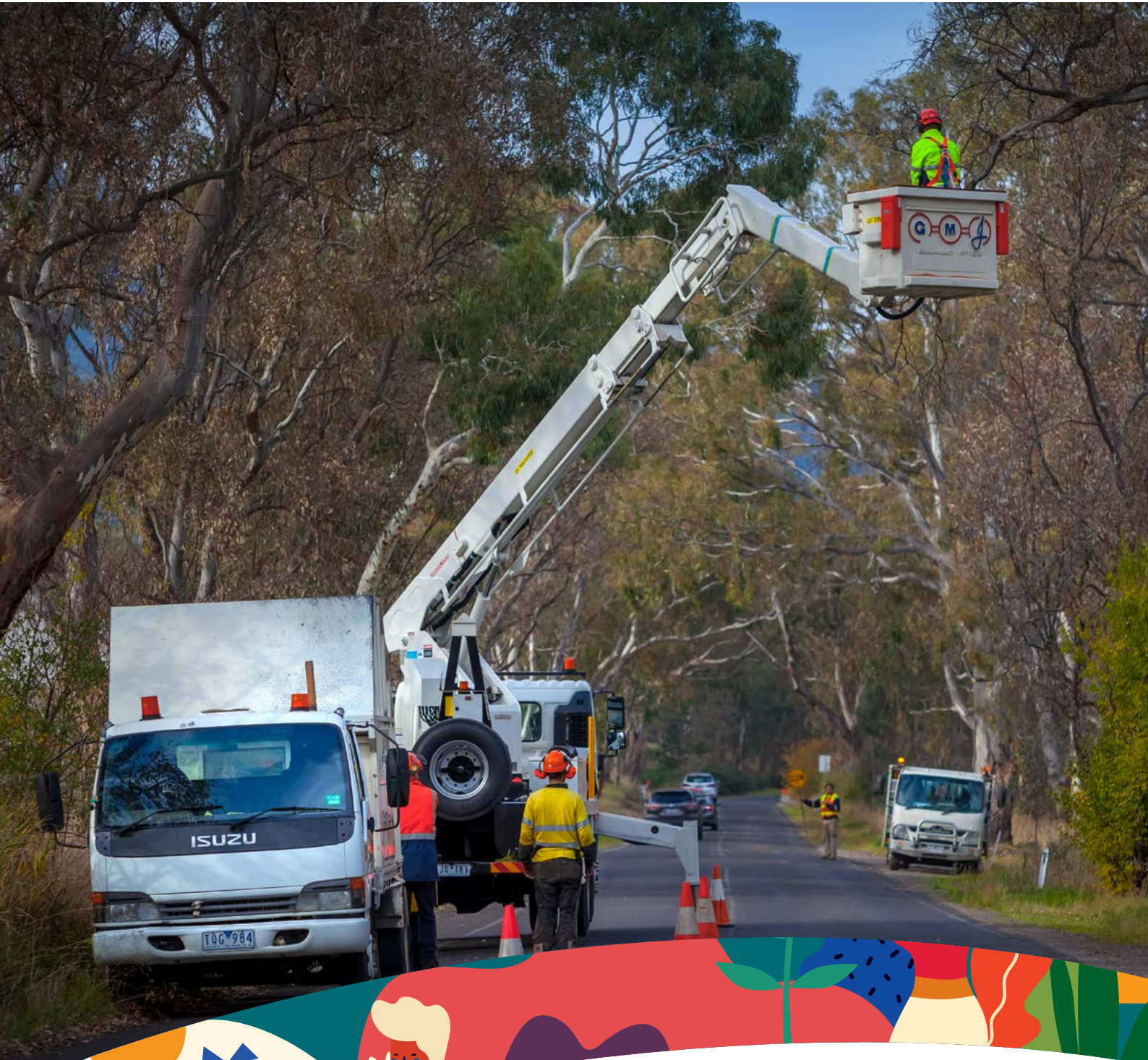


Mount Alexander Shire Council

# Financial Report

## 2022-2023

Working together for a healthy, connected shire



# Financial report contents

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**Mount Alexander Shire Council**  
**2022/2023 Financial Report**

**Certification of the Financial Statements**

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



Carolyn Ross, Certified Practising Accountant (CPA)  
**Principal Accounting Officer**

Date : 19.09.2023

Castlemaine

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

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

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



Councillor Rosie Annear

Mayor

Date : 19/9/2023

Castlemaine



Councillor Matthew Driscoll

Councillor

Date : 19/9/2023

Castlemaine



Michael Annear

Acting Chief Executive

Officer

Date : 19/09/2023

Castlemaine



## Independent Auditor's Report

### To the Councillors of Mount Alexander Shire Council

<b>Opinion</b>	<p>I have audited the financial report of Mount Alexander Shire Council (the council) which comprises the:</p> <ul style="list-style-type: none"> <li>• balance sheet as at 30 June 2023</li> <li>• comprehensive income statement for the year then ended</li> <li>• statement of changes in equity for the year then ended</li> <li>• statement of cash flows for the year then ended</li> <li>• statement of capital works for the year then ended</li> <li>• notes to the financial statements, including significant accounting policies</li> <li>• certification of the financial statements.</li> </ul> <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the council as at 30 June 2023 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 4 of the <i>Local Government Act 2020</i>, the <i>Local Government (Planning and Reporting) Regulations 2020</i> and applicable Australian Accounting Standards.</p>
<b>Basis for Opinion</b>	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's <i>APES 110 Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
<b>Councillors' responsibilities for the financial report</b>	<p>The Councillors of the council are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, the <i>Local Government Act 2020</i> and the <i>Local Government (Planning and Reporting) Regulations 2020</i>, and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Councillors are responsible for assessing the council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

**Auditor's responsibilities for the audit of the financial report**

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

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

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

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

MELBOURNE  
26 September 2023



Travis Derricott  
*as delegate for the Auditor-General of Victoria*

## Comprehensive Income Statement For the Year Ended 30 June 2023

	Note	2023 \$'000	2022 \$'000
<b>Income/revenue</b>			
Rates and charges	3.1	26,450	25,748
Statutory fees and fines	3.2	940	1,048
User fees	3.3	1,585	1,410
Grants - operating	3.4	13,714	11,586
Grants - capital	3.4	3,860	6,249
Contributions - monetary	3.5	1,117	156
Contributions - non-monetary	3.5	392	1,730
(Increase)/decrease on provision for landfill liability	2.1	933	(4,265)
Share of net profits (or loss) of associates and joint ventures	6.2	0	29
Other income	3.7	1,938	812
<b>Total income/revenue</b>		<b>50,929</b>	<b>44,502</b>
<b>Expenses</b>			
Employee costs	4.1	17,761	16,993
Materials and services	4.2	13,597	12,310
Depreciation	4.3	9,005	9,157
Amortisation - intangible assets	4.4	177	193
Amortisation - right-of-use assets	4.5	33	13
Bad and doubtful debts - allowance for impairment losses	4.6	61	(8)
Net (gain) or loss on disposal of property, infrastructure, plant and equipment	3.6	1,400	1,018
Borrowing costs	4.7	71	98
Finance costs - leases	4.6	7	2
Other expenses	4.8	1,615	1,577
<b>Total expenses</b>		<b>43,727</b>	<b>41,352</b>
<b>Surplus/(deficit) for the year</b>		<b>7,202</b>	<b>3,150</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to surplus or deficit in future periods</b>			
Net asset revaluation increment/(decrement)	6.1	9,691	24,614
<b>Total other comprehensive income</b>		<b>9,691</b>	<b>24,614</b>
<b>Total comprehensive result</b>		<b>16,893</b>	<b>27,764</b>

