	The variance exceeds the budget due to expenditure carried forward from the 2023/24 financial year for renewal works completed on Abes and Smith bridges.
6	Drainage	Expenditure below target due to works originally budgeted under Drainage for Long Gully Road and Riverside Drive in Flowerdale. These projects have been reported under 'Roads' asset category.
7	Recreational, Leisure & Community Facilities, Parks, Open Space & Streetscapes, Other Infrastructure	The original budget shows a nil amount for these asset subclasses, as they were initially budgeted under the 'Buildings' category. Please refer to Note 6 for further details regarding the transfers between asset categories.
8	Waste management	Expenditure is currently below budget primarily due to delays in obtaining approvals from the EPA for the landfill cell capping works in Alexandra.

Notes to Financial Report For the Year Ended 30 June 2025

Note 2 Performance against budget (cont.)

Note 2.2 Analysis of Council results by program

Council delivers its functions and activities through the following programs.

2.2.1 Resilient Communities

To ensure we are welcoming, inclusive, caring and connected.

We recognise that resilient communities are connected communities with access to services that support physical and mental health in a safe environment. We value the community's diversity and are committed to inclusion, access and equity for everyone. We will build on this quality by encouraging participation and involvement. These principles foster cohesiveness, empower people and improve resilience and the wellbeing of the community.

Resilient communities includes, children and family services, library services, community services, community development and engagement.

Beautiful Townships and Rural settings

To create a better place for our community and visitors to live in harmony with our rural character, natural beauty and heritage.

The unique character, history, scenic beauty and ambience of our places and spaces and the health of our natural environment are highly valued by our communities. We will ensure our built environments are well planned to enable sensible growth that does not compromise the natural environment, nor the liveability, accessibility and character of our towns and localities.

Beautiful township and rural settings includes, building control, community safety, development approvals, environmental health, infrastructure maintenance, parks, gardens and open space management.

Growth and Opportunity

To prioritise and promote a culture in which the economy, businesses and community can grow and thrive.

We recognise that growth and opportunity are key to supporting individual aspirations and our communities. We will ensure that opportunities to encourage our businesses, social enterprises and industry sectors to grow and thrive are pursued. We will support businesses to start, grow or transition, promote tourism, facilitate access to support and training, and embrace activities that help boost local employment and investment.

Growth and opportunity includes tourism and business development services and saleyards management.

Our Protected Environment

To protect and enhance our natural environment, supporting environmental sustainability, community resilience, innovation and adaptation to climate change to achieve net-zero emissions by 2035.

We are fortunate to live in one of the most diverse and beautiful places in the world. We recognise that the prosperity and wellbeing of our communities depends on a healthy environment, and a healthy environment depends on us making ecologically-sustainable choices. We will continue to value our natural landscapes and biodiversity and share the responsibility of being climate ready and leaders in resource management to help our Shire grow and thrive.

Our protected environment includes, environmental and waste management.

Transparency, Inclusion and Accountability

To ensure our services, people and systems deliver the best possible outcomes for our communities now and into the future.

Our organisation will be innovative, accountable and focused on achieving the community's needs and priorities. Our workplace is equitable, flexible and focused on health, safety and wellbeing, as our staff are integral in effective and responsive service delivery. We value working with our communities to prioritise, plan and advocate for the needs now and into the future.

Transparency, inclusion and accountability includes, councillors, chief executive and executive team, communications and publications, financial services, corporate services, human resources, customer services, emergency services, asset planning and management.

Notes to Financial Report For the Year Ended 30 June 2025

Note 2 Performance against budget (cont.)

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

	Income / Revenue	Expenses	Surplus / (Deficit)	Grants included in Income / Revenue	Total Assets
	\$'000	\$'000	\$'000	\$'000	\$'000
2025					
Resilient communities	2,344	6,556	(4,212)	1,903	27,532
Beautiful townships and rural settings	15,130	13,076	2,054	11,739	442,121
Growth and opportunity	1,301	1,987	(686)	-	8,347
Our protected environment	7,817	5,238	2,579	143	21,997
Transparency, inclusion and accountability	1,757	9,862	(8,104)	-	41,416
General rates	20,632	-	20,632	-	-
Unattributed	5,949	10,173	(4,226)	5,949	42,729
	54,930	46,892	8,037	19,734	584,142
	Income / Revenue	Expenses	Surplus / (Deficit)	Grants included in Income / Revenue	Total Assets
	\$'000	\$'000	\$'000	\$'000	\$'000
2024					
Resilient communities	2,925	6,426	(3,501)	2,429	26,136
Beautiful townships and rural settings	13,507	14,073	(566)	11,512	412,167
Growth and opportunity	874	1,932	(1,058)	-	7,856
Our protected environment	5,817	5,595	221	176	22,756
Transparency, inclusion and accountability	1,972	9,287	(7,315)	15	37,772
General rates	20,050	-	20,050	-	-
Unattributed	164	9,609	(9,444)	164	39,080
	45,309	46,922	(1,613)	14,296	545,767

Unattributed income includes Victorian Grants Commission funding and proceeds from sale of assets.

Unattributed expenses include depreciation, amortisation and the written down value of the asset disposed.

Rates income is also reported separately, in line with the 2024/25 Annual Budget.

Notes to Financial Report For the Year Ended 30 June 2025

Note 3	Funding for the delivery of our services	2025 \$'000	2024 \$'000
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3.1 Rates and charges

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 total value of land plus buildings and improvements.

The valuation base used to calculate the general rates for 2024/2025 was \$9,205 million (2023/2024 \$7,275 million).

The 2024/2025 rate in the dollar for general rate was 0.001915 of the capital improved value of the property (2023/2024 0.001849).

Council has a differential rate for Rural 1 land of 75% of the general rate. Rural 1 land is classified as rateable land which is not less than 40 hectares in area. There is no rating differential for land classified as Rural 2 land. Rural 2 land is any rural land that does not meet the criteria for Rural 1 land and is between 4 and 40 hectares.

The 2024/2025 Municipal Charge was \$374 (2023/2024 \$364) per rateable assessment.

In 2024/2025 the Garbage Service Charge was \$428.35 (2023/2024 \$416.85) and Recycling Charge was \$130.95 (2023/2024 \$127.45).

Residential	7,324	7,431
Commercial	905	831
Rural 1	3,941	3,625
Rural 2	3,538	3,523
Vacant land - residential	855	693
Vacant land - commercial	46	34
Municipal charge	3,714	3,615
Garbage charge	3,100	2,985
Recycling	964	928
Revenue in lieu of rates	308	298
Total rates and charges	24,695	23,963

The date of the general revaluation of land for rating purposes within the municipal district was 1 January 2024 and the valuation was first applied in the rating year commencing 1 July 2024.

