

**Nillumbik Shire Council
Annual Financial Report
For The Year Ended 30 June 2024**

DRAFT

Nillumbik Shire Council
Financial Report
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Nillumbik Shire Council
Certification of the Financial Statements
For The Year Ended 30 June 2024

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

Melika Sukunda, CA
Principal Accounting Officer

Date :
Greensborough

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

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

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

Ben Ramcharan (Mayor)
Councillor

Date :
Greensborough

Karen Egan (Deputy Mayor)
Councillor

Date :
Greensborough

Carl Cowie
Chief Executive Officer

Date :
Greensborough

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Nillumbik Shire Council
Comprehensive Income Statement
For The Year Ended 30 June 2024

	Note	2024 \$'000	2023 \$'000
Income / revenue			
Rates and charges	3.1	77,638	74,436
Statutory fees and fines	3.2	1,865	2,263
User fees	3.3	17,727	15,685
Grants - operating	3.4(a)	4,130	8,687
Grants - capital	3.4(b)	8,880	7,050
Contributions - monetary	3.5	1,288	895
Contributions - non-monetary	3.5	24	2,120
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	3.6	(2,040)	(1,446)
Share of net profits/(losses) of associate	6.2	14	(112)
Other income	3.7	3,640	2,524
Total income / revenue		113,166	112,102
Expenses			
Employee costs	4.1	38,681	36,825
Materials and services	4.2	59,985	52,655
Depreciation	4.3	14,984	12,518
Depreciation - right of use assets	4.4	456	313
Allowance for impairment losses	4.5	87	78
Borrowing costs	4.6	697	763
Finance costs - leases	4.7	75	47
Contributions to associates	6.2	3,077	3,022
Other expenses	4.8	3,422	3,378
Total expenses		121,464	109,599
Surplus/(deficit) for the year		(8,298)	2,503
Other comprehensive income			
Items that will not be reclassified to surplus or deficit in future periods			
Net asset revaluation gain/(loss)	9.1	113,844	-
Total other comprehensive income		113,844	-
Total comprehensive result		105,546	2,503

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

Nillumbik Shire Council
Balance Sheet
As at 30 June 2024

	Note	2024 \$'000	2023 \$'000
Assets			
Current assets			
Cash and cash equivalents	5.1(a)	40,410	47,099
Trade and other receivables	5.1(c)	14,007	12,624
Other financial assets	5.1(b)	10,000	5,000
Inventories	5.2(a)	32	31
Prepayments	5.2(b)	1,790	1,509
Other assets	5.2(b)	990	332
Total current assets		67,229	66,595
Non-current assets			
Trade and other receivables	5.1(c)	582	800
Other financial assets	5.1(b)	5	5
Investments in associates	6.2	1,650	1,636
Property, infrastructure, plant and equipment	6.1	1,026,474	911,501
Right-of-use assets	5.8	1,121	1,383
Total non-current assets		1,029,832	915,325
Total assets		1,097,061	981,920
Liabilities			
Current liabilities			
Trade and other payables	5.3(a)	8,934	7,235
Trust funds and deposits	5.3(b)	3,729	3,201
Contract and other liabilities	5.3(c)	8,018	13,575
Provisions	5.5(c)	12,728	12,600
Interest-bearing liabilities	5.4	2,617	1,894
Lease liabilities	5.8	402	402
Total current liabilities		36,428	38,907
Non-current liabilities			
Provisions	5.5(c)	16,861	9,939
Interest-bearing liabilities	5.4	17,066	11,686
Lease liabilities	5.8	804	1,030
Total non-current liabilities		34,731	22,655
Total liabilities		71,159	61,562
Net assets		1,025,902	920,358
Equity			
Accumulated surplus		399,771	411,590
Reserves	9.1	626,131	508,767
Total equity		1,025,902	920,358

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

Nillumbik Shire Council
Statement Of Changes In Equity
For The Year Ended 30 June 2024

	Note	Total	Accumulated Surplus	Asset Revaluation Reserve	Other Reserves
2024		\$'000	\$'000	\$'000	\$'000
Balance at beginning of the financial year		920,357	411,590	476,291	32,476
Surplus/(deficit) for the year		(8,298)	(8,298)	-	-
Net asset revaluation increment/(decrement)	9.1(a)	113,844	-	113,844	-
Transfers to other reserves	9.1(b)	-	(16,268)	-	16,268
Transfers from other reserves	9.1(b)	-	12,747	-	(12,747)
Balance at end of the financial year		<u>1,025,903</u>	<u>399,771</u>	<u>590,134</u>	<u>35,997</u>

		Total	Accumulated Surplus	Asset Revaluation Reserve	Other Reserves
2023		\$'000	\$'000	\$'000	\$'000
Balance at beginning of the financial year		917,854	408,655	476,291	32,908
Surplus/(deficit) for the year		2,503	2,503	-	-
Net asset revaluation increment/(decrement)	9.1(a)	-	-	-	-
Transfers to other reserves	9.1(b)	-	(14,118)	-	14,118
Transfers from other reserves	9.1(b)	-	14,550	-	(14,550)
Balance at end of the financial year		<u>920,358</u>	<u>411,590</u>	<u>476,291</u>	<u>32,476</u>

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

Nillumbik Shire Council
Statement Of Cash Flows
For The Year Ended 30 June 2024

	2024	2023
	Inflows/ (Outflows)	Inflows/ (Outflows)
Note	\$'000	\$'000
Cash flows from operating activities		
Rates and charges	76,630	73,727
Statutory fees and fines	1,865	2,263
User fees	17,097	14,593
Grants - operating	3,954	9,120
Grants - capital	3,729	8,064
Contributions - monetary	1,403	1,037
Interest received	2,104	1,566
Trust funds and deposits taken	605	741
Other receipts	931	314
Net GST refund/(payment)	5,612	5,160
Employee costs	(38,645)	(37,017)
Materials and services	(56,539)	(59,385)
Short-term, low value and variable lease payments	(258)	(164)
Trust funds and deposits repaid	(77)	(457)
Other payments	(7,636)	(7,089)
Net cash provided by/(used in) operating activities	10,774	12,473
9.2		
Cash flows from investing activities		
Payments for property, infrastructure, plant and equipment	(17,651)	(10,645)
Proceeds from sale of property, infrastructure, plant and equipment	279	1,382
Payments for investments	(5,000)	-
Proceeds from investments (maturing term deposits exceeding 90 days)	-	38,565
Net cash provided by/(used in) investing activities	(22,372)	29,302
Cash flows from financing activities		
Finance costs	(697)	(763)
Proceeds from borrowings	8,000	-
Repayment of borrowings	(1,897)	(3,342)
Interest paid - lease liability	(75)	(47)
Repayment of lease liabilities	(420)	(284)
Net cash provided by/(used in) financing activities	4,911	(4,436)
Net increase/(decrease) in cash and cash equivalents	(6,687)	37,339
Cash and cash equivalents at the beginning of the financial year	47,099	9,760
Cash and cash equivalents at the end of the financial year	40,411	47,099
5.1(a)		
Financing arrangements	5.6	

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

Nillumbik Shire Council
Statement Of Capital Works
For The Year Ended 30 June 2024

	Note	2024 \$'000	2023 \$'000
Property			
Land		-	-
Land improvements		3	119
Total land		3	119
Buildings		8,924	2,059
Total buildings		8,924	2,059
Total property		8,927	2,178
Plant, equipment and artwork			
Plant, machinery and equipment		1,033	682
Furniture, equipment and computers		165	500
Artwork		74	130
Total plant and equipment		1,273	1,312
Infrastructure			
Roads		3,619	4,643
Bridges		63	205
Footpaths and cycleways		694	1,600
Drainage		998	715
Recreational, leisure and community facilities		596	657
Kerb and channel		371	285
Waste management		-	-
Parks, open space and streetscapes		1,090	1,141
Other infrastructure		1,260	2,118
Total infrastructure		8,691	11,364
Total capital works expenditure		18,891	14,854
Represented by:			
New asset expenditure		3,571	3,258
Asset renewal expenditure		5,314	5,207
Asset expansion expenditure		289	527
Asset upgrade expenditure		9,717	5,862
Total capital works expenditure		18,891	14,854

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

Nillumbik Shire Council
Notes To The Financial Statements
For The Year Ended 30 June 2024

Note 1 Overview

Introduction

Nillumbik Shire Council (Council) was established by an Order of the Governor in Council on 15 December 1994 and is a body corporate. Council's main office is located at Civic Drive, Greensborough, Victoria.

Statement of compliance

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

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

Accounting Policy Information

(a) Basis of accounting

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

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

The financial statements have been prepared on a going concern basis. The financial statements are in Australian dollars. The amounts presented in the financial statements have been rounded to the nearest thousand dollars unless otherwise specified. Minor discrepancies in tables between totals and the sum of components are due to rounding. Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements and assumptions made by management in the application of AAS's that have significant effects on the financial statements and estimates relate to:

- the fair value of land, buildings, infrastructure, plant and equipment (refer to note 6.1)
- the determination of depreciation for buildings, infrastructure, plant and equipment (refer to note 6.1)
- the determination of employee provisions (refer to note 5.5(a))
- the determination of landfill provisions (refer to note 5.5(b))
- the determination of whether performance obligations are sufficiently specific so as to determine whether an arrangement is within the scope of *AASB 15 Revenue from Contracts with Customers* or *AASB 1058 Income of Not-for-Profit Entities* (refer to Note 3.4(c))
- the determination, in accordance with *AASB 16 Leases*, of the lease term, the estimation of the discount rate when not implicit in the lease and whether an arrangement is in substance short-term or low value (refer to Note 5.8)
- 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.

Nillumbik Shire Council
Notes To The Financial Statements
For The Year Ended 30 June 2024

Note 2 Analysis of our results

2.1 Performance against budget

The performance against budget notes compare Council's financial plan, expressed through its annual budget, with actual performance. The *Local Government (Planning and Reporting) Regulations 2020* requires explanation of any material variances. Council has adopted a materiality threshold of 5 percent where further explanation is warranted. Explanations have not been provided for variations below the materiality threshold unless the variance is considered to be material because of its nature.