## Balance Sheet

### As at 30 June 2023

	Note	2023 \$'000	2022 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	5.1(a)	8,397	6,368
Trade and other receivables	5.1(c)	3,142	3,154
Other financial assets	5.1(b)	22,750	24,700
Inventories	5.2(a)	95	72
Other assets	5.2(b)	1,615	315
<b>Total current assets</b>		<b>35,999</b>	<b>34,610</b>
<b>Non-current assets</b>			
Other financial assets	5.1(b)	-	1,250
Investments in associates, joint arrangements and subsidiaries	6.2	660	659
Property, infrastructure, plant and equipment	6.1	416,470	406,317
Right-of-use assets	5.8	520	50
Intangible assets	5.2(c)	751	898
<b>Total non-current assets</b>		<b>418,401</b>	<b>409,174</b>
<b>Total assets</b>		<b>454,400</b>	<b>443,784</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	5.3(a)	2,485	2,554
Trust funds and deposits	5.3(b)	1,097	922
Unearned income	5.3(c)	5,255	4,449
Provisions	5.5	3,591	10,447
Interest-bearing liabilities	5.4	126	203
Lease liabilities	5.8	107	13
<b>Total current liabilities</b>		<b>12,661</b>	<b>18,588</b>
<b>Non-current liabilities</b>			
Provisions	5.5	1,930	2,534
Interest-bearing liabilities	5.4	1,607	1,733
Lease liabilities	5.8	418	38
<b>Total non-current liabilities</b>		<b>3,955</b>	<b>4,305</b>
<b>Total liabilities</b>		<b>16,616</b>	<b>22,893</b>
<b>Net assets</b>		<b>437,784</b>	<b>420,891</b>
<b>Equity</b>			
Accumulated surplus		112,036	103,184
Reserves	9.1	325,748	317,707
<b>Total equity</b>		<b>437,784</b>	<b>420,891</b>

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

2023	Note	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
Balance at beginning of the financial year		420,891	103,184	290,069	27,637
Surplus/(deficit) for the year		7,202	7,202	-	-
Net asset revaluation increment/(decrement)	6.1	9,691	-	9,691	-
Transfers to other reserves	9.1(b)	-	(19,018)	-	19,018
Transfers from other reserves	9.1(b)	-	20,668	-	(20,668)
<b>Balance at end of the financial year</b>		<b>437,784</b>	<b>112,036</b>	<b>299,760</b>	<b>25,987</b>

2022		Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
Balance at beginning of the financial year		393,126	102,641	265,455	25,030
Surplus/(deficit) for the year		3,150	3,150	-	-
Net asset revaluation increment/(decrement)	6.1	24,614	-	24,614	-
Transfers to other reserves	9.1(b)	-	(14,577)	-	14,577
Transfers from other reserves	9.1(b)	-	11,970	-	(11,970)
<b>Balance at end of the financial year</b>		<b>420,891</b>	<b>103,184</b>	<b>290,069</b>	<b>27,637</b>



## Statement of Cash Flows

### For the Year Ended 30 June 2023

	Note	2023 Inflows/ (Outflows) \$'000	2022 Inflows/ (Outflows) \$'000
<b>Cash flows from operating activities</b>			
Rates and charges		25,884	26,143
Statutory fees and fines		940	1,048
User fees		1,585	1,410
Grants - operating		13,950	11,241
Grants - capital		3,683	6,005
Contributions - monetary		1,117	156
Interest received		1,179	272
Trust funds and deposits (net)		175	(234)
Other receipts		835	455
Net GST refund/(payment)		(2,902)	(2,162)
Employee costs		(17,488)	(16,798)
Materials and services		(10,589)	(10,660)
Landfill rehabilitation costs		(6,801)	(109)
Other payments		(1,623)	(1,577)
<b>Net cash provided by operating activities</b>	9.2	<b>9,947</b>	<b>15,190</b>
<b>Cash flows from investing activities</b>			
Payments for property, infrastructure, plant and equipment	6.1	(11,022)	(11,391)
Proceeds from sale of property, infrastructure, plant and equipment	3.6	219	218
Payments for investments		(22,750)	(25,950)
Proceeds from sale of investments		25,950	15,500
<b>Net cash (used in) investing activities</b>		<b>(7,603)</b>	<b>(21,623)</b>
<b>Cash flows from financing activities</b>			
Finance costs		(71)	(105)
Repayment of borrowings		(203)	(1,260)
Interest paid - lease liability		(7)	(2)
Repayment of lease liability		(33)	(13)
<b>Net cash (used in) financing activities</b>		<b>(314)</b>	<b>(1,380)</b>
Net increase/(decrease) in cash and cash equivalents		2,029	(7,813)
Cash and cash equivalents at the beginning of the financial year		6,368	14,181
<b>Cash and cash equivalents at the end of the financial year</b>		<b>8,397</b>	<b>6,368</b>

## Statement of Capital Works For the Year Ended 30 June 2023

	Note	2023 \$'000	2022 \$'000
<b>Property</b>			
Land improvements		356	139
<b>Total land</b>		<b>356</b>	<b>139</b>
Buildings		2,960	1,924
Site improvements		-	1,696
<b>Total buildings</b>		<b>2,960</b>	<b>3,620</b>
<b>Total property</b>		<b>3,316</b>	<b>3,759</b>
<b>Plant and equipment</b>			
Plant, machinery, and equipment		1,328	1,037
Computers and telecommunications		548	97
Intangibles		16	281
<b>Total plant and equipment</b>		<b>1,892</b>	<b>1,415</b>
<b>Infrastructure</b>			
Roads		4,276	4,819
Bridges		312	382
Footpaths and cycleways		958	693
Drainage		238	217
Waste management		30	105
<b>Total infrastructure</b>		<b>5,814</b>	<b>6,216</b>
<b>Total capital works expenditure</b>		<b>11,022</b>	<b>11,390</b>
<b>Represented by:</b>			
New asset expenditure		3,380	3,883
Asset renewal expenditure		7,354	7,474
Asset expansion expenditure		-	-
Asset upgrade expenditure		288	33
<b>Total capital works expenditure</b>		<b>11,022</b>	<b>11,390</b>

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

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### Note 1 OVERVIEW

#### Introduction

The Mount Alexander Shire Council was established by an Order of the Governor in Council on 17 January 1995 and is a body corporate. The Council's main office is located at the corner of Lyttleton and Lloyd Streets, Castlemaine.

#### Statement of compliance

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

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

#### Significant accounting policies

##### (a) Basis of accounting

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

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

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

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

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

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

- The fair value of land, buildings, infrastructure, plant and equipment (refer to Note 6.1).
- The determination of depreciation for buildings, infrastructure, plant and equipment (refer to Note 6.1).
- The determination of employee provisions (refer to Note 5.5).
- The determination of landfill provisions (refer to Note 5.5).
- The determination of whether performance obligations are sufficiently specific so as to determine whether an arrangement is within the scope of *AASB 15 Revenue from Contracts with Customers* or *AASB 1058 Income of Not-for-Profit Entities* (refer to Note 3).
- The determination, in accordance with *AASB 16 Leases*, of the lease term, the estimation of the discount rate when not implicit in the lease and whether an arrangement is in substance short-term or low value (refer to Note 5.8).
- Whether or not *AASB 1059 Service Concession Arrangements: Grantors* is applicable.
- Other areas requiring judgements.

**Note 1 OVERVIEW continued**

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.

**(b) Impact of Covid-19**

During 2022-23 the COVID-19 pandemic continued to impact on Council's operations, however there were no significant impacts on its financial operations.