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

3.2 Statutory fees and fines

Building inspection and permits	328	414
Community safety - including companion animal registrations	172	147
Environmental health inspections and permits	131	140
Planning and development permits	278	283
Infrastructure inspections and permits	79	95
Other	40	22
Total statutory fees and fines	1,028	1,101

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

Notes to Financial Report For the Year Ended 30 June 2025

Note 3	Funding for the delivery of our services (cont.)	2025 \$'000	2024 \$'000
3.3	User fees		
	Halls and community centres	36	39
	Saleyard fees	995	591
	Recreation pools and leisure centres	18	19
	Waste - transfer station & landfill fees	1,168	1,197
	Other fees and charges	31	30
	Total user fees	2,248	1,876
	User fees by timing of revenue recognition		
	User fees recognised at a point in time	2,248	1,876
	Total user fees	2,248	1,876
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	16,051	6,637
	State funded grants	3,683	7,659
	Total grants received	19,734	14,296
	(a) Operating grants		
	Recurrent - Commonwealth Government		
	Financial Assistance Grants	9,218	257
	Aged and disability	32	31
	Children services	351	795
	Recurrent - State Government		
	Aged and disability	3	4
	Children services	347	346
	Public health	11	10
	Library services	166	166
	Road safety	47	45
	Total recurrent operating grants	10,175	1,654

**Notes to Financial Report
For the Year Ended 30 June 2025**

Note 3	Funding for the delivery of our services (cont.)	2025	2024
		\$'000	\$'000
3.4	Funding from other levels of government (cont.)		
	Non-recurrent - Commonwealth Government		
	Building	289	-
	Community	5	4
	Emergency management	187	2,155
	Financial assistance grants	33	-
	Non-recurrent - State Government		
	Children services	67	164
	Community	462	544
	Economic development	155	226
	Emergency management	129	2,562
	Environmental services	214	215
	Public health	7	80
	Tourism	-	1
	Youth services	63	96
	Waste and recycling	54	-
	Total non-recurrent operating grants	1,665	6,047
	Total operating grants	11,840	7,701
Note 3	Funding for the delivery of our services (cont.)	2025	2024
		\$'000	\$'000
3.4	(b) Capital grants		
	Recurrent - Commonwealth Government		
	Roads to Recovery	1,864	2,190
	Recurrent - State Government		
	Library materials	6	6
	Total recurrent capital grants	1,870	2,196
	Non-recurrent - Commonwealth Government		
	Bridges	-	263
	Emergency management	1,725	-
	Roads	2,347	944
	Non-recurrent - State Government		
	Buildings	1,380	2,901
	Emergency management	559	-
	Footpaths and cycleways	-	55
	Plant and Equipment	-	108
	Roads	13	128
	Total non-recurrent capital grants	6,024	4,399
	Total capital grants	7,894	6,595

Notes to Financial Report For the Year Ended 30 June 2025

Note 3 Funding for the delivery of our services (cont.)

3.4 Funding from other levels of government (cont.)

(c) Recognition of grant income

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

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

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

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

	2025	2024
	\$'000	\$'000
Income recognised under AASB 1058 Income of Not-for-Profit Entities		
General purpose	10,175	1,654
Specific purpose grants to acquire non-financial assets	7,894	6,595
Other specific purpose grants	671	5,445
Revenue recognised under AASB 15 Revenue from Contracts with Customers		
Specific purpose grants	994	602
	19,734	14,296

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

Operating

Balance at start of year	428	2,705
Received during the financial year and remained unspent at balance date	747	281
Received in prior years and spent during the financial year	(180)	(2,558)
Balance at year end	995	428

Capital

Balance at start of year	780	3,564
Received during the financial year and remained unspent at balance date	2,368	619
Received in prior years and spent during the financial year	(780)	(3,403)
Balance at year end	2,368	780

Notes to Financial Report For the Year Ended 30 June 2025

Note 3 Funding for the delivery of our services (cont.)

	2025	2024
	\$'000	\$'000
3.5 Contributions		
Monetary	458	359
Non-monetary	1,970	424
Total contributions	2,428	783

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

Bridges	621	-
Drainage	68	80
Roads	1,281	291
Total non-monetary contributions	1,970	424

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

3.6 Other income

Interest	1,376	1,617
Interest on rates	247	186
Rental	302	289
Reimbursements	396	717
Volunteer services	268	252
Landfill provision adjustment	1,884	-
Other	323	229
Total other income	4,796	3,290

Interest and rent are recognised as they are earned.

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

Notes to Financial Report For the Year Ended 30 June 2025

Note 4	The cost of delivering services	2025 \$'000	2024 \$'000
4.1	(a) Employee costs		
	Wages and salaries	16,338	15,149
	Fringe benefits tax	8	33
	Superannuation	1,827	1,627
	Workcover	378	394
	Total employee costs	18,551	17,203

(b) Superannuation

Council made contributions to the following funds:

Defined benefit fund

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	51	33
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Accumulation funds

Employer contributions to:

Local Authorities Superannuation Fund (Vision Super)	777	787
Australian Super	228	182
Hostplus	133	96
Other funds	637	530
	1,826	1,627

Employer contributions payable at reporting date.

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	19	16
Employer contributions - other funds	22	16

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

4.2 Materials and services

Consultants	340	574
Contractors	11,644	13,403
Contributions	1,128	739
Insurance	908	743
Legal expenses	71	224
Materials	1,720	1,902
Information technology and software	748	684
Utilities	609	532
Total material and services	17,168	18,801

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

Notes to Financial Report For the Year Ended 30 June 2025

Note 4	The cost of delivering services (cont.)	2025	2024
		\$'000	\$'000
4.3	Depreciation		
	Property	1,269	1,757
	Plant and equipment	1,229	1,178
	Infrastructure	7,212	6,149
	Total depreciation	9,710	9,084
Refer to note 5.2(c), 5.7 and 6.1 for a more detailed breakdown of depreciation and amortisation charges and accounting policy.			
4.4	Amortisation - Intangible assets		
	Landfill airspace	197	350
	Software	3	3
	Total amortisation - intangible assets	200	353
4.5	Depreciation - Right of use assets		
	Right of Use Assets	18	18
	Total depreciation - Right of use assets	18	18
4.6	Allowance for impairment losses		
	Debtors - infringements	24	13
	Total allowance for impairment losses	24	13
	Movement in allowance for impairment losses in respect of debtors		
	Balance at the beginning of the year	94	85
	New allowances recognised during the year	24	13
	Amounts allowed for but recovered during the year	(13)	(4)
	Balance at end of year	105	94

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

Notes to Financial Report For the Year Ended 30 June 2025

Note 4	The cost of delivering services (cont.)	2025	2024
		\$'000	\$'000
4.7	Net Loss on Disposal, infrastructure, plant and equipment		
	Written down value of assets disposed	737	930
	Less proceeds from sales	(162)	(207)
		<u>575</u>	<u>723</u>
	The profit or loss on sale of an asset is determined when control of the asset has irrevocably passed to the buyer.		
4.8	Finance Costs - Leases		
	Interest - Lease Liabilities	3	4
	Total Finance Costs - Leases	<u>3</u>	<u>4</u>
4.9	Other expenses		
	Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	49	59
	Auditors' remuneration - internal audit	41	42
	Councillors' allowances	255	253
	Volunteer services	268	252
	Other	30	117
	Total other expenses	<u>643</u>	<u>723</u>

Notes to Financial Report For the Year Ended 30 June 2025

Note 5 Investing in and financing our operations

	2025 \$'000	2024 \$'000
5.1 Financial assets		
(a) Cash and cash equivalents		
Cash at bank	4,111	1,461
Term deposits and at call	10,000	3,050
Total cash and cash equivalents	14,111	4,511
(b) Other financial assets		
Current		
Term deposit	16,000	26,300
Total other financial assets	16,000	26,300
Total cash and cash equivalents and other financial assets	30,111	30,811

Cash and cash equivalents include cash on hand, deposits at call, and other highly liquid investments with an original maturity 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.