The budget figures detailed below are those adopted by Council on 23 May 2023. The Budget was based on assumptions that were relevant at the time of adoption of the Budget. Council sets guidelines and parameters for revenue and expense targets in this budget in order to meet Council's planning and financial performance targets for both the short and long-term. The budget did not reflect any changes to equity resulting from asset revaluations, as their impacts were not considered predictable.

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

2.1.1 Income / revenue and expenditure

	Budget 2024 \$'000	Actual 2024 \$'000	Variance \$'000	Variance %	Ref
Income / revenue					
Rates and charges	77,118	77,638	520	0.7%	
Statutory fees and fines	2,041	1,865	(176)	-8.6%	1
User fees	17,063	17,727	664	3.9%	2
Grants - operating	5,568	4,130	(1,438)	-25.8%	3
Grants - capital	3,119	8,880	5,761	184.7%	4
Contributions - monetary	104	1,288	1,184	1138.5%	5
Contributions - non monetary	-	24	24	100.0%	6
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	-	(2,040)	(2,040)	100.0%	7
Share of net profits/(losses) of associates	-	14	14	100.0%	8
Other income	1,509	3,640	2,131	141.2%	9
Total income / revenue	106,522	113,166	6,644	6.2%	
Expenses					
Employee costs	40,733	38,681	(2,052)	-5.0%	10
Materials and services	41,451	59,985	18,534	44.7%	11
Depreciation	12,305	14,984	2,679	21.8%	12
Depreciation - right of use assets	381	456	75	19.7%	13
Allowance for impairment losses	-	87	87	100.0%	14
Borrowing costs	638	697	59	9.2%	15
Finance costs - leases	19	75	56	294.7%	16
Contributions to associates	3,189	3,077	(112)	-3.5%	
Other expenses	3,127	3,422	295	9.4%	17
Total expenses	101,843	121,464	19,621	19.3%	
Surplus/(deficit) for the year	4,679	(8,298)	(12,977)	-277.3%	

Nilumbik Shire Council
Notes To The Financial Statements
For The Year Ended 30 June 2024

Note 2 Performance against budget (continued)

2.1.1 Income and expenditure (continued)

(i) Explanation of material variances

Ref	Explanation
1	Statutory fees and fines , additional income across building permit fees (\$68,000) and prosecution income (\$40,000), offset by a reduction in planning application fees (\$276,000).
2	User fees , increase in leisure centre and facility income attributable to increasing attendances, memberships and lesson fees (\$813,000), offset by a corresponding increase in expenditure and a reduction in recycling and recovery centre gate fees (\$44,000) and Asset Protection fees \$76,000).
3	Grants - operating , additional non-recurrent grants not budgeted for received during the financial year (\$1.13 million), offset by Federal Assistance Grants received from the Commonwealth Government in advance in June 2023 for the 2023/2024 financial year (\$3.123 million).
4	Grants - capital , grants received recognised as income in advance in 2022/2023 including Urban Congestion Fund (\$1.48 million), Diamond Hills Preschool redevelopment (\$2.61 million), Diamond Creek Trail construction stage 2 (\$416,000), Diamond Valley Library outdoor space (\$387,000) and the Diamond Creek Youth Hub (\$300,000). Additional grants received and not budgeted for, including Ironbark road blackspot works (\$370,000) and stage 4 of the Local Roads and Community Infrastructure program \$739,000
5	Contributions - monetary , variance due to developer and capital works contributions received during the year.
6	Contributions - non-monetary , comprises of road, drainage and kerb and channel infrastructure assets, that were transferred to Council during the period. Council does not budget for the receipt of non-monetary contributions.
7	Net gain on disposal of property , losses on disposal of plant, infrastructure and equipment, which are not budgeted for.
8	Share of net profits/(losses) of associates , Council does not budget for share of net profit/(losses) of associates.
9	Other income , increase in interest income on term deposits held driven by increasing interest rates (\$1.31 million), natural disaster funding received for storm event occurring in 2022/2023 (\$329,000), insurance refunds (\$90,000) and income related to Container Deposit Scheme (\$113,000).
10	Employee costs , variance attributable to vacant positions across the organisation (\$2.89 million) offset by an increase in staff casual costs (\$230,000), overtime (\$161,000), parental leave costs (\$360,000) and contractor and agency staff.
11	Materials and services , variance is largely driven by the increase in the provision for landfill rehabilitation (\$7.02 million), resulting from increasing aftercare costs and additional maintenance works required. Additionally, the increase is attributable to capital works and work-in-progress expensed (\$3.6million), increases in contractors (\$714,000) and agency staff (\$654,000) driven by ongoing vacancies, software maintenance (\$312,000), legal fees (\$174,000), insurance premiums (\$251,000), and leisure facility contract expenditure (\$1.29 million) counteracted by corresponding increase in contract income.
12	Depreciation , reflective of revaluation of property and infrastructure assets and capital works completed during the financial year.
13	Amortisation of right-of-use assets , reflective of new leases active in 2023-2024.
14	Allowance for impairment losses , Council does not budget for bad and doubtful debts.
15	Borrowing costs , reflective of Council's loan portfolio and borrowings drawn in June 2024.
16	Finance costs - leases , reflective of additional AASB 16 Leases.
17	Other expenses , largely driven by increases in VCAT expenses (\$75,000), general repairs and maintenance costs (\$51,000), short term leased equipment (\$47,000), advocacy (\$38,000) and bank fees (\$22,000).

Nillumbik Shire Council
Notes To The Financial Statements
For The Year Ended 30 June 2024

Note 2 Performance against budget (continued)

2.1.2 Capital Works	Budget 2024 \$'000	Actual 2024 \$'000	Variance \$'000	Variance %	Ref
Property					
Land	-	-	-	0.0%	
Land improvements	-	3	3	100.0%	1
Total land	-	3	3	100.0%	
Buildings	2,510	8,924	6,414	255.5%	2
Total buildings	2,510	8,924	6,414	255.5%	
Total property	2,510	8,927	6,417	255.7%	
Plant, equipment and artwork					
Plant, machinery and equipment	1,285	1,033	(252)	-19.6%	3
Fixtures, fittings and furniture	195	165	(30)	-15.2%	4
Artwork	-	74	74	100.0%	5
Total plant and equipment	1,480	1,273	(207)	-14.0%	
Infrastructure					
Roads	3,915	3,619	(296)	-7.6%	6
Bridges	150	63	(88)	-58.3%	7
Footpaths, trails and cycleways	680	694	14	2.1%	
Drainage	885	998	113	12.8%	8
Recreational, leisure and community facilities	5,442	596	(4,846)	-89.1%	9
Kerb and channel	-	371	371	100.0%	10
Waste management	5,800	-	(5,800)	-100.0%	11
Parks, open space and streetscapes	320	1,090	770	240.7%	12
Other infrastructure	344	1,260	916	266.2%	13
Total infrastructure	17,536	8,691	(8,845)	-50.4%	
Total capital works expenditure	21,526	18,891	(2,635)	-12.2%	
Represented by:					
New asset expenditure	705	3,571	2,866	406.5%	
Asset renewal expenditure	12,598	5,314	(7,284)	-57.8%	
Asset expansion expenditure	1,048	289	(759)	-72.4%	
Asset upgrade expenditure	7,175	9,717	2,542	35.4%	
Total capital works expenditure	21,526	18,891	(2,635)	-12.2%	

Nillumbik Shire Council
Notes To The Financial Statements
For The Year Ended 30 June 2024

Note 2 Performance against budget (continued)

2.1.2 Capital works (continued)

(i) Explanation of material variances

Ref	Explanation
1	Land improvements , Panton Hill Bushland Reserve, carried forward from 2022/2023.
2	Buildings , Works budgeted for in prior year, including Diamond Hills Preschool redevelopment (\$3.9 million). Works and work in progress budgeted for under Recreation, Leisure and Community, including buildings renewal and upgrade projects across the Shire (\$1,085,000), Diamond Creek Netball Court roof (\$980,000), Alistair Knox Park Changing Places toilets (\$340,000) and Diamond creek BMX facility (\$339,000).
3	Plant, machinery and equipment , delay in acquisition of vehicles, plant and machinery due to shortages and the leasing of machinery and equipment (recognised under right-of-use assets rather than outright purchase).
4	Fixtures, fittings and furniture , purchases of furniture for Nillumbik Youth Hub, with additional purchases to occur in 2024/2025.
5	Artwork , purchase of public artwork for Diamond Hills Preschool (\$35,000) and Eltham Gateway Sculpture (\$3,000), and visual art purchases (\$36,000).
6	Roads , works carried forward into next financial year, including Eltham North Pavilion Car Park Extension (\$345,000).
7	Bridges , renewal works carried forward into 2024-2025 on the Main Rd Diamond Creek pedestrian bridge.
8	Drainage , additional works on pro-active drainage remediation.
9	Recreational, leisure and community facilities , works and work in progress capitalised under buildings, including buildings renewal and upgrade projects across the Shire (\$1,085,000), Diamond Creek Netball Court roof (\$980,000), Alistair Knox Park Changing Places (\$340,000), Diamond creek BMX facility (\$339,000). Works carried forward into the next financial year including Diamond Creek Netball Court roof (\$700,000), Hurstbridge Outdoor Netball Courts (\$535,000) and Panton Hill and Diamond Creek Tennis Court upgrades (\$350,000).
10	Kerb and channel , kerb and channel is budgeted for under drainage, roads and footpaths.
11	Waste management , Landfill rehabilitation costs have been recognised via the Provision for Landfill Rehabilitation and have been expensed accordingly.
12	Parks, open space and streetscapes , works carried from prior year, including works in progress on the Diamond Valley Library outdoor space (\$505,000) and Ryans Reserve Eltham (\$200,000), additional works on playground renewal (\$90,000).
13	Other infrastructure , works completed in 2023-2024, budgeted for in prior year, including sporting oval lighting upgrades, Shire wide fencing, park and playground furniture and drinking fountains.