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

### Note 2 ANALYSIS OF OUR RESULTS

#### Note 2.1 Performance against budget

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

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

#### 2.1.1 Income/revenue and expenditure

	Budget 2023 \$'000	Actual 2023 \$'000	Variance \$'000	Variance %	Ref
<b>Income/revenue</b>					
Rates and charges	26,339	26,450	110	0%	
Statutory fees and fines	1,258	940	(319)	(25%)	1
User fees	1,431	1,585	154	11%	
Grants - operating	4,044	13,714	9,670	239%	2
Grants - capital	5,369	3,860	(1,508)	(28%)	3
Contributions - monetary	257	1,117	860	335%	4
Contributions - non monetary	34	392	357	1042%	5
Decrease on provision for landfill liability	-	933	933	0%	6
Share of net profits/(losses) of associates and joint ventures	5	0	(5)	(91%)	
Other income	760	1,938	1,178	155%	7
<b>Total income</b>	<b>39,498</b>	<b>50,929</b>	<b>11,431</b>	<b>29%</b>	
<b>Expenses</b>					
Employee costs	18,399	17,761	(638)	(3%)	
Materials and services	11,576	13,597	2,021	17%	8
Depreciation	9,130	9,005	(125)	(1%)	
Amortisation - intangible assets	193	177	(16)	(8%)	
Amortisation - right of use assets	84	33	-	0%	
Bad and doubtful debts - allowance for impairment losses	9	61	52	574%	
Net loss on disposal of property, infrastructure, plant and equipment	546	1,400	854	156%	9
Borrowing costs	68	71	3	5%	
Finance costs - leases	12	7	-	0%	
Other expenses	1,534	1,615	81	5%	
<b>Total expenses</b>	<b>41,551</b>	<b>43,727</b>	<b>2,231</b>	<b>5%</b>	
<b>Surplus/(deficit) for the year</b>	<b>(2,053)</b>	<b>7,202</b>	<b>9,200</b>	<b>448%</b>	

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

### Note 2.1 Performance against budget (continued)

#### (i) Explanation of material variations

Variance Ref	Item	Explanation
1	Statutory fees and fines	Actual statutory fees and fines for all categories are less than budgeted. The major variances are in parking fines (\$137k), building permits and fees (\$61k), animal registrations (\$55k), statutory planning (\$37k), and engineering services (\$40k).
2	Grants - operating	Significantly more non-recurrent grant funding has been received from the State Government than was initially expected including: \$1.6 million for recovery works after a storm/flood event in October 2022; \$527k for establishing community hubs after this event, and \$192k to employ Community Resilience Officers; \$237k for various programs that support families and children. The State Government has also contributed \$50k towards restoring the Guildford Avenue of Honour, and has paid the 2023/24 Municipal Emergency Resourcing Program funding early in 2022/23 (\$120k). In addition, the Federal Government brought forward 100% of the payment of the 2023/2024 financial assistance grants (\$6.35 million), and they have contributed \$108k in unbudgeted funding for a Digital Inclusion project.
3	Grants - capital	There are numerous variances, both positive and negative, that make up this amount. The largest variance is in the LRCI3 funding stream granted by the Federal Government with income recognised that is \$1.5m less than budget. Other large negative variances (where budgeted income has not been received or recognised) include the Castlemaine and Campbells Creek levees project (\$587k), construction of facilities at Bill Woodfull Recreation Reserve (\$394k), and the TIMB 2.0 data modelling tool (\$484k). These are offset by variances where income has been received but had not been budgeted for, including Welcome to Country installation (carry forward budget of \$236k), Campbells Creek netball court (\$225k), and reseal of Fogarty's Gap Road (\$607k).
4	Contributions - monetary	Significant unbudgeted contributions have been received from developers, and these funds will be transferred to a reserve until required (\$644k). Contributions for open space fees are greater than budget by \$186k with the timing of these contributions being difficult to estimate as they are reliant on permit holders submitting subdivision applications; these funds will also be transferred to a reserve until they are required.
5	Contributions - non monetary	Assets that were gifted from developers this financial year and not budgeted for include roads (\$84k), drainage (\$246k) and footpaths (\$34k).
6	Decrease on provision for landfill liability	The estimated future costs of rehabilitating the landfill have decreased due to changes in the inflation rate and expected future interest rates., as well as cell capping works at the Castlemaine landfill being completed during the year at a cost less than anticipated.
7	Other income	Interest income on investments is greater than budget due to higher than expected interest rates (\$703k). Unbudgeted monies were received for an insurance claim on damaged machinery (\$166k), carbon certificated credits (\$65k), as well as reimbursement for the cost of works (\$66k).

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

**Note 2.1 Performance against budget (continued)**

**(i) Explanation of material variations**

Variance Ref	Item	Explanation
8	Materials and services	Approximately \$1.78 million in unbudgeted expenditure has been incurred for the October 2022 storm/flood event; it is expected that most of this cost will be reimbursed by the State and Federal Government. This variance is offset by positive and negative variances across the organisation in waste management (\$590k positive), plant and fleet (\$510k positive), strategic planning (\$246k negative), HR & payroll (\$86k negative), parks and gardens (\$241k negative), building services (\$198k negative), information technology (\$169k negative), works (\$95k negative).
9	Net loss on disposal of property, infrastructure, plant and equipment	Unbudgeted disposal of infrastructure assets greater than budget was incurred (\$854k). These disposals represent the value of existing assets being replaced, such as roads, which are recognised at their written down value. A breakdown by asset class includes: - land (-\$262k) - plant and motor vehicles (\$21k) - infrastructure (-\$613k).

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

**Note 2.1 Performance against budget (continued)**

**2.1.2 Capital works**

	Budget 2023 \$'000	Actual 2023 \$'000	Variance \$'000	Variance %	Ref
<b>Property</b>					
Land improvements	1,505	356	(1,149)	(76%)	1
<b>Total land</b>	<b>1,505</b>	<b>356</b>	<b>(1,149)</b>	<b>(76%)</b>	
Buildings & site improvements	3,296	2,960	(336)	(10%)	2
<b>Total buildings</b>	<b>3,296</b>	<b>2,960</b>	<b>(336)</b>	<b>(10%)</b>	
<b>Total property</b>	<b>4,801</b>	<b>3,316</b>	<b>(1,485)</b>	<b>(31%)</b>	
<b>Plant and equipment</b>					
Plant, machinery and equipment	1,197	1,328	131	11%	3
Computers and telecommunications	449	548	99	22%	4
Intangibles	500	16	(484)	0%	5
<b>Total plant and equipment</b>	<b>2,146</b>	<b>1,892</b>	<b>(254)</b>	<b>(12%)</b>	
<b>Infrastructure</b>					
Roads	3,619	4,276	657	18%	6
Bridges	1,644	312	(1,332)	(81%)	7
Footpaths and cycleways	800	958	158	20%	8
Drainage	310	238	(72)	(23%)	
Waste management	-	30	30	0%	
<b>Total infrastructure</b>	<b>6,373</b>	<b>5,814</b>	<b>(559)</b>	<b>(9%)</b>	
<b>Total capital works expenditure</b>	<b>13,320</b>	<b>11,022</b>	<b>(2,299)</b>	<b>(17%)</b>	
<b>Represented by:</b>					
New asset expenditure	2,298	3,380	1,082	47%	
Asset renewal expenditure	8,262	7,354	(908)	(11%)	
Asset expansion expenditure	-	-	-	0%	
Asset upgrade expenditure	2,760	288	(2,472)	(90%)	
<b>Total capital works expenditure</b>	<b>13,320</b>	<b>11,022</b>	<b>(2,299)</b>	<b>(17%)</b>	



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

### Note 2.1 Performance against budget (continued)

#### (i) Explanation of material variations

Variance Ref	Item	Explanation
1	Land improvements	Works on constructing several levee banks through Castlemaine and Campbells Creek require designs to be finalised before construction can commence (\$938k); landscaping works are expected to commence in August and equipment is expected to be installed in September for the Norwood Hill Recreation Reserve redevelopment (\$265k).
2	Buildings & site improvements	A number of projects account for this variance: Construction of female friendly facilities at Bill Woodfull Recreation Reserve (\$857k underspent) with construction contract awarded at the May 2023 Meeting of Council; Bill Woodfull Recreation Reserve lights (\$358k), offset by overspends in the Boorp Boorp Boondyil installation (\$236k, not inclusive of carry forward of \$236k), glass recycling facilities (\$215k, not inclusive of carry forward of \$265k), Castlemaine Botanical Gardens gate and fountain restoration (\$100k, not including carry forward of \$144k), and Newstead Recreation Reserve lighting (\$205k, due to unbudgeted grant funds being received).
3	Plant, machinery and equipment	Due to the order of a budgeted purchase of a Flocon truck not being able to be filled in 2022/2023, the purchase of a grader was brought forward from its expected purchase date in 2023/2024 (\$510k). This is offset by orders for motor vehicles unable to be filled in 2022/2023 (\$291k). In addition, the grant funded purchase of an emergency resilience trailer has not yet occurred (\$88k).
4	Computers and telecommunications	Some items were ordered and not received in 2021/2022, due to delays in supply chains, and these funds (\$118k) were carried forward to 2022/2023 to pay suppliers once the goods were received.
5	Intangibles	A software specification is required to be developed and an Expression of Interest advertised before Council can approach software providers for the development of the TIMBI data modelling tool (\$484k).
6	Roads	Many projects account for this variance, however the two largest variances are for the Maldon Streetscape project and the reseal of Fogarty's Gap Road. The Maldon Streetscape project had an adopted budget of \$37k plus a carry forward budget of \$720k, and \$970k in expenditure. The variance for this project is calculated against the adopted budget. The reseal of Fogarty's Gap Road has been placed on hold due to additional third party permits and environmental remediation works required (\$572k). Works are expected to recommence in late-2023. Design of the Frederick Street project was underspent by \$375k. Streetscape projects in Guildford, Chewton and Newstead also had no adopted budget but did have carry forward budgets (\$321k). In addition to the adopted budget, the gravel road resheeting program had a carry forward budget of \$84k which was also spent.
7	Bridges	A Cultural Heritage Management Plan is required to be negotiated and construction plans developed before works can commence on the Vaughan-Tarilta low level crossing over the Loddon River (\$1.12m). Works on Froomes Road Bridge have not proceeded due to unsuitable tender submissions (\$181k).
8	Footpaths and cycleways	While a budget was not adopted for the CSISP Campbells Creek Trail, a carry forward budget of \$926k was allocated, and \$152k of this was spent by year end.