(c) Trade and other receivables

Current

Statutory receivables

Rates debtors	4,009	3,072
Provision for doubtful rate debts	(68)	(66)
Garbage and recycling debtors	770	603
Special rate scheme	7	7
Infringement debtors	118	92
Allowance for expected credit loss - infringements	(37)	(28)
Net GST receivable	7	10
Other debtors	762	1,102
Government grants	2,489	118
Total Current trade and other receivables	8,058	4,910
Total trade and other receivables	8,058	4,910

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

Notes to Financial Report For the Year Ended 30 June 2025

Note 5 Investing in and financing our operations (cont.)	2025 \$'000	2024 \$'000
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5.1 Financial assets (cont.)

(d) Ageing of receivables

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

Current (not yet due)	777	999
Past due by up to 30 days	1,579	94
Past due between 31 and 180 days	90	96
Past due between 181 and 365 days	8	6
Past due by more than 1 year	798	25
Total trade and other receivables	3,252	1,220

5.2 Non-financial assets

(a) Inventories

Inventories held for distribution	26	30
Total inventories	26	30

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

Accrued income	1,083	532
Accrued interest income	126	280
Prepayments	156	121
Total other assets	1,364	933

(c) Intangible assets

Landfill airspace	77	338
Software	25	17
Total intangible assets	102	355

	Software \$'000	Landfill \$'000	Total \$'000
Gross carrying amount			
Balance at 1 July 2024	518	4,470	4,988
Other Additions	11	-	11
Balance at 30 June 2025	529	4,470	4,999

Notes to Financial Report For the Year Ended 30 June 2025

Note 5 Investing in and financing our operations (cont.)

5.2 Non-financial assets (cont.)

Accumulated amortisation and impairment	Software \$'000	Landfill \$'000	Total \$'000
Balance at 1 July 2024	(501)	(4,132)	(4,633)
Amortisation expense	(3)	(197)	(200)
Provision Adjustment	-	(64)	(64)
Balance at 30 June 2025	<u>(504)</u>	<u>(4,393)</u>	<u>(4,897)</u>
Net book value at 30 June 2024	17	338	355
Net book value at 30 June 2025	<u>25</u>	<u>77</u>	<u>102</u>

Landfill air space represents the unused capacity of the Alexandra landfill. Amortisation is on the basis of the assets useful life and amortisation method is reviewed at least annually, and adjustments made where appropriate.

Software assets are amortised as an expense on a straight line basis over the asset's useful life.

5.3 Payables, trust funds and deposits and contract and other liabilities

(a) Trade and other payables	2025 \$'000	2024 \$'000
Current		
<i>Non-statutory payables</i>		
Trade payables	1,817	2,490
Accrued wages	512	424
Accrued expenses	280	1,402
Total current trade and other payables	<u>2,609</u>	<u>4,316</u>
(b) Trust funds and deposits		
Current		
Refundable building deposits	45	45
Refundable planning permit bonds	283	264
Retention contract deposits	800	1,004
Fire Service Property Levy	360	52
Other refundable deposits	478	712
Total current trust funds and deposits	<u>1,965</u>	<u>2,077</u>
(c) Contract and other liabilities		
Contract Liabilities		
Current		
Grants received in advance - operating	995	428
Grants received in advance - capital	2,368	780
Total contract liabilities	<u>3,363</u>	<u>1,208</u>

Notes to Financial Report For the Year Ended 30 June 2025

Note 5 Investing in and financing our operations (cont.)

5.3 Payables, trust funds and deposits and contract and other liabilities (cont.)

Trust funds and deposits

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

Contract liabilities

Contract liabilities reflect consideration received in advance from customers in respect of delivering a service or constructing an asset. Contract liabilities are derecognised and recorded as revenue when promised goods and services are transferred to the customer. Refer to Note 3.

Other liabilities

Grant consideration is recognised as income following specific guidance under AASB 1058 as the asset is constructed. Income is recognised to the extent of costs incurred-to-date because the costs of construction most closely reflect the stage of completion. As such, Council has deferred recognition of a portion of the grant consideration received as a liability for outstanding obligations.

Purpose and nature of items:

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

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

**Notes to Financial Report
For the Year Ended 30 June 2025**

Note 5 Investing in and financing our operations (cont.)

5.4 Provisions

	Employee \$'000	Landfill \$'000	Total \$'000
2025			
Balance at beginning of the financial year	3,859	7,652	11,511
Additional provisions	1,408	-	1,408
Amounts used	(1,088)	(1,948)	(3,036)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	-	46	46
Balance at the end of the financial year	<u>4,179</u>	<u>5,750</u>	<u>9,929</u>
Provisions - current	3,797	3,551	7,348
Provisions - non-current	382	2,199	2,581
Total Provisions	<u>4,179</u>	<u>5,750</u>	<u>9,929</u>
2024			
Balance at beginning of the financial year	3,560	7,579	11,139
Additional provisions	1,328	80	1,408
Amounts used	(1,029)	-	(1,029)
Increase in the discounted amount arising because of the time and the effect of any change	-	(7)	(7)
Balance at the end of the financial year	<u>3,859</u>	<u>7,652</u>	<u>11,511</u>
Provisions - current	3,556	1,000	4,556
Provisions - non-current	303	6,652	6,955
Total Provisions	<u>3,859</u>	<u>7,652</u>	<u>11,511</u>
	2025	2024	
	\$'000	\$'000	
(a) Employee benefits			
Current provision expected to be wholly settled within 12 months			
Annual leave	1,196	1,051	
Long service leave	449	449	
	<u>1,645</u>	<u>1,500</u>	
Current provision expected to be wholly settled after 12 months			
Annual leave	486	486	
Long service leave	1,666	1,570	
	<u>2,152</u>	<u>2,056</u>	
Total current employee provision	<u>3,797</u>	<u>3,556</u>	
Non-current			
Long service leave	381	303	
Total non-current employee provision	<u>381</u>	<u>303</u>	
Aggregate carrying amount of employee benefits:			
Current	3,797	3,556	
Non-current	381	303	
Total aggregate carrying amount of employee benefits	<u>4,178</u>	<u>3,859</u>	

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

Notes to Financial Report For the Year Ended 30 June 2025

Note 5 Investing in and financing our operations (cont.)