**Nillumbik Shire Council
Notes To The Financial Statements
For The Year Ended 30 June 2024**

Note 2 Analysis of Council results by program

Council delivers its functions and activities through the following programs.

2.2.1 Communities

Communities provides high quality community focused programs and service delivery to residents. Service areas include community support and partnerships, early years and education programs, volunteering, maternal child health services and arts and cultural development.

Culture and Performance

Culture and Performance provides efficient, effective and proactive support services across Council to enable the delivery of policy commitments, Council's vision and mission. The provision of these services includes human resources, information and technology and business transformation and performance.

Governance, Communications and Community Safety

Governance, Communications and Community Safety provides effective governance oversight of the organisation and provides support to the organisation and ensures Council's customer focus includes communication and community engagement processes. Service areas include governance, information services, community safety, communications and engagement, emergency management and legal services. Executive Services, the provision of support services to the CEO and Councillors, has been included in Governance Communications and Community Safety.

Planning, Environment and Strategy

Planning, Environment and Strategy delivers regulatory and amenity services to residents and visitors across the Shire and partners with the business community to developed economic and tourism opportunities. Planning, Environment and Strategy is comprised of planning services, environment, strategic planning and economic development and tourism.

Operations

Operations and Infrastructure is responsible for constructing new infrastructure and maintaining existing infrastructure across a very diverse range of assets that underpin the wellbeing of the community. Infrastructure and Operations is comprised of infrastructure, capital works, waste, recreation and leisure and finance, procurement and assets.

**Nillumbik Shire Council
Notes To The Financial Statements
For The Year Ended 30 June 2024**

Note 2 Analysis of Council results by program (continued)

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

	Income/ revenue	Expenses	Surplus/ (Deficit)	Grants included in income/ revenue	Total capital expenditure	Total Assets
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2024						
Communities	3,200	13,000	(9,800)	2,491	-	26,546
Culture and Performance	1,159	10,807	(9,648)	22	114	1,011
Governance, Communications and Community Safety	2,865	8,860	(5,995)	824	-	-
Planning, Environment and Strategy	2,294	11,619	(9,325)	543	-	-
Operations	103,648	77,178	26,470	9,130	18,777	1,069,504
	113,166	121,464	(8,298)	13,010	18,891	1,097,061

	Income/ revenue	Expenses	Surplus/ (Deficit)	Grants included in income/ revenue	Total capital expenditure	Total Assets
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2023						
Communities	2,950	12,420	(9,470)	2,263	-	26,353
Culture and Performance	735	9,806	(9,071)	32	500	1,049
Governance, Communications and Community Safety	3,660	8,783	(5,123)	832	-	-
Planning, Environment and Strategy	2,515	11,210	(8,695)	919	-	-
Operations	102,242	67,380	34,862	11,691	14,354	954,518
	112,102	109,599	2,503	15,737	14,854	981,920

Nillumbik Shire Council
Notes To The Financial Statements
For The Year Ended 30 June 2024

Note 3 Funding for the delivery of our services **2024**
\$'000 **2023**
\$'000

3.1 Rates and charges

Council uses Capital Improved Value (CIV) as the basis of valuation of all properties within the municipal district. The Capital Improved Value of a property is the market value of land and all improvements at a given point in time.

The valuation base used to calculate general rates for 2023-24 was \$24.9 billion (2022-23 \$21.4 billion).

General rates	62,423	60,119
Waste management charge	14,091	13,235
Special rates and charges	295	295
Supplementary rates and rate adjustments	267	156
Interest on rates and charges	562	631
Total rates and charges	77,638	74,436

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

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

3.2 Statutory fees and fines

Infringements and costs	665	900
Court recoveries	-	12
Town planning fees	815	812
Land information certificates	54	48
Animal infringements	30	209
Permits	268	243
Pool registration and compliance	33	39
Total statutory fees and fines	1,865	2,263

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

3.3 User fees

Leisure centre and recreation	13,996	11,949
Child care/children's programs	461	535
Registration and other permits	825	837
Building services	179	185
Waste management services	633	583
Subdivision supervision	138	202
Pound release	17	22
Adult education	230	221
Edendale farm	405	355
Environmental health	267	260
Hall and sport ground hire	432	402
Other fees and charges	144	134
Total user fees	17,727	15,685

Nillumbik Shire Council
Notes To The Financial Statements
For The Year Ended 30 June 2024

Note 3 Funding for the delivery of our services (continued)	2024 \$'000	2023 \$'000
3.3 User fees (continued)		
User fees by timing of revenue recognition		
User fees recognised at a point in time	17,727	15,685
Total user fees	17,727	15,685

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	4,003	8,719
State funded grants	9,007	7,018
Total grants received	13,010	15,737

(a) Operating Grants

Recurrent - Commonwealth Government

Aged and health services	245	211
Family and children	308	249
Commonwealth Financial Assistance Grants	156	4,216
Community health	40	54
Environment	-	15
Other	-	-

Recurrent - State Government

Adult education	242	284
Aged care	4	2
Community health	148	48
Disability support	160	132
Environment	1	20
Family and children	1,171	1,064
School crossing supervisors	380	355
Other	-	-
Total recurrent operating grants	2,855	6,650

Nillumbik Shire Council
Notes To The Financial Statements
For The Year Ended 30 June 2024

Note 3 Funding for the delivery of our services (continued)	2024	2023
	\$'000	\$'000
3.4 Funding from other levels of government (continued)		
(a) Operating Grants (continued)		
<i>Non-recurrent - Commonwealth Government</i>		
Environment	19	114
Adult education	-	-
<i>Non-recurrent - State Government</i>		
Adult education	82	137
Disability support	7	-
Economic development	16	-
Emergency management	444	442
Environment	434	470
Family and children	154	110
Pandemic response	-	446
Planning services	110	-
Public open space	-	251
Recreation	9	21
Transport	-	-
Other	-	46
Total non-recurrent operating grants	1,275	2,037
Total operating grants	4,130	8,687
<p>L2P Program funding of \$128,997 has been received from the Victorian State Government and is included in the total grants received. Expenditure relating to this grant of \$122,755 has been recognised across wages and salaries, materials and services and other expenditure.</p>		
(b) Capital Grants		
<i>Non-recurrent - Commonwealth Government</i>		
Bridges	-	-
Buildings	272	147
Drainage	-	-
Family and children	3	10
Footpaths	-	160
Public open space	-	89
Recreation	244	342
Roads	1,940	2,260
Roads to recovery	739	739
Other	37	113
<i>Non-recurrent - State Government</i>		
Buildings	336	22
Environment	-	27
Family and children	2,940	434
Public open space	-	26
Recreation, Leisure and Community	1,942	1,986
Roads	370	630
Other	57	65
Total non-recurrent capital grants	8,880	7,050
Total capital grants	8,880	7,050

Nillumbik Shire Council
Notes To The Financial Statements
For The Year Ended 30 June 2024

Note 3 Funding for the delivery of our services (continued)	2024	2023
	\$'000	\$'000

3.4 Funding from other levels of government (continued)

(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.

Revenue recognised under AASB 15 Revenue from Contracts with Customers

Specific purpose grants to acquire non-financial assets	8,880	7,050
Other specific purpose grants	3,975	4,471
Income recognised under AASB 1058 Income of Not-for-Profit Entities		
General purpose	156	4,216
	13,011	15,737

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

Operating

Balance at start of year	1,592	1,834
Received during the financial year and remained unspent at balance date	1,014	967
Received in prior years and spent during the financial year	(1,306)	(1,209)
Balance at year end	1,300	1,592

Capital

Balance at start of year	11,983	10,579
Received during the financial year and remained unspent at balance date	1,618	5,391
Received in prior years and spent during the financial year	(6,884)	(3,987)
Balance at year end	6,717	11,983

Unspent grants are determined and disclosed on a cash basis.

3.5 Contributions

Monetary	1,288	895
Non-monetary	24	2,120
Total contributions	1,312	3,015

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

Land	-	398
Buildings	-	250
Infrastructure	24	1,472
Total non-monetary contributions	24	2,120

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

Nillumbik Shire Council
Notes To The Financial Statements
For The Year Ended 30 June 2024

Note 3 Funding for the delivery of our services (continued)	2024	2023
	\$'000	\$'000
3.6 Net gain/(loss) on disposal of property, infrastructure, plant and equipment		
Proceeds of sale	279	282
Written down value of assets disposed	(2,319)	(1,728)
Total net gain/(loss) on disposal of property, infrastructure, plant and equipment	(2,040)	(1,446)

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

3.7 Other income		
Interest	2,104	1,566
Other rent	319	326
Reimbursements	469	187
Sale of valuations	21	16
WorkCover insurance recoveries	117	199
Planning	6	7
Other	604	223
Total other income	3,640	2,524

Interest is recognised as it is earned.