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

### Note 2.2 Analysis of Council results by program

Council delivers its functions and activities through the following programs.

#### 2.2.1 Community

- Services in our community are accessible and coordinated
- Our community is inclusive and connected
- Our community feels safe, regardless of identity or circumstance
- Our community is physically and mentally healthy

Population | Health | Wellbeing | Support | Resilience | Partnerships | Social services | Connections | Venues | Events | Safety Communications

#### Environment

- We are working locally to address the climate emergency
- We are maintaining, improving and celebrating our places and spaces
- Our community is growing in harmony with nature
- We are focused on the housing affordability challenge in our community
- We are facilitating managed growth of our towns while protecting natural assets

Buildings | Sport and recreation facilities | Roads | Bridges | Footpaths | Drainage | Trails | Playgrounds | Gardens | Natural environment | Waste | Recycling | Heritage | Climate

#### Economy

- Our local economy is diverse and resilient
- We are supporting continuous learning and personal growth
- We are helping businesses make their work simpler and more sustainable
- We are attracting and building investment in our cultural and creative community

Business | Economy | Jobs | Education | Creativity | Innovation | Tourism | Culture | Heritage | Development | Corporate

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

	Income/ revenue	Expenses	Surplus/ (Deficit)	Grants included in income/revenue	Total assets
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2023</b>					
Community	4,469	12,378	(7,908)	5,214	744
Environment	16,899	23,552	(6,654)	3,410	416,124
Economy	29,560	7,797	21,765	8,951	37,531
	<b>50,929</b>	<b>43,727</b>	<b>7,202</b>	<b>17,575</b>	<b>454,400</b>
	Income/ revenue	Expenses	Surplus/ (Deficit)	Grants included in income/revenue	Total assets
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2022</b>					
Community	3,962	12,146	(8,184)	5,411	766
Environment	17,064	26,543	(9,479)	2,859	405,890
Economy	27,741	6,929	20,813	9,565	37,129
	<b>48,768</b>	<b>45,618</b>	<b>3,150</b>	<b>17,835</b>	<b>443,785</b>

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

**Note 3 FUNDING FOR THE DELIVERY OF OUR SERVICES****3.1 Rates and charges**

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

The valuation base used to calculate general rates for 2022/23 was \$8.31 billion (2021/22 \$6.53 billion).

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
General rates	21,677	21,038
Waste management charge	4,773	4,709
<b>Total rates and charges</b>	<b>26,450</b>	<b>25,748</b>

The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2023, and the valuation will be 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**

Animal control	195	210
Planning permits and fees	423	461
Health registrations	145	143
Local laws	24	38
Parking fines	16	30
Building	112	120
Other fines	25	46
<b>Total statutory fees and fines</b>	<b>940</b>	<b>1,048</b>

Statutory fees and fines (including parking 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**

Home and community care	547	569
Employee vehicle contribution	103	86
Facility hire	51	20
Tourism services	101	67
Waste management services	504	469
Infrastructure	198	102
Other fees and charges	81	97
<b>Total user fees</b>	<b>1,585</b>	<b>1,410</b>

**User fees by timing of revenue recognition**

User fees recognised over time	-	-
User fees recognised at a point in time	1,585	1,410
<b>Total user fees</b>	<b>1,585</b>	<b>1,410</b>

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

**3.4 Funding from other levels of government**

Grants were received in respect of the following :

**Summary of grants**

Commonwealth funded grants	11,858	11,561
State funded grants	5,716	6,274
<b>Total grants received</b>	<b>17,575</b>	<b>17,835</b>

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

**3.4 Funding from other levels of government (continued)**

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>(a) Operating Grants</b>		
<b><i>Recurrent - Commonwealth Government</i></b>		
Financial Assistance Grants	7,831	7,398
Home support packages	1,506	1,394
Veterans' Affairs	147	83
Australia Day / Survival Day	29	24
Other	3	4
<b><i>Recurrent - State Government</i></b>		
Home and community care	222	220
School crossing supervisors	74	62
Maternal and child health	338	426
Community health	10	20
Environment	59	39
Emergency management	240	146
Youth	96	80
Other	-	3
<b>Total recurrent operating grants</b>	<b>10,554</b>	<b>9,900</b>
<b><i>Non-recurrent - Commonwealth Government</i></b>		
Local roads and community infrastructure	-	720
Healthy Heart Victoria Phase 2	-	99
Other	203	66
<b><i>Non-recurrent - State Government</i></b>		
Families and children	205	13
Strategic planning	62	200
Placemaking Investigations and Activations	20	-
October 2022 storms	1,792	-
Economic development	-	100
Engineering and road safety	60	75
Building	-	75
Parks and gardens	113	50
COVID-19	-	55
COVID Safe Outdoor Activation	-	150
Youth	42	10
Waste	20	36
Community Recovery Hubs	527	-
Other	118	38
<b>Total non-recurrent operating grants</b>	<b>3,161</b>	<b>1,686</b>
<b>Total operating grants</b>	<b>13,714</b>	<b>11,586</b>

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

**3.4 Funding from other levels of government (continued)**

	2023	2022
	\$'000	\$'000
<b>(b) Capital Grants</b>		
<b>Recurrent - Commonwealth Government</b>		
Roads to Recovery	906	1,049
<b>Total recurrent capital grants</b>	<u>906</u>	<u>1,049</u>
<b>Non-recurrent - Commonwealth Government</b>		
Emergency management	1	-
Black Spot Program	607	-
Levees and drainage	113	-
Local roads and community infrastructure program	512	724
<b>Non-recurrent - State Government</b>		
Buildings	43	33
Engineering and road safety	333	1,834
Maldon streetscape rejuvenation	189	1,507
Boorp Boorp Boondyl	236	164
Waste management	265	3
Information technology	16	-
COVID Safe Outdoor Activation	-	150
Parks and gardens	24	315
Recreation facilities and reserves	615	471
<b>Total non-recurrent capital grants</b>	<u>2,954</u>	<u>5,200</u>
<b>Total capital grants</b>	<u><u>3,860</u></u>	<u><u>6,249</u></u>
<b>(c) Unspent grants received on condition that they be spent in a specific manner</b>		
<b>Operating</b>		
Balance at start of year	4,511	2,780
Received during the financial year and remained unspent at balance date	6,315	4,511
Received in prior years and spent during the financial year	(4,511)	(2,780)
Balance at year end	<u>6,315</u>	<u>4,511</u>
<b>Capital</b>		
Balance at start of year	4,420	4,800
Received during the financial year and remained unspent at balance date	5,255	4,420
Received in prior years and spent during the financial year	(4,420)	(4,800)
Balance at year end	<u>5,255</u>	<u>4,420</u>

Unspent grants are determined and disclosed on a cash basis.