5.4 Provisions (Cont.)

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	2025	2024
- discount rate	4.20%	4.35%
- inflation rate	2.25%	2.75%
(b) Provisions - Landfill Restoration	2025	2024
	\$'000	\$'000
Current		
Landfill restoration	3,551	1,000
Non-current		
Landfill restoration	2,199	6,652
	<u>5,750</u>	<u>7,652</u>

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

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

Key assumptions	2025	2024
- discount rate	4.20%	4.35%
- inflation rate	2.60%	4.45%

5.5 Financing arrangements

	2025	2024
	\$'000	\$'000
The Council has the following funding arrangements in place as at 30 June 2024		
Credit card facilities	100	100
Total facilities	<u>100</u>	<u>100</u>
Used facilities	-	-
Unused facilities	<u>100</u>	<u>100</u>

Notes to Financial Report For the Year Ended 30 June 2025

Note 5 Investing in and financing our operations (cont.)

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

2025	Not later than 1 year \$'000	Later than 1 year and not later than 2 years \$'000	Later than 2 years and not later than 5 years \$'000	Later than 5 years \$'000	Total \$'000
Operating					
Cleaning buildings services	147	-	-	-	147
Consultant	95	-	-	-	95
Internal auditing	47	47	95	-	190
Garbage and recycling collection	1,427	-	-	-	1,427
Library	72	72	-	-	144
Photocopiers and printers	31	31	48	-	110
Software	544	362	751	33	1,689
Telecommunications	123	-	-	-	123
Total	2,486	512	894	33	3,925
Capital					
Bridges	137	-	-	-	137
Buildings & improvements	75	-	-	-	75
Corporate Building	61	-	-	-	61
Community Land	18	-	-	-	18
IT	36	-	-	-	36
Kerb and Channel	5	-	-	-	5
Landfill	21	-	-	-	21
Play equipment & Parks	76	-	-	-	76
Roads	537	-	-	-	537
Sales and Purchase	89	-	-	-	89
Saleyards	46	-	-	-	46
Swimming Pools	5	-	-	-	5
Transfer Stations	7	-	-	-	7
Other Capital	48	-	-	-	48
Total	1,161	-	-	-	1,161

Notes to Financial Report For the Year Ended 30 June 2025

Note 5 Investing in and financing our operations (cont.)

5.6 Commitments (Cont.)

2024	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 5 years	Total
	\$'000	\$'000	\$'000	\$'000
Operating				
Cleaning buildings services	249	-	-	249
Internal auditing	47	47	143	237
Landfill	33	-	-	33
Library	68	-	-	68
Street sweeping	51	-	-	51
Photocopiers and printers	31	31	79	141
Software	423	419	904	1,746
Telecommunications	106	106	-	212
Rubicon waste water	12	-	-	12
Total	<u>1,020</u>	<u>603</u>	<u>1,126</u>	<u>2,749</u>
Capital				
Bridges	196	-	-	196
Buildings & improvements	14	-	-	14
Car parks	73	-	-	73
Community Land	42	-	-	42
Drainage	53	-	-	53
Landfill	133	-	-	133
Paths and cycleways	8	-	-	8
Play equipment & Parks	361	-	-	361
Roads	110	-	-	110
Swimming Pools	280	-	-	280
Total	<u>1,270</u>	<u>-</u>	<u>-</u>	<u>1,270</u>

(b) Operating lease receivables

Operating lease receivables

The Council has entered into commercial property leases consisting of surplus freehold office complexes. These properties held under operating leases have remaining non-cancellable lease terms of between 1 and 10 years. All leases include a CPI based revision of the rental charge annually.

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

	2025 \$'000	2024 \$'000
Not later than one year	184	207
Later than one year and not later than five years	681	762
Later than five years	1,459	1,788
Total	<u>2,324</u>	<u>2,757</u>

Notes to Financial Report For the Year Ended 30 June 2025

Note 5 Investing in and financing our operations (cont.)

5.7 Leases

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

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

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

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

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

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

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

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

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

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

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

Notes to Financial Report For the Year Ended 30 June 2025

Note 5 Investing in and financing our operations (cont.)

5.7 Leases (Cont.)

Right-of-Use Assets

	Printers \$'000	Total \$'000
Balance at 1 July 2024	72	72
Depreciation charge	(18)	(18)
Balance at 30 June 2025	<u>54</u>	<u>54</u>

Lease Liabilities

	2025 \$'000	2024 \$'000
Maturity analysis - contractual undiscounted cash flows		
Less than one year	20	20
One to five years	40	60
Total undiscounted lease liabilities as at 30 June:	<u>60</u>	<u>80</u>

Lease liabilities included in the Balance Sheet at 30 June:

Current	18	17
Non-current	38	56
Total lease liabilities	<u>56</u>	<u>73</u>

Notes to Financial Report
For the Year Ended 30 June 2025

Note 6 Assets we manage

6.1 Property, infrastructure, plant and equipment
Summary of property, Infrastructure, plant and equipment

	Carrying amount 30 June 2024 \$000	Additions \$000	Contributions \$000	Revaluations \$000	Depreciation \$000	Disposals \$000	Transfers \$000	Carrying amount 30 June 2025 \$000
Property	132,612	81	-	31,601	(1,269)	-	(25,348)	137,678
Plant and equipment	7,832	1,379	-	-	(1,229)	(105)	-	7,877
Infrastructure	349,524	3,423	1,970	-	(7,212)	(632)	28,314	375,387
Work in progress	18,687	7,764	-	-	-	-	(2,966)	23,484
Total	508,655	12,647	1,970	31,601	(9,710)	(737)	-	544,426

Summary of works in progress (WIP)

	Opening WIP \$000	Additions \$000	Transfers \$000	Closing WIP \$000
Property	13,253	538	(2,150)	11,641
Plant and equipment	25	-	-	25
Infrastructure	5,409	7,226	(816)	11,819
Total	18,687	7,764	(2,966)	23,485

Notes to Financial Report
For the Year Ended 30 June 2025

Note 6 Assets we manage (cont.)

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

(a) Property

	Land - non specialised \$000	Land Under Roads \$000	Total Land \$000	Buildings - specialised \$000	Total Buildings \$000	Work In Progress \$000	Total Property \$000
At fair value 1 July 2024	41,429	18,105	59,534	120,389	120,389	13,253	193,176
Accumulated depreciation at 1 July 2024	-	-	-	(47,311)	(47,311)	-	(47,311)
	41,429	18,105	59,534	73,078	73,078	13,253	145,865
Movements in fair value							
Additions	-	-	-	81	81	538	619
Revaluation	10,484	266	10,752	15,590	15,590	-	26,340
Transfer to infrastructure	-	-	-	(45,613)	(45,613)	-	(45,613)
Transfers from works in progress	-	-	-	1,571	1,571	(2,150)	(580)
	10,484	266	10,752	(28,371)	(28,371)	(1,612)	(19,234)
Movements in accumulated depreciation							
Depreciation and amortisation	-	-	-	(1,269)	(1,269)	-	(1,269)
Revaluation	-	-	-	5,261	5,261	-	5,261
Transfers to Infrastructure	-	-	-	18,694	18,694	-	18,694
	-	-	-	22,686	22,686	-	22,686
At fair value 30 June 2025	51,913	18,371	70,284	92,018	92,018	11,641	173,943
Accumulated depreciation at 30 June 2025	-	-	-	(24,625)	(24,625)	-	(24,625)
Carrying amount	51,913	18,371	70,284	67,393	67,393	11,641	149,317

Notes to Financial Report
For the Year Ended 30 June 2025

Note 6 Assets we manage (cont.)