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

Note 4 The cost of delivering services

4.1 Employee costs		
Wages and salaries	34,083	32,638
WorkCover	767	444
Superannuation	3,718	3,375
Fringe benefits tax	27	24
Other	86	344
Total employee costs	38,681	36,825

4.1(a) Superannuation

Council made contributions to the following funds:

Defined benefit fund

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	65	72
Employer contributions - other funds	-	-
	<u>65</u>	<u>72</u>
Employer contributions payable at reporting date.	27	31

Accumulation funds

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	1,750	1,559
Employer contributions - other funds	1,903	1,744
	<u>3,653</u>	<u>3,303</u>
Employer contributions payable at reporting date.	-	234

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

Nillumbik Shire Council
Notes To The Financial Statements
For The Year Ended 30 June 2024

Note 4 The cost of delivering services (continued)	2024	2023
	\$'000	\$'000
4.2 Materials and services		
Contract payments - leisure and recreation	13,999	11,952
Contract payments - agency and temporary staffing	707	851
Contract payments - home and community care services	243	235
Contract payments - waste	10,912	11,788
Contract payments - other	57	62
Movement in provision for landfill rehabilitation	7,014	(4,115)
Building maintenance	318	424
Materials, maintenance and equipment	15,339	21,266
Utilities	1,185	1,035
Office administration	1,032	868
Information technology and telephone	2,275	2,096
Insurance premiums	1,679	1,422
Consultants	2,058	1,852
Emergency management	357	325
Waste management	2,412	2,114
Other	398	480
Total materials and services	<u>59,985</u>	<u>52,655</u>

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

4.3 Depreciation		
Property	51	31
Buildings	1,896	1,187
Plant, equipment and artwork	802	729
Infrastructure	12,236	10,571
Total depreciation	<u>14,984</u>	<u>12,518</u>

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

4.4 Depreciation - right-of-use assets		
Plant and equipment	456	313
Depreciation - right-of-use assets	<u>456</u>	<u>313</u>

4.5 Allowance for impairment losses		
Parking fine debtors*	94	44
Bad debts	(7)	34
Total allowance for impairment losses	<u>87</u>	<u>78</u>

* Allowance for impairment losses for parking debtors relate to provisions raised regarding amounts in excess of 12 months old which have been referred to Infringements Court for collection plus associated costs.

Movement in allowance for impairment losses in respect of debtors		
Balance at the beginning of the year	686	613
New allowances recognised during the year	155	222
Amounts already allowed for and written off as uncollectible	4	-
Amounts allowed for but recovered during the year	(72)	(149)
Balance at end of year	<u>773</u>	<u>686</u>

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.

Nillumbik Shire Council
Notes To The Financial Statements
For The Year Ended 30 June 2024

Note 4 The cost of delivering services (continued)	2024	2023
	\$'000	\$'000
4.6 Borrowing costs		
Interest on borrowings	697	763
Total borrowing costs	697	763

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

4.7 Finance costs - leases		
Interest - lease liabilities	75	47
Total finance costs	75	47

4.8 Other expenses		
Auditors' remuneration - VAGO - audit of the financial statements, performance statement	73	67
Auditors' remuneration - internal audit and grant acquittals	190	169
Councillors' allowances	320	303
Operating lease rentals	258	150
Other	2,581	2,689
Total other expenses	3,422	3,378

Note 5 Investing in and financing our operations

5.1 Financial assets		
(a) Cash and cash equivalents		
Cash on hand	3	3
Cash at bank	4,409	3,215
Term deposits	35,998	43,881
Total cash and cash equivalents	40,410	47,099
(b) Other financial assets		
Current		
Term deposits	10,000	5,000
Non-current		
Investment - MAPS	5	5
Total other financial assets	10,005	5,005
Total cash and cash equivalents and other financial assets	50,415	52,104

Cash and cash equivalents include cash on hand, deposits at call, and other highly liquid investments with original maturities of ninety days/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.

Investments in MAPS (Local Government Health Plan) are valued at cost. Any dividends paid are taken up as revenue.

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

Nillumbik Shire Council
Notes To The Financial Statements
For The Year Ended 30 June 2024

Note 5 Investing in and financing our operations (continued)	2024 \$'000	2023 \$'000
5.1 Financial assets (continued)		
(c) Trade and other receivables		
Current		
<i>Statutory receivables</i>		
Rates debtors	11,395	9,257
Special charge scheme debtors	625	687
Parking infringement debtors	825	961
Allowance for expected credit loss - infringements	(607)	(514)
Net GST receivable	685	528
<i>Non-statutory receivables</i>		
Other debtors	1,250	1,877
Allowance for expected credit loss - other debtors	(166)	(172)
Total current trade and other receivables	14,007	12,624
Non-current		
<i>Statutory receivables</i>		
Special rate scheme	582	800
Total non-current trade and other receivables	582	800
Total trade and other receivables	14,589	13,424

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

(d) Ageing of Receivables

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

Current (not yet due)	1,057	1,655
Past due by up to 30 days	11	6
Past due between 31 and 180 days	26	52
Past due between 181 and 365 days	22	-
Past due by more than 1 year	134	164
Total trade and other receivables	1,250	1,877

(e) Ageing of individually impaired Receivables

At balance date, other debtors representing financial assets with a nominal value of \$165,569 (2023: \$172,362) were impaired. The amount of the allowance raised against these debtors was \$165,569 (2023: \$172,362). They individually have been impaired as a result of their doubtful collection. Many of the long outstanding past due amounts have been lodged with Council's debt collectors or are on payment arrangements.

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

Current (not yet due)	-	-
Past due by up to 30 days	-	-
Past due between 31 and 180 days	21	40
Past due between 181 and 365 days	36	-
Past due by more than 1 year	108	132
Total trade & other receivables	165	172

Nillumbik Shire Council
Notes To The Financial Statements
For The Year Ended 30 June 2024

Note 5 Investing in and financing our operations (continued)	2024 \$'000	2023 \$'000
5.2 Non-financial assets		
(a) Inventories		
Fuel	32	31
Total inventories	32	31
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		
Prepaid expenses	1,790	1,509
Accrued income	990	332
Total current other assets	2,780	1,841
5.3 Payables, trust funds and deposits and contract and other liabilities		
(a) Trade and other payables		
Current		
<i>Non-statutory payables</i>		
Trade payables	2,667	2,587
Accrued expenses	5,978	4,476
Prepaid income	289	172
Total current trade and other payables	8,934	7,235
(b) Trust funds and deposits		
Current		
Refundable deposits	623	555
Fire services levy	1,119	940
Retention amounts	1,159	899
Other refundable deposits	828	807
Total current trust funds and deposits	3,729	3,201
(c) Contract and other liabilities		
Current		
Deferred operating grants	1,300	1,592
Deferred capital grants	6,717	11,983
Other	1	-
Total current contract and other liabilities	8,018	13,575

Trust funds and deposits

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

Other liabilities

Grant consideration was received from federal and state government departments to support the construction of capital assets. Grant consideration is recognised as income following specific guidance under AASB 15 as the asset is constructed. Income is recognised to the extent of costs incurred-to-date because the costs of construction most closely reflect the stage of completion. As such, Council has deferred recognition of a portion of the grant consideration received as a liability for outstanding obligations.

Nillumbik Shire Council
Notes To The Financial Statements
For The Year Ended 30 June 2024

Note 5 Investing in and financing our operations (continued)	2024	2023
	\$'000	\$'000

5.3 Payables (continued)

(c) Unearned grants and contract liabilities (continued)

Purpose and nature of items

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

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, after each instalment date. Amounts disclosed here will be remitted to the state government in line with that process.

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

5.4 Interest-bearing liabilities

Current

Treasury Corporation of Victoria borrowings - secured	1,583	912
Other borrowings - secured	1,034	982
	2,617	1,894

Non-current

Treasury Corporation of Victoria borrowings - secured	11,632	5,214
Other borrowings - secured	5,434	6,472
	17,066	11,686
Total	19,683	13,580

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

Not later than one year	2,617	1,894
Later than one year and not later than five years	10,956	8,279
Later than five years	6,110	3,407
Total	19,683	13,580

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

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

Interest-bearing liabilities are secured against the general rates of Council and all proceeds from the sale or any other dealings with those assets or income, and land/ buildings owned by Council.

Nillumbik Shire Council
Notes To The Financial Statements
For The Year Ended 30 June 2024

Note 5 Investing in and financing our operations (continued)

5.5 Provisions	Employee \$ '000	Landfill restoration \$ '000	Total \$ '000
2024			
Balance at beginning of the financial year	8,411	14,128	22,539
Additional provisions	3,850	9,406	13,256
Amounts used	(3,814)	(4,309)	(8,123)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	-	1,917	1,917
Balance at the end of the financial year	8,447	21,142	29,589
<i>Provisions - current</i>	7,633	5,095	12,728
<i>Provisions - non-current</i>	814	16,047	16,861
2023			
Balance at beginning of the financial year	8,603	18,243	26,846
Additional provisions	3,954	-	3,954
Amounts used	(4,146)	(3,500)	(7,646)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	-	(615)	(615)
Balance at the end of the financial year	8,411	14,128	22,539
<i>Provisions - current</i>	7,579	5,021	12,600
<i>Provisions - non-current</i>	832	9,107	9,939
		2024	2023
		\$'000	\$'000
(a) Employee provisions			
Current provisions expected to be wholly settled within 12 months			
Annual leave		977	963
Long service leave		934	932
		<u>1,912</u>	<u>1,895</u>
Current provisions expected to be wholly settled after 12 months			
Annual leave		1,984	1,953
Long service leave		3,738	3,731
		<u>5,721</u>	<u>5,684</u>
Total current employee provisions		<u>7,633</u>	<u>7,579</u>
Non-current employee provisions			
Long service leave		814	832
Total non-current employee provisions		<u>814</u>	<u>832</u>
Aggregate carrying amount of employee provisions			
Current		7,633	7,579
Non-current		814	832
Total aggregate carrying amount of employee provisions		<u>8,447</u>	<u>8,411</u>

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

Nillumbik Shire Council
Notes To The Financial Statements
For The Year Ended 30 June 2024

Note 5 Investing in and financing our operations (continued)

	2024 \$'000	2023 \$'000
5.5 Provisions (continued)		
(a) Employee provisions (continued)		
<i>Annual leave</i>		
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.		
<i>Long service leave</i>		
Liability for long service leave (LSL) is recognised in the provision for employee benefits. Unconditional LSL is disclosed as a current liability as the Council does not have an unconditional right to defer settlement. Unconditional LSL is measured at nominal value if expected to be settled within 12 months or at present value if not expected to be settled within 12 months. Conditional LSL that has been accrued, where an employee is yet to reach a qualifying term of employment, is disclosed as a non-current liability and measured at present value.		
Key assumptions:		
- Discount rates	4.35%	3.24%
- Index rate	3.00%	3.00%
(b) Landfill restoration		
Current	5,095	5,021
Non-current	16,047	9,107
Total landfill restoration	21,142	14,128

Council is obligated to restore the former landfill sites at Plenty and Kangaroo Ground to a particular standard. The provision for landfill restoration has been calculated based on the present value of 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 as reviewed by the Environmental Protection Agency (EPA). Accordingly, the estimation of the provision required is dependent on the accuracy of the forecast timing of the work, work required and related costs. Council reviews the landfill restoration provision on an annual basis, including the key assumptions listed below:

Key assumptions:		
- Discount rate	4.48%	4.09%
- Index rate	3.00%	2.00%
- Estimated remaining costs to rehabilitate, including aftercare costs	22,515	17,418

The estimated cost to rehabilitate both landfill sites reflects the contracted rehabilitation cost of the Plenty Landfill site plus additional compliance expenditure, with the same costing assumed for Kangaroo Ground based on all known rehabilitation requirements. Rehabilitation of both landfill sites is underpinned by EPA requirements which are reflected in rehabilitation contract.