**(d) Recognition of grant income**

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

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

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

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

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

**3.4 Funding from other levels of government (continued)**

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Income recognised under AASB 1058 <i>Income of Not-for-Profit Entities</i></b>		
General purpose	13,714	9,925
Specific purpose grants to acquire non-financial assets	3,860	6,249
<b>Revenue recognised under AASB 15 <i>Revenue from Contracts with Customers</i></b>		
Specific purpose grants	-	1,661
	<b>17,575</b>	<b>17,835</b>

**3.5 Contributions**

Monetary	1,117	156
Non-monetary	392	1,730
<b>Total contributions</b>	<b>1,508</b>	<b>1,886</b>

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

Land under roads	27	330
Drainage	246	465
Roads	84	746
Pathways	34	190
<b>Total non-monetary contributions</b>	<b>392</b>	<b>1,730</b>

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

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

Proceeds of sale	219	218
Written down value of assets disposed	(1,619)	(1,235)
<b>Total net gain/(loss) on disposal of property, infrastructure, plant and equipment</b>	<b>(1,400)</b>	<b>(1,018)</b>

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	1,103	357
Fuel Tax Credits	47	45
Rates and valuation reimbursements	49	48
Debt collection	60	39
Insurance claims	166	20
Rental	197	189
Other	315	115
<b>Total other income</b>	<b>1,938</b>	<b>812</b>

Interest is recognised as it is earned.

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

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

**Note 4 THE COST OF DELIVERING SERVICES**

<b>4.1 (a) Employee costs</b>	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Wages and salaries	15,465	14,624
WorkCover	330	612
Superannuation	1,590	1,356
Fringe Benefits Tax	36	37
Other	341	365
<b>Total employee costs</b>	<b>17,761</b>	<b>16,993</b>

**(b) Superannuation**

Council made contributions to the following funds:

**Defined benefit fund**

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	50	47
	<b>50</b>	<b>47</b>
Employer contributions payable at reporting date.	-	-

**Accumulation funds**

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	762	745
Employer contributions - Australian Super Pty Ltd	152	127
Employer contributions - VIC Super Pty Ltd	87	93
Employer contributions - other funds	538	344
	<b>1,539</b>	<b>1,309</b>
Employer contributions payable at reporting date.	85	-

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

**4.2 Materials and services**

Service providers	2,571	3,775
Waste management	2,839	2,827
Parks and gardens	1,417	848
Recreation facilities and reserves	831	1,032
Building services	307	453
Animal control	225	197
October 2022 storm/flood event	1,877	-
Materials	965	801
Utilities	467	566
Office administration	375	386
Information technology	978	592
Insurance	514	426
Plant and fleet	227	416
Other	4	(8)
<b>Total materials and services</b>	<b>13,597</b>	<b>12,310</b>

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

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

**Note 4 THE COST OF DELIVERING SERVICES (continued)**

	2023	2022
	\$'000	\$'000
<b>4.3 Depreciation</b>		
Property	2,152	2,423
Plant and equipment	815	804
Infrastructure	6,038	5,929
<b>Total depreciation</b>	<b>9,005</b>	<b>9,157</b>

Refer to note 5.2( c ), 5.8 and 6.1 for a more detailed breakdown of depreciation and amortisation charges and accounting policy.

**4.4 Amortisation - Intangible assets**

Software	177	193
<b>Total Amortisation - Intangible assets</b>	<b>177</b>	<b>193</b>

**4.5 Amortisation - Right of use assets**

Photocopiers	13	13
Plant and machinery	20	-
<b>Total Amortisation - Right of use assets</b>	<b>33</b>	<b>13</b>

**4.6 Bad and doubtful debts - allowance for impairment losses**

Rates debtors	5	(7)
Other debtors	55	(1)
<b>Total bad and doubtful debts - allowance for impairment losses</b>	<b>61</b>	<b>(8)</b>
<b>Movement in allowance for impairment losses in respect of debtors</b>		
Balance at the beginning of the year	44	52
New provisions recognised during the year	76	1
Amounts already provided for and written off as uncollectible	(23)	(9)
Balance at end of year	<b>97</b>	<b>44</b>

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

**4.7 Borrowing costs**

Interest - Borrowings	71	98
<b>Total borrowing costs</b>	<b>71</b>	<b>98</b>

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.

**4.8 Finance Costs - Leases**

Interest - Lease liabilities	7	2
<b>Total finance costs</b>	<b>7</b>	<b>2</b>

**4.9 Other expenses**

Auditors' remuneration - VAGO	41	42
Auditors' remuneration - internal audit	66	55
Councillors' allowances	263	233
Community grants	433	548
Library contribution	550	541
Other	262	157
<b>Total other expenses</b>	<b>1,615</b>	<b>1,577</b>



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

**Note 5 OUR FINANCIAL POSITION**

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>5.1 Financial assets</b>		
<b>(a) Cash and cash equivalents</b>		
Cash on hand	2	2
Cash at bank	8,390	6,362
Term deposits	5	5
<b>Total cash and cash equivalents</b>	<b>8,397</b>	<b>6,369</b>
<b>(b) Other financial assets</b>		
Term deposits - current	22,750	24,700
Term deposits - non-current	-	1,250
<b>Total other financial assets</b>	<b>22,750</b>	<b>25,950</b>
<b>Total financial assets</b>	<b>31,147</b>	<b>32,319</b>

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

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

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

**(c) Trade and other receivables****Current***Statutory receivables*

Rates debtors	3,218	2,653
Provision for doubtful debts - rates	(11)	(37)
Prepaid rates	(948)	(511)
Traffic infringement debtors	10	16
Provision for doubtful debts - traffic infringements	-	(1)
Pet infringement debtors	9	5
Net GST receivable	-	-
<b>Total current statutory receivables</b>	<b>2,279</b>	<b>2,126</b>

*Non statutory receivables*

Home and community care	66	85
State Government	162	156
Other debtors	722	794
Provision for doubtful debts - other debtors	(86)	(6)
<b>Total current non-statutory receivables</b>	<b>863</b>	<b>1,028</b>
<b>Total trade and other receivables</b>	<b>3,142</b>	<b>3,154</b>

Short term receivables are carried at invoice amount. A provision for doubtful debts is recognised when there is objective evidence that an impairment has occurred.

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

**5.1 Financial assets (continued)**

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>(d) Ageing of receivables</b>		
The ageing of the Council's trade and other receivables (excluding statutory receivables) that are not impaired was:		
Current (not yet due)	41	118
Past due by up to 30 days	23	155
Past due between 31 and 60 days	595	524
Past due between 61 and 90 days	91	69
Past due by more than 90 days	199	169
Total trade and other receivables	949	1,035

**(e) Ageing of individually impaired receivables**

At balance date, other debtors representing financial assets with a nominal value of \$96,837 (2022: \$43,561) were impaired. The amount of the provision raised against these debtors was \$96,837 (2022: \$43,651). They individually have been impaired as a result of their doubtful collection.

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

Current (not yet due)	3	2
Past due by up to 30 days	2	1
Past due between 31 and 180 days	10	2
Past due between 181 and 365 days	9	0
Past due by more than 1 year	62	1
Total trade and other receivables	86	7

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

5.2 Non-financial assets	2023	2022
(a) Inventories	\$'000	\$'000
Inventories held for use	71	52
Inventories held for sale	24	20
<b>Total inventories</b>	<b>95</b>	<b>72</b>

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

**(b) Other assets**

Prepayments	251	149
Accrued income	1,364	166
<b>Total other assets</b>	<b>1,615</b>	<b>315</b>

**(c) Intangible assets**

Software	751	898
<b>Total intangible assets</b>	<b>751</b>	<b>898</b>

**Gross carrying amount**

Balance at 1 July 2022	1,933
Additions	30
Disposals	(277)
Balance at 30 June 2023	<b>1,686</b>

**Accumulated amortisation and impairment**

Balance at 1 July 2022	1,035
Amortisation expense	177
Disposals	(277)
Balance at 30 June 2023	<b>935</b>

Net book value at 30 June 2022	898
Net book value at 30 June 2023	<b>751</b>

Intangible assets with finite lives are amortised as an expense on a systematic basis over the asset's useful life. Amortisation is generally calculated on a straight line basis, at a rate that allocates the asset value, less any estimated residual value over its estimated useful life. Estimates of the remaining useful lives and amortisation method are reviewed at least annually, and adjustments made where appropriate.