6.1 Property, infrastructure, plant and equipment (cont.)
(b) Plant and Equipment

1,725

	Heritage plant and equipment \$000	Plant machinery and equipment \$000	Fixtures fittings and furniture \$000	Library books \$000	Works in Progress \$000	Total plant and equipment \$000
At fair value 1 July 2024	812	11,552	2,651	864	25	15,904
Accumulated depreciation at 1 July 2024	(55)	(5,425)	(2,192)	(376)	-	(8,047)
	757	6,127	459	488	25	7,857
Movements in fair value						
Additions	-	1,092	183	104	-	1,379
Disposals	-	(328)	(96)	(80)	-	(503)
	-	764	88	24	-	876
Movements in accumulated depreciation						
Depreciation and amortisation	(4)	(941)	(189)	(94)	-	(1,229)
Accumulated depreciation of disposals	-	223	96	80	-	399
	(4)	(718)	(93)	(14)	-	(830)
At fair value 30 June 2025	812	12,316	2,739	888	25	16,780
Accumulated depreciation at 30 June 2025	(59)	(6,143)	(2,285)	(390)	-	(8,878)
Carrying amount	753	6,173	454	498	25	7,902

Notes to Financial Report
For the Year Ended 30 June 2025

Note 6 Assets we manage (cont.)

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

(c) Infrastructure

	Roads \$000	Bridges \$000	Footpaths and cycleways \$000	Drainage \$000	Recreational, Leisure & Community Facilities	Infrastructure Waste Management	Parks, Open Space & Streetscapes	Other Infrastructure	Work In Progress \$000	Total Infrastructure \$000
At fair value 1 July 2024	261,615	111,732	24,239	26,260	-	-	-	-	5,409	429,255
Accumulated depreciation at 1 July 2024	(24,815)	(33,337)	(8,348)	(7,822)	-	-	-	-	-	(74,322)
	236,800	78,395	15,891	18,438	-	-	-	-	5,409	354,933
Movements in fair value										
Additions	2,711	414	31	199	31	-	36	-	7,226	10,649
Contributions	1,281	621	-	68	-	-	-	-	-	1,970
Disposals	(728)	(80)	(204)	(24)	-	-	-	-	-	(1,037)
Transfer from buildings	-	-	-	-	31,641	5,596	1,362	7,014	-	45,613
Transfers from works in progress	127	67	517	104	498	-	82	-	(816)	580
	3,391	1,022	344	348	32,170	5,596	1,480	7,014	6,410	57,775
Movements in accumulated depreciation										
Depreciation and amortisation	(4,073)	(1,233)	(1,004)	(284)	(500)	-	(25)	(94)	-	(7,212)
Accumulated depreciation of disposals	228	39	128	10	-	-	-	-	-	404
Transfers from Buildings	-	-	-	-	(13,878)	(2,010)	(463)	(2,343)	-	(18,694)
	(3,846)	(1,194)	(875)	(274)	(14,378)	(2,010)	(488)	(2,437)	-	(25,502)
At fair value 30 June 2025	265,006	112,754	24,583	26,608	32,170	5,596	1,480	7,014	11,819	487,030
Accumulated depreciation at 30 June 2025	(28,661)	(34,531)	(9,223)	(8,096)	(14,378)	(2,010)	(488)	(2,437)	-	(99,824)
Carrying amount	236,345	78,223	15,360	18,512	17,792	3,586	993	4,577	11,819	387,206

Notes to Financial Report
For the Year Ended 30 June 2025

Note 6 Assets we manage (cont.)

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

Acquisition

The purchase method of accounting is used for all acquisitions of assets, being the fair value of assets provided as consideration at the date of acquisition plus any incidental costs attributable to the acquisition. Fair value is the price that would be received to sell an asset (or paid to transfer a liability) in an orderly transaction between market participants at the measurement date. Refer also to Note 8.4 for further disclosure regarding fair value measurement.

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

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

	Depreciation Period	Threshold Limit
<i>Asset recognition thresholds and depreciation periods</i>	Years	\$'000
Land & land improvements		
Land	-	1
Land improvements	-	1
Buildings		
Buildings	3 to 300	5,000
Plant and Equipment		
Fixtures, fittings and furniture	3 to 20	2,000
Heritage plant and equipment	200	1,000
Library materials	5 to 10	1,000
Plant, machinery and equipment	3 to 20	2,000
Infrastructure		
Bridges	35 to 100	7,500
Drainage	50 to 100	5,000
Footpaths and cycleways	15 to 80	5,000
Roads - formation and earthworks	16 to 200	5,000
Roads - pavements	10 to 100	5,000
Recreational, leisure & community facilities	2 to 205	5,000
Parks, open space & streetscapes	15 to 293	5,000
Waste management	5 to 150	5,000
Other infrastructure	10 to 315	5,000

Land under roads

Council recognises land under roads it controls at fair value.

Depreciation and amortisation

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

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

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

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

Repairs and maintenance

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

Notes to Financial Report
For the Year Ended 30 June 2025

Note 6 Assets we manage (cont.)

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

Valuation of land and buildings

Valuation of land and buildings were undertaken at 30 June 2025 by a qualified independent valuers Modelve, Bruce Phillips certified practicing valuer A.A.P.I registration number 67847.

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

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

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

Details of the Council's land and buildings and information about the fair value hierarchy as at 30 June 2025 are as follows:

	Level 1	Level 2	Level 3	Date of Valuation	Type of Valuation
	\$'000	\$'000	\$'000		
Land	-	51,913	-	30/06/2025	Bruce Phillips registration valuer number 67847.
Specialised land	-	-	18,371	30/06/2025	Bruce Phillips registration valuer number 67847.
Specialised buildings	-	-	67,393	30/06/2025	Bruce Phillips registration valuer number 67847.
Total	-	51,913	85,764		

Valuation of infrastructure

Council undertakes independent, external valuation and condition audits of its high value and high-risk infrastructure assets on a cyclical basis.

Valuation of infrastructure assets has been determined in accordance with a valuation undertaken as detailed in the following table.

The date and type of the current valuation is detailed in the following table. An index based revaluation was conducted in the current year, this valuation was based on, ABS Producer Price Index, Index Number 3101 Road and bridge construction Victoria.