5.6 Financing arrangements

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

Loan facilities	19,683	13,580
Credit card facilities	153	153
Total facilities	19,836	13,733
Used facilities	19,761	13,635
Unused facilities	75	98
Total	19,836	13,733

Nillumbik Shire Council
Notes To The Financial Statements
For The Year Ended 30 June 2024

Note 5 Investing in and financing our operations (continued)

5.7 Commitments

The Council has entered into the following commitments. Commitments are not recognised in the balance sheet. Commitments are disclosed at their nominal value and presented exclusive of the GST payable.

	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 5 years	Later than 5 years	Total
2024	\$'000	\$'000	\$'000	\$'000	\$'000
Operating					
Community safety and amenity	322	322	364	121	1,129
Community services	269	14	21	-	304
Infrastructure	539	228	-	-	767
Landfill	65	44	65	-	174
Living landscapes	2,708	2,503	6,021	-	11,232
Organisational support	4,405	2,690	1,264	-	8,359
Planning, environment and strategy	918	605	495	47	2,065
Waste	8,920	8,671	8,539	-	26,130
Total	18,146	15,077	16,769	168	50,160
Capital					
Infrastructure	3,002	-	-	-	3,002
Landfill	4,086	3,975	-	-	8,061
Buildings	2,349	-	-	-	2,349
Plant and Equipment	846	-	-	-	846
Total	10,283	3,975	-	-	14,258
	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 5 years	Later than 5 years	Total
2023	\$'000	\$'000	\$'000	\$'000	\$'000
Operating					
Community services	255	-	-	-	255
Infrastructure maintenance	442	-	-	-	442
Insurance	762	-	-	-	762
Landfill	126	126	126	-	378
Open space	1,483	840	1,063	-	3,386
Organisational support	2,888	2,089	2,148	243	7,368
Waste	7,836	7,156	12,775	-	27,767
Total	13,792	10,211	16,112	243	40,358
Capital					
Infrastructure	2,346	-	-	-	2,346
Landfill	3,645	3,645	3,541	-	10,831
Buildings	3,785	-	-	-	3,785
Plant and Equipment	652	-	-	-	652
Total	10,428	3,645	3,541	-	17,614

Nillumbik Shire Council
Notes To The Financial Statements
For The Year Ended 30 June 2024

Note 5 Investing in and financing our operations (continued)

5.8 Leases

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

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

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

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

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

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

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

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

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

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

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

Right-of-Use Assets	Plant and equipment \$'000	Total \$'000
Balance at 1 July 2023	1,383	1,383
Additions	194	194
Amortisation charge	(456)	(456)
Balance at 30 June 2024	<u>1,121</u>	<u>1,121</u>

Nillumbik Shire Council
Notes To The Financial Statements
For The Year Ended 30 June 2024

Note 5 Investing in and financing our operations (continued)

5.8 Leases (continued)

Lease Liabilities

	2024	2023
	\$'000	\$'000
Maturity analysis - contractual undiscounted cash flows	457	473
Less than one year	827	949
One to five years	61	203
More than five years	<u>1,345</u>	<u>1,625</u>
Total undiscounted lease liabilities as at 30 June		

Lease liabilities included in the Balance Sheet at 30 June:

Current	402	402
Non-current	804	1,030
Total lease liabilities	<u>1,206</u>	<u>1,432</u>

Short-term and low value leases

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

	2024	2023
	\$'000	\$'000
Expenses relating to:		
Short-term leases	258	154
Leases of low value assets	-	10
Total	<u>258</u>	<u>164</u>

Variable lease payments (not included in measurement of lease liabilities)

Variable lease payments are those that depend on an index or a rate, for example payments linked to the consumer price index, a benchmark interest rate or changes in market rental rates. Council has not entered into any variable lease arrangements.

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

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

Payable:

Within one year	-	10
Later than one year but not later than five years	-	-
Total lease commitments	<u>-</u>	<u>10</u>

**Nillumbik Shire Council
Notes To The Financial Statements
For The Year Ended 30 June 2024**

Note 6 Assets we manage

6.1 Property, infrastructure, plant and equipment

Summary of property, infrastructure, plant and equipment

	Carrying amount 30 June 2023	Acquisitions	Contributions	Revaluation	Depreciation	Disposal	Transfers	Carrying amount 30 June 2024
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Land	468,544	-	-	18,063	(51)	(150)	-	486,405
Buildings	49,810	1,907	-	13,007	(1,896)	(285)	238	62,781
Plant, equipment and artwork	7,744	1,230	-	162	(802)	(13)	-	8,321
Infrastructure	378,454	6,215	24	82,609	(12,236)	(1,872)	4,305	457,500
Work in progress	6,949	9,539	-	-	-	(479)	(4,543)	11,466
Total	911,501	18,891	24	113,842	(14,984)	(2,801)	0	1,026,474

Summary of work in progress

	Opening WIP	Additions	Write Offs	Transfers	Closing WIP
	\$'000	\$'000	\$'000	\$'000	\$'000
Land	-	3	-	-	3
Buildings	1,131	7,017	(90)	(71)	7,987
Plant, equipment and artwork	-	43	-	-	43
Infrastructure	5,818	2,476	(389)	(4,472)	3,433
Total	6,949	9,539	(479)	(4,543)	11,466

Nillumbik Shire Council
Notes To The Financial Statements
For The Year Ended 30 June 2024

Note 6 Assets we manage (continued)

6.1 Property, infrastructure, plant and equipment (continued)

(a) Property

	Land - specialised \$'000	Land - non-specialised \$'000	Land improvements \$'000	Total land \$'000	Buildings - heritage \$'000	Buildings - specialised \$'000	Buildings - non- improvements \$'000	Building improvements \$'000	Total buildings \$'000	Work in progress \$'000	Total property \$'000
At fair value 1 July 2023	4,928	462,186	1,595	468,709	13,390	79,885	427	-	93,702	1,131	563,542
Accumulated depreciation at 1 July 2023	-	-	(165)	(165)	(5,527)	(38,305)	(60)	-	(43,892)	-	(44,057)
	4,928	462,186	1,430	468,544	7,863	41,580	367	-	49,810	1,131	519,485
Movements in fair value											
Acquisition of assets at fair value	-	-	-	-	597	1,174	136	-	1,907	7,020	8,927
Contributed assets	-	-	-	-	-	-	-	-	-	-	-
Revaluation increments/(decrements)	369	17,694	-	18,063	3,048	21,088	1,437	-	25,573	-	43,635
Fair value of assets disposed	(68)	-	(122)	(189)	(43)	(1,215)	-	-	(1,258)	(90)	(1,537)
Impairment losses recognised in operating	-	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	6	57	175	-	238	(71)	167
	301	17,694	(122)	17,873	3,608	21,104	1,748	-	26,460	6,859	51,192
Movements in accumulated depreciation											
Depreciation and amortisation	-	-	(51)	(51)	(154)	(1,593)	(149)	-	(1,896)	-	(1,947)
Revaluation increments/(decrements)	-	-	-	-	(1,653)	(10,203)	(709)	-	(12,565)	-	(12,565)
Accumulated depreciation of disposals	-	-	39	39	33	940	-	-	973	-	1,012
Impairment losses recognised in operating	-	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-	-
	-	-	(12)	(12)	(1,774)	(10,857)	(858)	-	(13,488)	-	(13,500)
At fair value 30 June 2024	5,229	479,880	1,473	486,582	16,998	100,989	2,175	-	120,162	7,990	614,734
Accumulated depreciation at 30 June 2024	-	-	(177)	(177)	(7,301)	(49,162)	(918)	-	(57,380)	-	(57,557)
Carrying amount	5,229	479,880	1,296	486,405	9,697	51,827	1,257	-	62,781	7,990	557,177

Nillumbik Shire Council
Notes To The Financial Statements
For The Year Ended 30 June 2024

Note 6 Assets we manage (continued)

6.1 Property, infrastructure, plant and equipment (continued)

(b) Plant, equipment and artwork

	Plant machinery, equipment and motor vehicles	Fixtures, fittings and furniture	Computers and telecomms	Artwork	Work in progress	Total plant and equipment
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2023	9,416	1,121	1,678	4,926	-	17,141
Accumulated depreciation at 1 July 2023	(7,647)	(1,047)	(703)	-	-	(9,397)
	1,769	74	975	4,926	-	7,744
Movements in fair value						
Acquisition of assets at fair value	1,033	51	114	31	43	1,273
Contributed assets	-	-	-	-	-	-
Revaluation increments/(decrements)	-	-	-	162	-	162
Fair value of assets disposed	(727)	(58)	(183)	-	-	(968)
Impairment losses recognised in operating result	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
	306	(7)	(68)	193	43	468
Movements in accumulated depreciation						
Depreciation and amortisation	(598)	(22)	(182)	-	-	(802)
Revaluation increments/(decrements)	-	-	-	-	-	-
Accumulated depreciation of disposals	714	58	183	-	-	954
Impairment losses recognised in operating result	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
	116	36	1	-	-	153
At fair value 30 June 2024	9,722	1,114	1,610	5,119	43	17,609
Accumulated depreciation at 30 June 2024	(7,531)	(1,011)	(702)	-	-	(9,244)
Carrying amount	2,191	103	908	5,119	43	8,364