**5.3 Payables, trust funds and deposits and unearned income/revenue**

**(a) Trade and other payables**

**Current:**

*Non-statutory payables*

Trade payables	1,034	623
Accrued loan interest	2	2
Accrued expenses	993	1,929

*Statutory payables*

Accrued expenses	456	-
<b>Total current trade and other payables</b>	<b>2,485</b>	<b>2,554</b>

**(b) Trust funds and deposits**

**Current:**

Refundable deposits	31	47
Fire Services Property Levy	242	304
Retention amounts	786	251
Heritage fund	34	34
Central Victorian Primary Care Partnership	-	277
Other refundable deposits	4	10
<b>Total current trust funds and deposits</b>	<b>1,097</b>	<b>922</b>

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

**5.3 Payables, trust funds and deposits and unearned income/revenue (continued)**

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>(c) Unearned income/revenue</b>		
<b>Current:</b>		
Grants received in advance - operating	-	29
Grants received in advance - capital	5,255	4,420
<b>Total current unearned income/revenue</b>	<b>5,255</b>	<b>4,449</b>

Unearned income/revenue represents contract liabilities and reflects consideration received in advance from other levels of government in relation to grant funded projects. Unearned income/revenue are derecognised and recorded as revenue when promised goods and services are transferred to the customer. Refer to Note 3.

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

***Purpose and nature of items***

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

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

**5.4 Interest-bearing liabilities**

<b>Current</b>		
Borrowings - secured	126	203
	<b>126</b>	<b>203</b>
<b>Non-current</b>		
Borrowings - secured	1,607	1,733
	<b>1,607</b>	<b>1,733</b>
<b>Total</b>	<b>1,733</b>	<b>1,936</b>

Borrowings are secured by a mortgage over the general rates and charges of Council.

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

Not later than one year	126	203
Later than one year and not later than five years	1,607	1,733
	<b>1,733</b>	<b>1,936</b>

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

The classification depends on the nature and purpose of the interest bearing liabilities. The Council determines the classification of its interest bearing liabilities at initial recognition.

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

**5.5 Provisions**

	Employee	Landfill restoration	Total
	\$ '000	\$ '000	\$ '000
<b>2023</b>			
Balance at beginning of the financial year	3,438	9,544	12,982
Additional provisions	1,666	-	1,666
Amounts used	(1,362)	(7,660)	(9,022)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	(31)	(75)	(106)
Balance at the end of the financial year	<b>3,711</b>	<b>1,810</b>	<b>5,521</b>
<i>Provisions - current</i>	3,349	243	3,591
<i>Provisions - non-current</i>	362	1,567	1,930
<i>Total</i>	<b>3,711</b>	<b>1,810</b>	<b>5,521</b>
<b>2022</b>			
Balance at beginning of the financial year	3,242	5,388	8,630
Additional provisions	1,492	4,033	5,525
Amounts used	(1,254)	(109)	(1,363)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	(42)	232	190
Balance at the end of the financial year	<b>3,438</b>	<b>9,544</b>	<b>12,982</b>
<i>Provisions - current</i>	2,906	7,542	10,448
<i>Provisions - non-current</i>	532	2,002	2,534
<i>Total</i>	<b>3,438</b>	<b>9,544</b>	<b>12,982</b>
<b>(a) Employee provisions</b>			
<b>Current provisions expected to be wholly settled within 12 months</b>			
Annual leave	1,040	945	
Long service leave	124	99	
Rostered days off	160	133	
	<b>1,324</b>	<b>1,176</b>	
<b>Current provisions expected to be wholly settled after 12 months</b>			
Annual leave	272	327	
Long service leave	1,753	1,402	
	<b>2,025</b>	<b>1,729</b>	
<b>Total current employee provisions</b>	<b>3,349</b>	<b>2,906</b>	
<b>Non-current</b>			
Long service leave	362	532	
<b>Total non-current employee provisions</b>	<b>362</b>	<b>532</b>	
<b>Aggregate carrying amount of employee provisions:</b>			
Current	3,349	2,906	
Non-current	362	532	
<b>Total aggregate carrying amount of employee provisions</b>	<b>3,711</b>	<b>3,438</b>	

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

*Annual leave*

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

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

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

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

### 5.5 Provisions (continued)

#### *Long service leave*

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

Key assumptions:	<b>2023</b>	<b>2022</b>
- discount rate	3.63%	3.38%
- index rate	4.35%	3.85%

<b>(b) Landfill restoration</b>	<b>\$'000</b>	<b>\$'000</b>
Current	243	7,542
Non-current	1,567	2,002
	<b>1,810</b>	<b>9,544</b>

Council is obligated to restore the Castlemaine site to a particular standard. Since April 2020 the landfill has operated as a transfer station with all general waste carted offsite. Reinstatement works were completed during the 2022/23 year and the provision for landfill restoration has been calculated based on the present value of the expected cost for future site inspections and audits etc.

Key assumptions:		
- discount rate	3.8%	2.38%
- index rate	5.2%	4.90%

### 5.6 Financing arrangements

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

Bank overdraft	500	500
Credit card facilities	300	300
Borrowings	1,733	1,936
<b>Total facilities</b>	<b>2,533</b>	<b>2,736</b>
Used facilities	1,784	1,976
Unused facilities	749	760

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

**5.7 Commitments**

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

**(a) Commitments for expenditure**

2023	Not later than 1	Later than 1 year	Later than 2 years	Total
	year	and not later than 2 years	and not later than 5 years	
	\$'000	\$'000	\$'000	\$'000
<b>Operating</b>				
Aged and disability services	113	9	-	122
Consultancy and professional services	330	104	311	744
IT and software licences	496	470	1,423	2,390
Waste management	3,656	914	-	4,570
Recreation services	603	627	-	1,230
Regulatory compliance	233	-	-	233
Tree management	313	-	-	313
Utility supply	187	187	518	892
<b>Total</b>	<b>5,931</b>	<b>2,311</b>	<b>2,252</b>	<b>10,494</b>
<b>Capital</b>				
Bridges	77	-	-	77
Buildings	131	-	-	131
Drainage	163	-	-	163
Pathways	409	-	-	409
Plant and equipment	793	-	-	793
Recreation	595	-	-	595
Roads	557	-	-	557
Waste management	304	-	-	304
Other	456	-	-	456
<b>Total</b>	<b>3,483</b>	<b>-</b>	<b>-</b>	<b>3,483</b>

2022	Not later than 1	Later than 1 year	Later than 2 years	Total
	year	and not later than 2 years	and not later than 5 years	
	\$'000	\$'000	\$'000	\$'000
<b>Operating</b>				
Aged and disability services	112	113	9	234
Consultancy and professional services	574	82	203	859
IT and software licenses	281	279	756	1,316
Waste management	3,025	590	-	3,615
Recreation services	502	-	-	502
Regulatory compliance	218	-	-	218
Tree management	627	313	-	940
Uniform	27	-	-	27
Utility supply	185	185	533	904
<b>Total</b>	<b>5,551</b>	<b>1,563</b>	<b>1,501</b>	<b>8,616</b>
<b>Capital</b>				
Bridges	83	-	-	83
Drainage	195	-	-	195
Pathways	182	-	-	182
Plant and equipment	227	-	-	227
Recreation	276	-	-	276
Roads	952	-	-	952
Other	556	-	-	556
<b>Total</b>	<b>2,471</b>	<b>-</b>	<b>-</b>	<b>2,471</b>

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

**5.7 Commitments (continued)****(b) Operating lease receivables**

Council has entered into commercial property leases on its investment properties. These properties, held under operating leases, have remaining non-cancellable lease terms of between 1 and 20 years. Future undiscounted minimum rentals receivable under non-cancellable operating leases are as follows:

	2023	2022
	\$'000	\$'000
Not later than one year	201	150
Later than one year and not later than five years	757	749
Later than five years	1,396	1,551
	<u>2,354</u>	<u>2,450</u>