The revaluation schedule of these asset classes is shown below:

Infrastructure

Roads – 2025/26 (supporting the implementation of the Road Management Plan)

Recreation, Leisure and Community Assets – 2025/26

Parks, Open Space & Streetscapes – 25/26 & 26/27

Footpaths & Shared Pathways – 2026/27

Kerb and Channel – 2025/26 or 2026/27

Stormwater Drains & Pits – 2026/27 (Strategy being developed in 2025/26)

Bridges – 2027/28

Details of the Council's infrastructure and information about the fair value hierarchy as at 30 June 2025 are as follows:

	Level 1	1725	Level 3	Date of Valuation	Type of Valuation
	\$'000	\$'000	\$'000		
Bridges	-	-	78,223	31/03/2025	Indexed valuation ABS Producer Price Index 0.0%
Drainage	-	-	18,512	31/03/2025	Indexed valuation ABS Producer Price Index 0.0%
Footpaths and cycleways	-	-	15,360	31/03/2025	Indexed valuation ABS Producer Price Index 0.0%
Other Infrastructure	-	-	4,577	31/03/2025	Indexed valuation ABS Producer Price Index 0.0%
Infrastructure Waste Management	-	-	3,586	31/03/2025	Indexed valuation ABS Producer Price Index 0.0%
Parks, Open Space & Streetscapes	-	-	993	31/03/2025	Indexed valuation ABS Producer Price Index 0.0%
Recreational, Leisure & Community Facilities	-	-	17,792	31/03/2025	Indexed valuation ABS Producer Price Index 0.0%
Roads	-	-	236,345	31/03/2025	Indexed valuation ABS Producer Price Index 0.0%
Total	-	-	375,388		

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 is 80%. The market value of land varies significantly depending on the location of the land and the current market conditions. Currently land values range are held at an average of \$2.86 per square metre.

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 cost is calculated on a square metre basis and range from \$465 to \$7635 per square metre. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary from 30 years to 149 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.

Notes to Financial Report
For the Year Ended 30 June 2025

Note 6 Assets we manage (cont.)

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

Infrastructure assets are valued based on the depreciated replacement cost. Significant unobservable inputs include the current replacement cost and remaining useful lives. The remaining useful lives of infrastructure assets are determined on the basis of the current condition of the asset and vary from 2 - 315 years. Replacement cost are 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.

	2025	2024
	\$'000	\$'000
Reconciliation of specialised land		
Land under roads	18,371	18,105
Total specialised land	18,371	18,105

Note 7 People and relationships

7.1 Council and key management remuneration

(a) Related Parties

Parent entity
Murrindindi Shire Council is the parent entity

Subsidiaries and Associates
There are no subsidiaries and associates

(b) Key Management Personnel

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

Details of KMP at any time during the year are:

Councillors

- Councillor - Jodi Adams from 14/11/2024
- Councillor - Sue Carpenter - Deputy Mayor to 26/10/2024
- Councillor - Anita Carr - Deputy Mayor from 14/11/2024
- Councillor - Damien Gallagher - Mayor
- Councillor - Ilona Gerencer to 26/10/2024
- Councillor - Karine Haslam to 26/10/2024
- Councillor - Paul Hildebrand from 14/11/2024
- Councillor - Eric Lording
- Councillor - Sandice McAulay
- Councillor - John Walsh to 26/10/2024

Officers

- Chief Executive Officer - Livia Bonazzi
- Director Assets and Environment - Caroline Lintott
- Director Community & Development - Andrew Paxton
- Director People & Corporate Performance - Michael Chesworth

	2025	2024
	No.	No.
Total number of Councillors	10	7
Chief Executive Officer and other Key Management Personnel	4	5
Total Key Management Personnel	<u>14</u>	<u>12</u>

(c) Remuneration of Key Management Personnel

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

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

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

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

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

	2025	2024
	\$000	\$000
Total remuneration of key management personnel was as follows:		
Short-term employee benefits	1,103	1,108
Other long-term employee benefits	96	89
Post-employment benefits	17	16
Total	<u>1,216</u>	<u>1,213</u>

Notes to Financial Report
For the Year Ended 30 June 2025

Note 7 People and relationships (cont.)

7.1 Council and key management remuneration (cont.)

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

\$0 - \$9,999
\$10,000 - \$19,999
\$20,000 - \$29,999
\$30,000 - \$39,999
\$40,000 - \$49,999
\$60,000 - \$69,999
\$80,000 - \$89,999
\$100,000 - \$109,999
\$110,000 - \$119,999
\$210,000 - \$219,999
\$220,000 - \$229,999
\$280,000 - \$289,999
\$300,000 - \$309,000

2025 No.	2024 No.
3	-
2	-
3	3
1	2
-	1
-	1
1	-
-	1
-	1
1	-
1	2
1	-
1	1
14	12

(d) Remuneration of other senior staff

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

Total remuneration of other senior staff was as follows:

Short-term employee benefits
Other long-term employee benefits
Post-employment benefits
Total

\$000	\$000
616	152
12	5
73	18
701	175

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

Income Range:
\$170,000 - \$179,999
\$180,000 - \$189,999

2025 No.	2024 No.
3	1
1	-
4	1

Total remuneration for the reporting year for other senior staff included above, amounted to:

\$000	\$000
701	175

Notes to Financial Report
For the Year Ended 30 June 2025

Note 7 People and relationships (cont.)

7.2 Related party disclosure

(a) Transactions with related parties

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

<u>Eildon Events Incorporated</u>	Receipt of \$55,000.00 relating to Contribution to Stage Shade Structure Receipts of \$608.40 relating to Supply & Emptying of bins for Eildon Twilight Markets Receipt of \$46.80 relating to Supply & Emptying of bins for Opera in the Park
<u>Tourism North East</u>	Payment of \$121,541.20 relating to 24/25 Tourism North East annual membership Payment of \$3,300.00 relating to High Country Food & Drink Showcase
<u>UGFM Community Radio</u>	Payments of \$9724.50 relating to advertising Receipt of \$1,650 relating to lease of Marysville Information & Regional Artspace Receipts of \$4,611.77 relating to lease of UGFM Studio Receipts of \$609.18 relating to Electricity for Marysville RAC Receipts of \$4,061.56 relating to Electricity for UGFM Studio Receipts of \$185.64 relating to Water for Marysville RAC Receipt of \$275.00 relating to lease of the Public Radio Building at Yea Railway Reserve

All transactions relate to entities that are controlled or jointly controlled by Key Management Personnel or close family members. These transactions were made at arm's length with the appropriate delegation, and any conflict of interest appropriately declared and reported.

(b) Outstanding balances with related parties

No balances were outstanding at the end of the reporting period in relation to transactions with related parties.

(c) Loans to/from related parties

No loans are in existence as at 30 June 2025 between Council and any related party, nor were any loan transactions entered into during the 2024/25 financial year.

(d) Commitments to/from related parties

No commitments are in existence as at 30 June 2025 between Council and any related party, nor were any commitments made during the financial year.

Notes to Financial Report For the Year Ended 30 June 2025

Note 8 Managing uncertainties

8.1 Contingent assets and liabilities

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

(a) Contingent assets

There were no contingent assets as at 30 June 2025 (2024 Nil).

(b) Contingent liabilities

Contingent liabilities are: 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 in Note 9.3. As a result of the volatility in financial markets the likelihood of making such contributions in future periods exists.