Nilumbik Shire Council
Notes To The Financial Statements
For The Year Ended 30 June 2024

Note 6 Assets we manage (continued)

6.1 Property, infrastructure, plant and equipment (continued)

(c) Infrastructure

	Roads	Bridges	Footpaths, trails and cycleways	Drainage	Recreational, leisure and community	Kerb and channel	Waste management	Parks, open spaces and streetscapes	Other infrastructure	Work in progress	Total infrastructure
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2023	184,247	18,893	52,195	156,619	120,355	27,563	1,287	17,877	17,493	5,818	602,347
Accumulated depreciation at 1 July 2023	(72,618)	(6,359)	(24,200)	(59,144)	(27,476)	(12,461)	(1,287)	(5,669)	(8,861)	-	(218,075)
	111,629	12,534	27,995	97,475	92,879	15,102	-	12,208	8,632	5,818	384,272
Movements in fair value											
Acquisition of assets at fair value	2,403	60	559	866	596	371	-	449	911	2,476	8,691
Contributed assets	5	-	-	17	-	2	-	-	-	-	24
Revaluation increments/(decrements)	26,901	2,367	2,669	53,921	33,793	3,094	-	5,528	(453)	-	127,820
Fair value of assets disposed	(1,127)	(40)	(163)	(163)	-	(92)	-	(417)	(5,349)	(389)	(7,739)
Impairment losses recognised in operating result	-	-	-	-	-	-	-	-	-	-	-
Transfers	1,907	53	711	1,008	54	296	-	82	195	(4,472)	(167)
	30,089	2,439	3,777	55,649	34,442	3,672	-	5,642	(4,696)	(2,385)	128,629
Movements in accumulated depreciation											
Depreciation and amortisation	(3,686)	(239)	(1,254)	(1,691)	(2,843)	(566)	-	(1,080)	(876)	-	(12,236)
Contributed assets	-	-	-	-	-	-	-	-	-	-	-
Revaluation increments/(decrements)	(7,293)	(1,242)	(5,257)	(19,673)	(7,985)	(1,981)	-	(1,965)	186	-	(45,210)
Accumulated depreciation of disposals	348	7	83	22	-	26	-	153	4,839	-	5,478
Impairment losses recognised in operating result	-	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-	-
	(10,631)	(1,474)	(6,428)	(21,343)	(10,828)	(2,521)	-	(2,892)	4,149	-	(51,968)
At fair value 30 June 2024	214,336	21,332	55,972	212,268	154,797	31,235	1,287	23,519	12,797	3,433	730,976
Accumulated depreciation at 30 June 2024	(83,249)	(7,833)	(30,628)	(80,487)	(38,304)	(14,982)	(1,287)	(8,561)	(4,712)	-	(270,043)
Carrying amount	131,087	13,499	25,344	131,782	116,493	16,253	-	14,958	8,085	3,433	460,933

Nillumbik Shire Council
Notes To The Financial Statements
For The Year Ended 30 June 2024

Note 6 Assets we manage (continued)

6.1 Property, infrastructure, plant and equipment (continued)

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 been applied when recognising assets within an applicable asset class and unless otherwise stated are consistent with the prior year.

Asset recognition thresholds and depreciation periods

	Useful life	Threshold
	Years	\$
Property		
Land	Indefinite	Nil
Playgrounds	10-15	1,000
Land improvements	50	5,000
Buildings	50-100	5,000
Plant, equipment and artwork		
Plant and machinery	6-7	1,000
Motor vehicles	6-7	Nil
Furniture, fittings and computers	6-7	1,000
Artwork	Indefinite	500
Infrastructure		
Road surface	12-30	5,000
Road pavement	50-80	5,000
Road formation and earthworks	-	5,000
Road kerb, channel and minor culverts	50	5,000
Traffic treatments/ calming	5-50	5,000
Major bridge culverts	50-100	5,000
Bridges - concrete/steel	100	5,000
Bridges - timber	50	5,000
Footpaths, trails and cycleways	10-50	5,000
Drainage	50-100	5,000
Waste management	5-15	1,000
Guard fence	10	1,000
Fire hydrants	50	1,000
Bus shelters	20	1,000
Reserves furniture	17	1,000
Water treatment devices	15-20	5,000

Land under roads

Council recognises land under roads it controls at fair value. Council does not recognise land under roads that it controlled prior to 30 June 2008 in its financial report.

Nillumbik Shire Council
Notes To The Financial Statements
For The Year Ended 30 June 2024

Note 6 Assets we manage (continued)

6.1 Property, infrastructure, plant and equipment (continued)

Depreciation and amortisation

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

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

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

Artworks are not depreciated.

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

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

Valuation of land and buildings

Valuation of land and buildings were undertaken by a qualified independent valuer, Ms B Stephen of Matheson Stephen Valuations, valuer registration no. 63034. The valuation of land and buildings is at fair value, being market value based on highest and best use permitted by relevant land planning provisions. At the time of valuation, available market data, including any impact of the pandemic event, were considered. Where land use is restricted through existing planning provisions the valuation is reduced to reflect this limitation. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the comprehensive income statement.

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

Any significant movements in the unobservable inputs for land and land under roads will have a significant impact on the fair value of these assets. These unobservable inputs are not significant to the entire measurement.

The date and type of the current valuation is detailed in the following table. A full revaluation of these assets has been conducted in 2023/24.

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

	Level 1	Level 2	Level 3	Date of	Type of
	\$'000	\$'000	\$'000	valuation	valuation
Land - specialised	-	-	5,229	Jun-24	Full
Land - non-specialised	-	129,381	350,499	Jun-24	Full
Land improvements	-	-	1,296	Jun-24	Full
Buildings - heritage	-	-	9,697	Jun-24	Full
Buildings - specialised	-	-	51,827	Jun-24	Full
Buildings - non-specialised	-	-	1,257	Jun-24	Full
Total	-	129,381	419,806		

Nillumbik Shire Council
Notes To The Financial Statements
For The Year Ended 30 June 2024

Note 6 Assets we manage (continued)

6.1 Property, infrastructure, plant and equipment (continued)

Valuation of infrastructure

Valuation of infrastructure assets has been determined in accordance with a valuation undertaken by Council's Assets Coordinator, Ms Nadine Sinclair, Bachelor of Engineering (Civil), Registered Professional Engineer (Business Licencing Authority, Victoria) and independently reviewed by Brightly Software (Assetic).

The date and type of the current valuation is detailed in the following table. A full revaluation of these assets has been conducted in 2023/24.

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

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

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Date of last full valuation	Type of valuation
Roads	-	-	131,087	Jun-24	Full
Bridges	-	-	13,499	Jun-24	Full
Footpaths and cycleways	-	-	25,344	Jun-24	Full
Drainage	-	-	131,782	Jun-24	Full
Recreational, leisure and community	-	-	116,493	Jun-24	Full
Kerb and channel	-	-	16,253	Jun-24	Full
Waste management	-	-	-	Jun-24	Full
Parks, open spaces and streetscapes	-	-	14,958	Jun-24	Full
Other infrastructure	-	-	8,085	Jun-24	Full
Total	-	-	457,500		

Description of significant unobservable inputs into level 3 valuations

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

Specialised buildings are valued using a current replacement cost technique. Significant unobservable inputs include the current replacement cost and remaining useful lives of buildings. Current replacement costs are calculated on a square metre basis and ranges from \$4,000 to \$6,500 per square metre. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary from 50 years to 100 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of buildings are sensitive to changes in expectations or requirements that could either shorten or extend the useful lives of buildings.

Infrastructure assets are valued based on the current replacement cost. Significant unobservable inputs include the current replacement cost and remaining useful lives of infrastructure. The remaining useful lives of infrastructure assets are determined on the basis of the current condition of the asset and vary from 1 year to 100 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of infrastructure assets are sensitive to changes in use, expectations or requirements that could either shorten or extend the useful lives of infrastructure assets.

	2024 \$'000	2023 \$'000
Reconciliation of specialised land		
Land under roads	5,229	4,928
Less: accumulated depreciation	-	-
Total specialised land	5,229	4,928

Nillumbik Shire Council
Notes To The Financial Statements
For The Year Ended 30 June 2024

Note 6 Assets we manage (continued)	2024	2023
	\$'000	\$'000
6.2 Investment in associates		
Investments in associate accounted for by the equity method is:		
- Yarra Plenty Regional Library Service	1,650	1,636
Yarra Plenty Regional Library Service		
<i>Background</i>		
The Yarra Plenty Regional Library Service consists of nine locations and a mobile library service. Responsibility for the provision and management of the Library Service rests with the Regional Library Board, which comprises of two representatives from each of the three member councils. The Regional Library service operates as an independent legal entity and is audited annually by the Auditor General.		
Council's investment in the Yarra Plenty Regional Library Service was increased by \$13,746 (increase of \$77,124 in 2022/2023) due to an increase in the net assets position of the Corporation (audited at 30 June 2024). Council's equity interest based on contributions is 21.37 percent.		
Fair value of Council's investment in Yarra Plenty Regional Library Service	1,650	1,636
Council's share of accumulated surplus/(deficit)		
Council's share of accumulated surplus/(deficit) at start of year	1,343	945
Share of net profits/(losses) of associate	14	72
Transfers (to)/from reserves	106	326
Council's share of accumulated surplus/(deficit) at end of year	1,463	1,343
Movement in carrying value of specific investment		
Carrying value of investment at start of year	1,636	1,748
Share of net assets	14	72
Transfers (to)/from reserves	-	(184)
Carrying value of investment at end of year	1,650	1,636
Council's share of expenditure commitments		
Operating commitments	180	101
Capital commitments	-	-
Council's share of expenditure commitments	180	101
Yarra Plenty Regional Library Service Contributions		
Contributions to associate	3,077	3,022

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

Council is not involved in any joint arrangements at balance date.