**5.8 Leases**

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

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

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

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

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

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

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

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

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

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

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



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

**5.8 Leases (continued)**

<b>Right-of-Use Assets</b>	<b>Photocopiers</b>	<b>Plant</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Balance at 1 July 2022	50	-	50
Additions	-	503	503
Amortisation charge	(13)	(20)	(33)
Balance at 30 June 2023	<b>36</b>	<b>483</b>	<b>520</b>
<b>Lease Liabilities</b>	<b>2023</b>	<b>2022</b>	
	<b>\$'000</b>	<b>\$'000</b>	
Maturity analysis - contractual undiscounted cash flows			
Less than one year	135	14	
One to five years	445	39	
Total undiscounted lease liabilities as at 30 June:	<b>580</b>	<b>53</b>	
Lease liabilities included in the Balance Sheet at 30 June:			
Current	107	13	
Non-current	418	38	
Total lease liabilities	<b>525</b>	<b>51</b>	

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

**Note 6 ASSETS WE MANAGE**

**6.1 Property, infrastructure, plant and equipment**

**Summary of property, infrastructure, plant and equipment**

	Carrying amount	Additions	Contributions	Revaluation	Depreciation	Disposal	Write-off	Transfers	Carrying amount
	30 June 2022								30 June 2023
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Land and land improvements	42,899	-	-	-	(250)	(344)	-	334	42,640
Buildings	48,505	-	-	3,339	(1,901)	(15)	-	(5,920)	44,008
Plant and equipment	3,294	-	-	-	(815)	(3)	-	1,277	3,753
Infrastructure	297,832	-	364	6,352	(6,038)	(1,258)	-	12,477	309,729
Work in progress	13,787	11,022	-	-	-	-	(297)	(8,171)	16,341
Work in progress - Intangibles see note 5.2 (c)	-	-	-	-	-	-	-	30	-
	<b>406,317</b>	<b>11,022</b>	<b>364</b>	<b>9,691</b>	<b>(9,005)</b>	<b>(1,619)</b>	<b>(297)</b>	<b>-</b>	<b>416,470</b>

**Summary of Work in Progress**

	Opening WIP	Additions	Write-off	Transfers	Closing WIP
	\$'000				\$'000
Land and land improvements	1,386	356	-	(450)	1,292
Buildings	1,378	2,960	(56)	(1,037)	3,245
Plant and equipment	315	1,876	-	(1,277)	914
Infrastructure	10,200	5,814	(241)	(5,407)	10,365
Intangibles	509	16	-	-	525
<b>Total</b>	<b>13,787</b>	<b>11,022</b>	<b>(297)</b>	<b>(8,171)</b>	<b>16,341</b>

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

**6.1 Property, infrastructure, plant and equipment (continued)**  
**(a) Property**

	Land - specialised	Land - non specialised	Land improvements	Land	Total Land & Land Improvements	Buildings - specialised	Buildings - non specialised	Buildings - improvements	Site	Total Buildings	Work In Progress	Total Property
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2022	1,180	38,139	6,927	46,245	59,224	18,629	10,044	10,044	87,897	2,764	136,905	
Accumulated depreciation at 1 July 2022	-	-	(3,345)	(3,345)	(26,675)	(9,409)	(3,308)	(3,308)	(39,392)	-	(42,738)	
	<b>1,180</b>	<b>38,139</b>	<b>3,581</b>	<b>42,899</b>	<b>32,549</b>	<b>9,220</b>	<b>6,735</b>	<b>6,735</b>	<b>48,505</b>	<b>2,764</b>	<b>94,168</b>	
<b>Movements in fair value</b>												
Additions	27	-	307	334	260	80	1,222	1,222	1,562	3,316	5,212	
Contributions	-	-	-	-	-	-	-	-	-	-	-	
Revaluation	-	-	-	-	4,879	1,533	-	-	6,412	-	6,412	
Disposal	-	(343)	(1)	(344)	(45)	(54)	(40)	(40)	(139)	-	(482)	
Write-off	-	-	-	-	-	-	-	-	-	(56)	(56)	
Transfers	-	-	-	-	-	-	(11,225)	(11,225)	(11,225)	(1,487)	(12,712)	
	<b>27</b>	<b>(343)</b>	<b>306</b>	<b>(9)</b>	<b>5,094</b>	<b>1,559</b>	<b>(10,044)</b>	<b>(10,044)</b>	<b>(3,391)</b>	<b>1,773</b>	<b>(1,627)</b>	
<b>Movements in accumulated depreciation</b>												
Depreciation and amortisation	-	-	(250)	(250)	(1,083)	(342)	(476)	(476)	(1,901)	-	(2,152)	
Accumulated depreciation of disposals	-	-	-	-	37	47	40	40	124	-	124	
Revaluation	-	-	-	-	(2,276)	(797)	-	-	(3,073)	-	(3,073)	
Transfers	-	-	-	-	-	-	3,744	3,744	3,744	-	3,744	
	-	-	(250)	(250)	(3,322)	(1,093)	3,308	3,308	(1,106)	-	(1,357)	
At fair value 30 June 2023	1,207	37,795	7,233	46,235	64,318	20,188	(0)	(0)	84,506	4,537	135,278	
Accumulated depreciation at 30 June 2023	-	-	(3,596)	(3,596)	(29,997)	(10,501)	0	0	(40,499)	-	(44,094)	
Carrying amount	<b>1,207</b>	<b>37,795</b>	<b>3,637</b>	<b>42,640</b>	<b>34,321</b>	<b>9,687</b>	<b>(0)</b>	<b>(0)</b>	<b>44,008</b>	<b>4,537</b>	<b>91,184</b>	

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

**6.1 Property, infrastructure, plant and equipment (continued)**  
**(b) Plant and Equipment**

	Plant machinery and equipment	Fixtures fittings and furniture	Work in Progress	Total plant and equipment
	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2022	6,885	1,697	314	8,896
Accumulated depreciation at 1 July 2022	(3,852)	(1,435)	-	(5,287)
	<b>3,032</b>	<b>262</b>	<b>314</b>	<b>3,609</b>
<b>Movements in fair value</b>				
Additions	907	370	1,876	3,153
Disposal	(456)	-	-	(456)
Transfers	-	-	(1,277)	(1,277)
	450	370	599	1,420
<b>Movements in accumulated depreciation</b>				
Depreciation and amortisation	(649)	(166)	-	(815)
Accumulated depreciation of disposals	454	-	-	454
	(196)	(166)	-	(362)
At fair value 30 June 2023	7,335	2,067	914	10,316
Accumulated depreciation at 30 June 2023	(4,048)	(1,601)	-	(5,649)
Carrying amount	<b>3,287</b>	<b>466</b>	<b>914</b>	<b>4,667</b>

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

**6.1 Property, infrastructure, plant and equipment (continued)**  
**(c) Infrastructure**

	Roads	Bridges	Footpaths and cycleways	Drainage	Kerb	Recreational, leisure and community facilities	Waste Management	Work In Progress	Total Infrastructure
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2022	226,272	71,066	10,144	55,570	9,168	-	5,747	10,200	388,167
Accumulated depreciation at 1 July 2022	(38,270)	(15,736)	(2,897)	(13,513)	(4,041)	-	(5,677)	-	(80,135)
	<b>188,002</b>	<b>55,330</b>	<b>7,247</b>	<b>42,057</b>	<b>5,127</b>	<b>-</b>	<b>69</b>	<b>10,200</b>	<b>308,031</b>
<b>Movements in fair value</b>									
Additions	2,572	738	762	207	716	-	-	5,814	10,809
Contributions Found	94	-	11	174	-	-	-	-	279
Revaluation	-	-	34	147	-	-	-	-	181
Disposal	22,953	(14,135)	748	7,241	645	-	-	-	17,453
Write-off	(1,899)	(219)	(87)	(10)	-	-	-	-	(2,214)
Transfers	-	-	-	-	-	-	-	(241)	(241)
	-	-	-	-	-	11,225	-	(5,407)	5,818
	<b>23,721</b>	<b>(13,616)</b>	<b>1,468</b>	<b>7,760</b>	<b>1,361</b>	<b>11,225</b>	<b>-</b>	<b>165</b>	<b>32,085</b>
<b>Movements in accumulated depreciation</b>									
Depreciation and amortisation	(4,290)	(658)	(344)	(519)	(193)	-	(34)	-	(6,038)
Accumulated depreciation of contributions	(10)	-	(11)	(2)	-	-	-	-	(22)
Accumulated depreciation of found assets	-	-	-	(74)	-	-	-	-	(74)
Accumulated depreciation of disposals	858	72	25	1	-	-	-	-	957
Revaluation	(4,216)	1,139	(222)	(7,525)	(277)	-	-	-	(11,100)
Transfers	-	-	-	-	-	(3,744)	-	-	(3,744)
	<b>(7,657)</b>	<b>554</b>	<b>(551)</b>	<b>(8,118)</b>	<b>(470)</b>	<b>(3,744)</b>	<b>(34)</b>	<b>-</b>	<b>(20,021)</b>
At fair value 30 June 2023	249,992	57,451	11,612	63,330	10,530	11,225	5,747	10,365	420,251
Accumulated depreciation at 30 June 2023	(45,927)	(15,183)	(3,448)	(21,632)	(4,511)	(3,744)	(5,712)	-	(100,157)
Carrying amount	<b>204,065</b>	<b>42,268</b>	<b>8,164</b>	<b>41,698</b>	<b>6,018</b>	<b>7,481</b>	<b>35</b>	<b>10,365</b>	<b>320,094</b>