Landfill

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

Liability Mutual Insurance

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

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). At the end of the liability period, an adjustment payment may be required (or received). The determination of any adjustment payment is dependent upon revised actuarial assessments of the Scheme's tail claims liabilities as undertaken by Work Safe Victoria.

8.2 Change in accounting standards

Certain new Australian Accounting Standards and interpretations have been published that are not mandatory for the 30 June 2025 reporting period. Council assesses the impact of these new standards. As at 30 June 2025 there were no new accounting standards or interpretations issued by the AASB which are applicable for the year ending 30 June 2025 that are expected to impact Council.

In September 2024 the Australian Accounting Standards Board (AASB) issued two Australian Sustainability Reporting Standards (ASRS). This followed Commonwealth legislation establishing Australia's sustainability reporting framework. Relevant entities will be required to undertake mandatory reporting of climate-related disclosures in future financial years. Public sector application issues remain under consideration and Council will continue to monitor developments and potential implications for future financial years.

8.3 Financial Instruments

(a) Objectives and policies

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

(b) Market risk

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

Note 8 Managing uncertainties (cont.)

8.3 Financial Instruments (cont.)

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.

(c) Credit risk

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause Council to make a financial loss.

Council has exposure to credit risk on all financial assets included in the balance sheet. 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 has a policy for establishing credit limits for the entities it deals with;
- Council may require collateral where appropriate; and
- Council only invests surplus funds with financial institutions which have a recognised credit rating specified in the investment policy.

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

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

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

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

(d) Liquidity risk

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

To help reduce these risks Council:

- has an investment policy which requires that only surplus funds are invested in financial assets;
- has readily accessible standby facilities and other funding arrangements in place;
- has a liquidity portfolio structure that requires surplus funds to be invested within various bands of liquid instruments;
- monitors budget to actual performance on a regular basis; and
- sets 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.

Unless otherwise stated, the carrying amount 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 4.31%.

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

Notes to Financial Report For the Year Ended 30 June 2025

8.4 Fair value measurement

Fair value hierarchy

Council's financial assets 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.

Council has considered the amendments to AASB 13 Fair Value Measurement that apply for the 2024-25 financial year as a result of AASB 2022-10 Amendments to Australian Accounting Standards - Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities. For assets, where the Council adopts a current replacement cost approach to determine fair value, the Council now considers the inclusion of site preparation costs, disruption costs and costs to restore another entity's assets in the underlying valuation.

The AASB 13 amendments apply prospectively, comparative figures have not been restated.

The AASB 13 amendments have not resulted in any material impacts to Council's financial statements.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within a fair value hierarchy,

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 on the basis of the nature, characteristics and risks of the asset and the level of the fair value hierarchy as explained above.

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

Revaluation

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

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

The following table sets out the frequency of revaluations by asset class.

Asset class	Revaluation frequency
Bridges	3 to 5 years
Buildings	3 to 5 years
Drainage	3 to 5 years
Footpaths and cycleways	3 to 5 years
Land	3 to 5 years
Other Infrastructure	3 to 5 years
Parks, Open Space & Streetscapes	3 to 5 years
Recreational, Leisure & Community Facilities	3 to 5 years
Roads	3 to 5 years

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

Impairment of assets

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

8.5 Events occurring after balance date

On the 18th of July 2025, the Environment Protection Authority issued an amendment to Councils landfill operating licence number OLI000012039. This is to enables the operation of a new landfill cell at 124 Mt Pleasant Road Alexandra. Council will adjust the value of the landfill airspace asset and the landfill rehabilitation provision in the 2025/26 reporting period.

Notes to Financial Report For the Year Ended 30 June 2024

Note 9 Other Matters

9.1 Reserves

	Balance at 1-Jul-24 \$'000	Increase (decrease) \$'000	Balance at end of 30-Jun-25 \$'000
(a) Asset revaluation reserves			
2025			
Property			
Land	35,740	10,484	46,224
Land under roads	14,236	266	14,502
Buildings	43,661	20,851	64,512
	<u>93,637</u>	<u>31,601</u>	<u>125,238</u>
Infrastructure			
Bridges	46,725	-	46,725
Drainage	12,746	-	12,746
Footpaths and cycleways	12,907	-	12,907
Roads	205,080	-	205,080
	<u>277,458</u>	<u>-</u>	<u>277,458</u>
Total Asset revaluation reserves	<u>371,095</u>	<u>31,601</u>	<u>402,696</u>
2024			
Property			
Land	35,740	-	35,740
Land under roads	14,236	-	14,236
Buildings	40,447	3,214	43,661
	<u>90,423</u>	<u>3,214</u>	<u>93,637</u>
Infrastructure			
Bridges	43,629	3,096	46,725
Drainage	11,819	927	12,746
Footpaths and cycleways	12,193	714	12,907
Roads	193,304	11,776	205,080
	<u>260,945</u>	<u>16,513</u>	<u>277,458</u>
Total Asset revaluation reserves	<u>351,368</u>	<u>19,727</u>	<u>371,095</u>

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

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

Note 9 Other Matters (cont.)

9.1 Reserves (cont.)	Balance at 1-Jul-24 \$'000	Transfer from accumulated surplus \$'000	Transfer to accumulated surplus \$'000	Balance at end of 30-Jun-25 \$'000
(b) Other reserves				
2025				
Statutory Reserves				
Public Open Space	518	67	-	585
Discretionary Reserves				
Defined Benefits Superannuation	1,020	-	-	1,020
Eildon Key Worker Housing	-	1,400	(114)	1,286
Gifted and Novated Assets	701	-	-	701
Infrastructure Contributions Parking	41	-	-	41
Infrastructure Balance MAP funding	46	-	-	46
Infrastructure Maintenance	1,040	-	-	1,040
Infrastructure	2,475	403	(1,144)	1,734
Landfill and Waste Management	8,642	5,660	(5,816)	8,486
Marysville Caravan Park	352	85	(157)	280
Shaw Avenue Redevelopment	44	(26)	-	18
Yea Caravan Park	58	177	(191)	44
Yea Saleyards	593	1,044	(914)	723
Total Other reserves	15,530	8,810	(8,336)	16,004

	Balance at \$'000	Transfer from \$'000	Transfer to \$'000	Balance at end of \$'000
2024				
Statutory Reserves				
Public Open Space	390	-	129	518
Discretionary Reserves				
Defined Benefits Superannuation	1,020	-	-	1,020
Gifted and Novated Assets	701	-	-	701
Infrastructure Contributions Parking	41	-	-	41
Infrastructure Balance MAP funding	46	-	-	46
Infrastructure Maintenance	1,040	-	-	1,040
Infrastructure	2,575	-	(100)	2,475
Landfill and Waste Management	12,184	5,519	(9,061)	8,642
Marysville Caravan Park	247	130	(25)	352
Shaw Avenue Redevelopment	44	-	-	44
Yea Caravan Park	6	154	(102)	58
Yea Saleyards	435	612	(454)	593
Total Other reserves	18,729	6,415	(9,612)	15,530

Notes to Financial Report For the Year Ended 30 June 2024

Note 9 Other Matters (cont.)