Nillumbik Shire Council
Notes To The Financial Statements
For The Year Ended 30 June 2024

Note 7 People and relationships	2024	2023
	<i>No.</i>	<i>No.</i>
7.1 Council and key management remuneration		
(a) Related parties		
<i>Parent entity</i>		
Nillumbik Shire Council is the parent entity		
 <i>Subsidiaries and associates</i>		
Interests in subsidiaries and associates are detailed in note 6.2.		
 (b) Key management personnel		
Key management personnel (KMP) are those people with the authority and responsibility for planning, directing and controlling the activities of Council. The Councillors, Chief Executive Officer, Chief Operating Officer and Directors are deemed KMP.		
 Details of persons holding the position of Councillor or other members of key management personnel at any time during the year are:		
 Councillors		
Cr Karen Egan (01/07/2023 - 30/06/2024)		
Cr Peter Perkins (01/07/2023 - 30/06/2024)		
Cr France Eyre (01/07/2023 - 30/06/2024)		
Cr Natalie Duffy (01/07/2023 - 30/06/2024)		
Cr Geoff Paine (01/07/2023 - 30/06/2024)		
Cr Ben Ramcharan (Mayor, 1/07/2023 - 30/06/2024)		
Cr Richard Stockman (01/07/2023 - 30/06/2024)		
 Chief Executive Officer		
Mr Carl Cowie (01/07/2023 - 30/06/2024)		
 Key Management Personnel reporting directly to the CEO		
Mr Vincenzo Lombardi, Chief Operating Officer (01/07/2023 - 30/06/2024)		
Ms Blaga Naumoski, Director of Governance, Communications and Community Safety (01/07/2023 - 30/06/2024)		
Mr Jeremy Livingston, Director of Culture and Performance, (01/07/2023 - 30/06/2024)		
Ms Corrienne Nichols, Director of Communities (01/07/2023 - 30/06/2024)		
Ms Rosalia Zouzoulas, Director Planning, Environment and Strategy (01/07/2023 - 09/02/2024)		
	2024	2023
	<i>No.</i>	<i>No.</i>
Total number of Councillors	7	7
Chief Executive Officer and other key management personnel	6	7
Total number of key management personnel	13	14

Nillumbik Shire Council
Notes To The Financial Statements
For The Year Ended 30 June 2024

Note 7 People and relationships (continued) **2024** **2023**
\$'000 **\$'000**

7.1 Council and key management remuneration (continued)

(c) Remuneration of key management personnel

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

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

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

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

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

Total remuneration of key management personnel was as follows:

Short-term employee benefits	2,157	2,121
Other long-term employee benefits	(20)	15
Post-employment employee benefits	-	-
Termination benefits	35	62
Total	2,172	2,198

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

	2024	2023
	<i>No.</i>	<i>No.</i>
\$30,000 - \$39,999	5	4
\$40,000 - \$49,999	1	1
\$50,000 - \$59,999	-	1
\$80,000 - \$89,999	-	1
\$100,000 - \$109,999	1	-
\$210,000 - \$219,999	-	1
\$230,000 - \$239,999	-	1
\$240,000 - \$249,999	1	2
\$250,000 - \$259,999	1	1
\$270,000 - \$279,999	1	-
\$290,000 - \$299,999	1	1
\$300,000 - \$309,999	1	-
\$430,000 - \$439,999	-	1
\$450,000 - \$459,999	1	-
	13	14

Nillumbik Shire Council
Notes To The Financial Statements
For The Year Ended 30 June 2024

Note 7 People and relationships (continued) **2024** **2023**
\$'000 **\$'000**

7.1 Council and key management remuneration (continued)

(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	2,613	3,489
Other long-term employee benefits	34	71
Post-employment employee benefits	-	155
Termination benefits	-	157
Total	2,647	3,872

	2024	2023
	<i>No.</i>	<i>No.</i>
The number of senior officers are shown below in their relevant income bands:		
\$10,000 - \$19,999	-	1
\$100,000 - \$109,999	-	-
\$110,000 - \$119,999	-	-
\$130,000 - \$139,999	-	1
\$150,000 - \$159,999	-	3
\$160,000 - \$169,999	-	6
\$170,000 - \$179,999	4	4
\$180,000 - \$189,999	4	3
\$190,000 - \$199,999	1	1
\$200,000 - \$209,999	3	-
\$210,000 - \$219,999	2	1
	14	20

The above includes three senior officers who departed during the financial year.

For the year ended 30 June 2024, other senior staff who report directly to a member of the KMP and whose total remuneration did not exceed \$170,000 have not been included.

7.2 Related party disclosure

(a) Transactions with related parties

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

Contributions made to the Yarra Plenty Regional Library Service for the provision of library services, as disclosed in Note 6.2

	3,077	3,022
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(b) Outstanding balances with related parties

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

(c) Loans to/from related parties

There were no loans made, guaranteed or secured by Council to a related party during the reporting period and no loans to or from related parties outstanding as at the end of the reporting period.

(d) Commitments to/from related parties

There were no commitments in existence at balance date that were made, guaranteed or secured by Council.

Nillumbik Shire Council
Notes To The Financial Statements
For The Year Ended 30 June 2024

Note 8 Managing uncertainties

8.1 Contingent assets and liabilities

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

(a) Contingent assets

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

Contributions

From time to time Council receives gifted infrastructure assets from property developers. The nature and timing of these assets is conditional upon subdivisional requirements being completed. Once received by Council ongoing maintenance costs become the responsibility of Council.

(b) Contingent liabilities

Contingent liabilities are:

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

The following are potential contingencies.

Superannuation

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

Future superannuation contributions

Council has paid no unfunded liability payments to Vision Super. There were contributions outstanding totalling \$26,918.21 (\$264,566 as at 30 June 2023) and no loans issued from or to the above schemes as at 30 June 2024. The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ended 30 June 2024 is \$0.107 million (\$0.14 million as at 30 June 2023).

Legal Matters

One legal matter is yet to be resolved whereby Council's exposure cannot be quantified. No allowance has been made in the financial report for contingencies of a legal nature.

Building cladding

Council has not identified any potential contingent liability that exists in relation to rectification works or other matters associated with building cladding that may have the potential to adversely impact on Council.

Nillumbik Shire Council
Notes To The Financial Statements
For The Year Ended 30 June 2024

Note 8 Managing uncertainties (continued)	2024	2023
	\$'000	\$'000

8.1 Contingent assets and liabilities (continued)

(b) Contingent liabilities (continued)

Liability Mutual Insurance

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

(c) Guarantees for loans to other entities

Total guarantees for loans to other entities	1,470	1,459
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The amount disclosed for financial guarantee in this note is the nominal amount of the underlying loan that is guaranteed by the Council, not the fair value of the financial guarantee.

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

8.2 Change in accounting standards

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

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

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

Council will assess any impact of the modifications to AASB 13 ahead of the 2024-25 reporting period.

In December 2022 the Australian Accounting Standards Board (AASB) issued AASB 2022-6 Amendments to Australian Accounting Standards - Non-current Liabilities with Covenants. AASB 2022-6 amends AASB 101 Presentation of Financial Statements to improve the information an entity provides in its financial statements about long-term liabilities with covenants where the entity's right to defer settlement of those liabilities for at least twelve months after the reporting period is subject to the entity complying with conditions specified in the loan arrangement. The amendments in AASB 2022-6 are effective for annual periods beginning on or after 1 January 2024. Council will assess any impact of the modifications to AASB 101 ahead of the 2024-25 reporting period.

Nillumbik Shire Council
Notes To The Financial Statements
For The Year Ended 30 June 2024

Note 8 Managing uncertainties (continued)

8.3 Financial Instruments

(a) Objectives and policies

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

(b) Market risk

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

Interest rate risk

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

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

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

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

Interest rate movements have been sufficiently significant during the year to have a marginal impact on the Council's year end result and Council will continue to monitor market activity to maximise Council's return.

(c) Credit risk

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

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

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

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

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

Nillumbik Shire Council
Notes To The Financial Statements
For The Year Ended 30 June 2024

Note 8 Managing uncertainties (continued)

8.3 Financial Instruments (continued)

(c) Credit risk (continued)

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 our operational liquidity requirements or we will not have sufficient funds to settle a transaction when required, we will be forced to sell a financial asset at below value or may be unable to settle or recover a financial asset.

To help reduce these risks Council:

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

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

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

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

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

(e) Sensitivity disclosure analysis

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

- A parallel shift of + 2.5 percent and -2.5 percent in market interest rates (AUD) from year-end rates of 4.25 percent.

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.

Nillumbik Shire Council
Notes To The Financial Statements
For The Year Ended 30 June 2024

Note 8 Managing uncertainties (continued)

8.4 Fair value measurement

Fair value hierarchy

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

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

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

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

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

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

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

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

Revaluation

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

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

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.

**Nillumbik Shire Council
Notes To The Financial Statements
For The Year Ended 30 June 2024**

Note 8 Managing uncertainties (continued)

8.4 Fair value measurement (continued)

Impairment of assets

At each reporting date, 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

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

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Nillumbik Shire Council
Notes To The Financial Statements
For The Year Ended 30 June 2024

Note 9 Other matters

9.1 Reserves

(a) Asset revaluation reserve

	Balance at beginning of reporting period \$'000	Increment/ (decrement) \$'000	Balance at end of reporting period \$'000
2024			
Property			
Land, land improvements and playgrounds	369,536	21,625	391,161
Buildings	23,942	38,815	62,757
Total property	393,478	60,440	453,918
Plant and Equipment			
Plant, machinery and vehicles	535	-	535
Furniture, equipment and computers	689	-	689
Artwork	3,550	163	3,713
Total plant and equipment	4,774	163	4,937
Infrastructure			
Roads and traffic treatments	-	19,608	19,608
Bridges	4,645	1,125	5,770
Footpaths and cycleways	8,317	(2,588)	5,729
Drainage	54,840	34,248	89,088
Kerb and channel	8,246	1,114	9,360
Other infrastructure	1,989	(266)	1,723
Total infrastructure	78,037	53,241	131,278
Total asset revaluation reserves	476,290	113,844	590,134
2023			
Property			
Land, land improvements and playgrounds	369,536	-	369,536
Buildings	23,942	-	23,942
Total property	393,478	-	393,478
Plant and Equipment			
Plant, machinery and vehicles	535	-	535
Furniture, equipment and computers	689	-	689
Artwork	3,550	-	3,550
Total plant and equipment	4,774	-	4,774
Infrastructure			
Roads, earthworks	-	-	-
Bridges	4,645	-	4,645
Footpaths and cycleways	8,317	-	8,317
Drainage	54,840	-	54,840
Kerb and channel	8,246	-	8,246
Other infrastructure	1,989	-	1,989
Total infrastructure	78,037	-	78,037
Total asset revaluation reserves	476,290	-	476,290

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

Nillumbik Shire Council
Notes To The Financial Statements
For The Year Ended 30 June 2024

Note 9 Other matters (continued)

9.1 Reserves (continued)

(b) Other reserves

Statutory reserves are those for which Council is required to separately account for by statute. Funds are held for specific purposes as described in the reserve account name.

Discretionary Reserves are those for which Council does have discretion over the manner in which funds are expended. Funds held in these reserve accounts are held for the purposes describe in the reserve account name.

	Balance at beginning of reporting period \$'000	Net of transfer to / (from) accum. surplus \$'000	Balance at end of reporting period \$'000
2024			
Statutory cash backed reserves			
Car parks	97	-	97
Development planning overlays: infrastructure	2,832	67	2,899
Development contribution plans: open space	4,360	676	5,036
Development contribution construction	186	8	194
Native vegetation	433	(2)	431
Open space	4,941	786	5,727
Street light contributions	28	-	28
Street trees	79	-	79
Yarrambat drainage scheme	466	3	469
Yarrambat drainage extension area	169	7	176
Total cash backed statutory reserves	13,591	1,545	15,136
Discretionary reserves			
Bridgeford Estate	42	-	42
Carried forward projects	11,113	281	11,394
Cricket pitch renewal	24	11	35
Information technology	1,101	(406)	695
Leisure facility improvements	323	55	378
MAV bond repayment	-	-	-
Major projects	3,197	(612)	2,585
Plant replacement	970	(150)	820
Plenty and Kangaroo Ground landfill restoration	1,949	2,791	4,740
Public art program	166	6	172
Total discretionary reserves	18,885	1,976	20,861
Total other reserves	32,476	3,521	35,997

Nillumbik Shire Council
Notes To The Financial Statements
For The Year Ended 30 June 2024

Note 9 Other matters (continued)

9.1 Reserves (continued)

(b) Other reserves (continued)

	Balance at beginning of reporting period \$'000	Net of transfer to / (from) accum. surplus \$'000	Balance at end of reporting period \$'000
2023			
Statutory cash backed reserves			
Car parks	97	-	97
Development planning overlays: infrastructure	2,780	52	2,832
Development contribution plans: open space	4,236	124	4,360
Development contribution construction	180	6	186
Native vegetation	463	(30)	433
Open space	4,557	384	4,941
Street light contributions	28	-	28
Street trees	79	-	79
Yarrambat drainage scheme	455	11	466
Yarrambat drainage extension area	164	5	169
Total cash backed statutory reserves	13,039	552	13,591
Discretionary reserves			
Bridgeford Estate	43	(1)	42
Carried forward projects	11,323	(210)	11,113
Cricket pitch renewal	22	2	24
Information technology	1,390	(289)	1,101
Leisure facility improvements	257	66	323
MAV bond repayment	1,463	(1,463)	-
Major projects	3,084	113	3,197
Plant replacement	1,054	(84)	970
Plenty and Kangaroo Ground landfill restoration	1,042	907	1,949
Public art program	191	(25)	166
Total discretionary reserves	19,869	(984)	18,885
Total other reserves	32,908	(432)	32,476
		2024	2023
		\$'000	\$'000
(c) Statutory cash backed and capital works reserves			
Statutory cash backed reserves		15,136	13,591
Discretionary reserves:			
Bridgeford Estate		42	42
Plenty and Kangaroo Ground landfill restoration		4,740	1,949
Total externally restricted reserves		19,918	15,582

Nillumbik Shire Council
Notes To The Financial Statements
For The Year Ended 30 June 2024

	2024	2023
Note 9 Other matters (continued)	\$'000	\$'000
9.2 Reconciliation of cash flows from operating activities to surplus/(deficit)		
Surplus/(deficit) for the year	(8,298)	2,503
<i>Non-cash adjustments:</i>		
Depreciation	14,984	12,518
(Profit)/loss on disposal of property, infrastructure, plant and equipment	2,040	1,446
Share of net (profits)/losses of associate	(14)	112
Contributions - non-monetary assets	(24)	(2,120)
Borrowing cost	697	763
Change in assets and liabilities:		
(Increase)/decrease in trade and other receivables	(1,165)	(2,041)
(Increase)/decrease in prepayments	(281)	(505)
(Increase)/decrease in contract assets	(658)	163
Increase/(decrease) in trade and other payables	1,473	2,566
Increase/(decrease) in contract and other liabilities	(5,557)	1,162
(Increase)/decrease in inventories	(1)	4
Increase/(decrease) in provisions	7,050	(4,307)
Increase/(decrease) in trust funds	528	209
Net cash provided by/(used in) operating activities	<u>10,774</u>	<u>12,473</u>

Nillumbik Shire Council
Notes To The Financial Statements
For The Year Ended 30 June 2024

Note 9 Other matters (continued)

9.3 Superannuation

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

Accumulation

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

Defined Benefit

Council does not use defined benefit accounting for its defined benefit obligations under the Fund's Defined Benefit category. This is because the Fund's Defined Benefit category is a pooled multi-employer sponsored plan. There is no proportional split of the defined benefit liabilities, assets or costs between the participating employers as the defined benefit obligation is a floating obligation between the participating employers and the only time that the aggregate obligation is allocated to specific employers is when a call is made. As a result, the level of participation of Council in the Fund cannot be measured as a percentage compared with other participating employers. Therefore, the Fund Actuary is unable to allocate benefit liabilities, assets and costs between employers for the purposes of AASB 119.

Funding Arrangements

Council makes employer contributions to the Defined Benefit category of the Fund at rates determined by the Trustee on the advice of the Fund Actuary. A triennial actuarial investigation for the Defined Benefit category as at 30 June 2023 was conducted and completed by 31 December 2023. The vested benefit index (VBI) of the Defined Benefit category as at 30 June 2023 was 104.1%. Council was notified of the 30 June 2023 VBI during August 2023.

The financial assumptions used to calculate the 30 June 2023 VBI were:

Net investment return	5.7 percent p.a
Salary inflation	3.5 percent p.a
Price inflation (CPI)	2.8 percent p.a

The VBI is used as the primary funding indicator. Because the VBI was above 100%, the 30 June 2023 actuarial investigation determined the Defined Benefit category was in a satisfactory financial position and that no change was necessary to the Defined Benefit category's funding arrangements from prior years.

Nillumbik Shire Council
Notes To The Financial Statements
For The Year Ended 30 June 2024

Note 9 Other matters (continued)

9.3 Superannuation (continued)

Employer contributions

Regular contributions

On the basis of the results of the 2023 triennial actuarial investigation conducted by the Fund Actuary, Council makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2024, this rate was 11.0% of members' salaries (10.5% in 2022/23). This rate is expected to increase in line with any increases in the SG contribution rate and was reviewed as part of the 30 June 2023 triennial valuation.

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

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%.

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

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

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

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

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

The 2023 triennial actuarial investigation surplus amounts

An actuarial investigation is conducted annually for the Defined Benefit category of which Council is a contributing employer. Generally, a full actuarial investigation is conducted every three years and interim actuarial investigations are conducted for each intervening year. A full investigation was conducted as at 30 June 2023.

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

	2023	2022
	(Triennial)	(Interim)
	\$'000	\$'000
- A VBI surplus	84,700	44,600
- A total service liability surplus	123,600	105,800
- A discounted accrued benefits surplus	141,900	111,900

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

The total service liability surplus means that the current value of the assets in the Fund's Defined Benefit category plus expected future contributions exceeds the value of expected future benefits and expenses as at 30 June 2023.

The discounted accrued benefit surplus means that the current value of the assets in the Fund's Defined Benefit category exceeds the value of benefits payable in the future but accrued in respect of service to 30 June 2023.

**Nillumbik Shire Council
Notes To The Financial Statements
For The Year Ended 30 June 2024**

Note 9 Other matters (continued)

9.3 Superannuation (continued)

The 2024 interim actuarial investigation

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

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

Net investment return	5.6 percent p.a
Salary inflation	3.5 percent p.a
Price inflation (CPI)	2.7 percent p.a

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

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

The 2020 triennial actuarial 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 percent p.a	5.6 percent p.a
Salary inflation	3.5 percent p.a	2.5 percent p.a for the first two years and 2.75 p.a thereafter
Price inflation (CPI)	2.8 percent p.a	2.0 percent p.a

Superannuation contributions

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

Scheme	Type of Scheme	Rate	2024 \$'000	2023 \$'000
Vision super	Defined benefit	11% (2023: 10.5%)	65	72
Vision super	Accumulation fund	11% (2023: 10.5%)	1,750	1,559
Other	Accumulation fund	11% (2023: 10.5%)	1,903	1,744

In addition to the above contributions, Council has paid no unfunded liability payments to Vision Super (2022/23 Nil).

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

The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2025 is \$68,000.

**Nillumbik Shire Council
Notes To The Financial Statements
For The Year Ended 30 June 2024**

10 Change in accounting policy

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

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