9.1 Reserves (cont.)

Public Open Space; represents payments from subdividers as specified under the Subdivisions Act, to fund future creation of areas of recreational land.

Defined Benefits; been created to assist in meeting obligations for future funding calls from the Vision Super Defined Benefits Superannuation Fund.

Eildon Key Worker Housing With funding secured through the Victorian Government's Regional Worker Accommodation Fund, we are building dwellings with a total of 33 bedrooms dedicated to key worker accommodation on two sites in Eildon. All incomes and expenditures will be transferred to and from this reserve

Gifted and Novated Assets ; contains the balance of funds that were held by (VBRRA) the Victorian Bushfire Recovery and Reconstruction Authority for reconstruction projects in Murrindindi Shire when the Authority closed. The funds (also known as VBBRA Cessation funds) were transferred by the State Government to Council as further assistance for the new assets gifted after the 2009 bushfires.

Infrastructure Contributions ; represents payments from Subdividers set aside for future infrastructure works relating to provision of car parking.

Infrastructure Balance MAP Funding; represents the final payment received from State Government related to the Murrindindi Assistance Package.

Infrastructure Maintenance; represents funds set aside for addressing council's long term infrastructure renewal obligations.
Infrastructure Unexpended Capital works relates to savings from capital projects that will be allocated to fund future capital works.

Infrastructure; has been established as an accumulation fund to plan for the future investment in community infrastructure. Any unallocated savings from the annual capital works program will be transferred to this reserve. The reserve is the consolidation of two previous reserves which had similar objectives – the Infrastructure Unexpended Capital Works reserve and the New and Expanded Assets Reserve.

Landfill and Waste Management; is to be utilised for future works, including site rehabilitation and ongoing monitoring followings the sites closer.

Marysville Caravan Park; is surplus operational funds (rental) set aside for future capital works or operational requirements.

Shaw Avenue; represents remaining funds from Council land sales at Shaw Avenue in 2003.

Yea Caravan Park; is surplus operational funds (rental) set aside for future capital works or operational requirements..

Yea Saleyards; is surplus operational funds set aside for future capital works or operational requirements.

9.2 Reconciliation of cash flows from operating activities to surplus

	2025 \$'000	2024 \$'000
Surplus for the financial year	8,037	(1,613)
<i>Non-cash adjustments:</i>		
Depreciation and amortisation	9,928	9,455
Contributions - non-monetary	(1,970)	(424)
Finance costs	3	4
(Gain)/loss on disposal of property, plant and equipment, infrastructure	575	723
Change in assets and liabilities:		
(Increase) / Decrease in trade and other receivables	(3,148)	756
Decrease in inventories	4	7
(Increase) / decrease in other assets	(431)	1,864
Increase / (decrease) in trade and other payables	603	(481)
Increase / (decrease) in trust funds and deposits	(111)	183
Increase / (decrease) unearned income	2,155	(5,061)
Increase / (decrease) in provisions	(1,582)	371
Net cash provided by operating activities	14,063	5,786

Notes to Financial Report For the Year Ended 30 June 2024

Note 9 Other Matters (cont.)

9.3 Superannuation

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

Accumulation

The Fund's accumulation 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 2025, this was 11.5% as required under Superannuation Guarantee (SG) legislation (2024: 11.0%)).

Defined Benefit

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

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

Funding Arrangements

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

As at 30 June 2024, an interim actuarial investigation was held as the Fund provides lifetime pensions in the Defined Benefit category.

The vested benefit index (VBI) of the Defined Benefit category as at 30 June 2024 (of which Council is a contributing employer) was 105.4%. The financial assumptions used to calculate the VBI were:

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

As at 30 June 2025, 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 2025.

Vision Super has advised that the VBI at 30 June 2025 was 110.5%. Council was notified of the 30 June 2025 VBI during August 2025 (2024: August 2024). The financial assumptions used to calculate this VBI were:

Net investment returns	5.7% pa
Salary information	3.5% pa
Price inflation (CPI)	2.7% pa

The VBI is used as the primary funding indicator. Because the VBI was above 100%, the 30 June 2024 actuarial investigation determined the Defined Benefit category was in a satisfactory financial position and that no change was necessary to the Defined Benefit category's funding arrangements from prior years.

Notes to Financial Report For the Year Ended 30 June 2024

Note 9 Other Matters (cont.)

9.3 Superannuation (Cont.)

Employer contributions

(a) Regular contributions

On the basis of the results of the 2024 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 2025, this rate was 11.5% of members' salaries (11.0% in 2023/24). This rate is expected to increase in line with any increases in the SG contribution rate and was reviewed as part of the 30 June 2023 triennial valuation.

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

(b) Funding calls

If the Defined Benefit category is in an unsatisfactory financial position at an actuarial investigation or the Defined Benefit category's VBI is below its shortfall limit at any time other than the date of the actuarial investigation, the Defined Benefit category has a shortfall for the purposes of SPS 160 and the Fund is required to put a plan in place so that the shortfall is fully funded within three years of the shortfall occurring. The Fund monitors its VBI on a quarterly basis and the Fund has set its shortfall limit at 98% from 26 July 2024 (previously 97%).

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

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

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

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

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

The 2024 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 2024 while a full investigation was conducted as at 30 June 2023.

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

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

The VBI surplus means that the market value of the fund's assets supporting the defined benefit obligations exceed the vested benefits that the defined benefit members would have been entitled to if they had all exited on 30 June 2024.

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 2024.

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 2024.

Notes to Financial Report
For the Year Ended 30 June 2024

Note 9 Other Matters (cont.)

9.3 Superannuation (Cont.)

The 2025 triennial actuarial investigation

An interim actuarial investigation is being conducted for the Fund's position as at 30 June 2025 as the Fund provides lifetime pensions in the Defined Benefit category.

Vision Super has advised that the VBI at 30 June 2025 was 110.5%. Council was notified of the 30 June 2025 VBI during August 2025 (2024: August 2024). The financial assumptions used to calculate this VBI were:

Net investment return	5.7% pa
Salary inflation	3.5% pa
Price inflation (CPI)	2.6% pa

It is anticipated that this actuarial investigation will be completed by 31 October 2025.

The 2023 triennial investigation

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

	2023 Triennial investigation	2020 Triennial investigation
Net investment return	5.7% pa	5.6% pa
	3.5% pa	2.5% pa for two years and 2.75% pa thereafter
Salary inflation		
Price inflation	2.8% pa	2.0% pa

Superannuation contributions

Refer to note 4.1 for details of Council's superannuation contributions.

Enterprise bargaining agreement

Staff employed under Councils Enterprise Bargaining Agreement are entitled to additional superannuation depending on years of service as outlined below:

Years of service between 10 - 15	1%
Years of service greater than 15	2%

Note 10 Change in accounting policy

10.1 Change in accounting policy

There have been no changes to accounting policies in the 2024-25 year.