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

### 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.

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

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

<i>Asset recognition thresholds and depreciation periods</i>	<b>Depreciation Period</b>	<b>Threshold Limit \$'000</b>
<i>Property</i>		
land improvements	1-10 years	10
<i>Buildings</i>		
buildings	20-100 years	10
building improvements	20-100 years	10
<i>Plant and Equipment</i>		
plant, machinery and equipment	2-10 years	5
fixtures, fittings and furniture	2-10 years	5
computers and telecommunications	2-10 years	5
<i>Infrastructure</i>		
road pavements	80 years	10
road sealed surfaces	15-35 years	10
road unsealed pavement base	20-80 years	10
road formation and pavement sub base	200 years	10
road kerb, channel and minor culverts	25-100 years	10
bridges deck / rail	80 years	10
bridges substructure / super structure	50-120 years	10
footpaths and cycleways	30-80 years	10
drainage pits	80 years	10
drainage pipes	10-145 years	10
<i>Intangible assets</i>		
software	5-10 years	25

#### *Land under roads*

Council recognises land under roads it controls at discounted fair value.

#### *Depreciation and amortisation*

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

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

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

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

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

#### *Repairs and maintenance*

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

#### *Valuation of land and buildings*

Valuation of land and buildings were undertaken by Ashay Prabhu, Director of Assetic Pty Ltd (NPER member 1102199). The valuation of land and buildings is at fair value, being market value based on highest and best use permitted by relevant land planning provisions. Where land use is restricted through existing planning provisions the valuation is reduced to reflect this limitation. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the comprehensive income statement.

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

**6.1 Property, infrastructure, plant and equipment (continued)**

*Valuation of land and buildings cont.*

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

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

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

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

	Level 1	Level 2	Level 3	Date of Valuation	Type of Valuation
Land	-	11,737	26,058	30/06/2022	Index
Specialised land	-	-	1,207	30/06/2022	Index
Land improvements	-	-	3,637	30/06/2017	Full
Buildings - specialised	-	-	34,321	30/06/2023	Index
Buildings - non specialised	-	9,687	-	30/06/2023	Index
<b>Total</b>	-	<b>21,424</b>	<b>65,223</b>		

*Valuation of infrastructure*

Valuation of infrastructure assets has been determined in accordance with both an internal valuation undertaken by a Council officer and an independent valuation by Ashay Prabhu, Director of Assetic Pty Ltd (NPER member 1102199) .

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

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

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

	Level 1	Level 2	Level 3	Date of Valuation	Type of Valuation
Roads	-	-	204,065	30/06/2023	Index
Bridges	-	-	42,268	30/06/2023	Full
Footpaths and cycleways	-	-	8,164	30/06/2023	Index
Drainage	-	-	41,698	30/06/2023	Full
Kerb and channel	-	-	6,018	30/06/2023	Index
Recreational, leisure and community facilities	-	-	7,481	30/06/2017	Full
Waste management	-	-	35	30/06/2019	Full
<b>Total</b>	-	-	<b>309,729</b>		

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

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**6.1 Property, infrastructure, plant and equipment (continued)****Description of significant unobservable inputs into level 3 valuations**

**Specialised land and land under roads** is valued using a market based direct comparison technique. Significant unobservable inputs include the extent and impact of restriction of use and the market cost of land per square metre. The extent and impact of restrictions on use varies and results in a reduction to surrounding land values of 90%. The market value of land varies significantly depending on the location of the land and the current market conditions. Currently land values range between \$1 and \$1,100 per square metre.

**Specialised buildings** are valued using a current replacement cost technique. Significant unobservable inputs include the current replacement cost and remaining useful lives of buildings. Current replacement costs are calculated on a square metre basis and ranges from \$12 to \$3,000 per square metre. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary from 20 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 2 years to 146 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of infrastructure are sensitive to changes in use, expectations or requirements that could either shorten or extend the useful lives of infrastructure assets.

	2023	2022
	\$'000	\$'000
Reconciliation of specialised land		
Land under roads	1,207	1,180
<b>Total specialised land</b>	<b>1,207</b>	<b>1,180</b>



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

	2023 \$'000	2022 \$'000
<b>6.2 Investments in associates, joint arrangements and subsidiaries</b>		
<b>(a) Investments in associates</b>		
- Goldfields Regional Library Corporation	660	659
<i>Goldfields Regional Library Corporation</i>		
<i>Council is a member of the Goldfields Regional Library Corporation which provides library services to the municipalities of City of Greater Bendigo, Macedon Ranges, Loddon and Mount Alexander Shires. Council's share of the net assets of the Corporation as at 30 June 2023 was 10.73% (2022, 10.77%).</i>		
<b>Fair value of Council's investment in Goldfields Regional Library Corporation</b>	<b>660</b>	<b>659</b>
<b>Council's share of accumulated surplus/(deficit)</b>		
Council's share of accumulated surplus/(deficit) at start of year	295	264
Reported surplus/(deficit) for year	3	32
Transfers (to) from reserves	0	(1)
Council's share of accumulated surplus/(deficit) at end of year	<b>298</b>	<b>295</b>
<b>Council's share of reserves</b>		
Council's share of reserves at start of year	122	121
Transfers (to) from reserves	(0)	1
Council's share of reserves at end of year	<b>122</b>	<b>122</b>
<b>Movement in carrying value of specific investment</b>		
Carrying value of investment at start of year	659	630
Share of surplus/(deficit) for year	3	32
Share of asset revaluation	(2)	(3)
Carrying value of investment at end of year	<b>660</b>	<b>659</b>
<b>Council's share of expenditure commitments</b>		
Operating commitments	26	9
Capital commitments	-	-
Council's share of expenditure commitments	<b>26</b>	<b>9</b>

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.

**Community Asset Committees**

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

There are currently 20 Community Asset Committees for the following facilities:

Barfold Hall	John Powell Reserve
Baringhup Community Association	Maldon Community Centre
Bill Woodfull Recreation Reserve	Metcalfe Hall
Camp Reserve	Muckleford Community Centre
Campbells Creek Community Centre	Newstead Community Centre
Campbells Creek Recreation Reserve	Sutton Grange Hall
Castlemaine War Memorial Stadium	Taradale Hall
Elphinstone Community Facilities	Taradale Recreation Reserve
Guildford Hall	Wattle Flat Reserve
Guildford Recreation Reserve	Wesley Hill Facility

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

	<b>2023</b>	<b>2022</b>
	<b>No.</b>	<b>No.</b>
<b>Note 7 PEOPLE AND RELATIONSHIPS</b>		
<b>7.1 Council and key management remuneration</b>		
<b>(a) Related Parties</b>		
Mount Alexander Shire Council is the parent entity.		
<b>(b) Key Management Personnel</b>		
Key management personnel (KMP) are those people with the authority and responsibility for planning, directing and controlling the activities of Mount Alexander Shire Council. The Councillors, Chief Executive Officer and Directors are deemed KMP.		
Details of KMP at any time during the year are:		
<b>Councillors</b>		
Councillor Rosie Annear (elected 04/11/2020 until current, Mayor 16/11/22 to current)	1	1
Councillor Matthew Driscoll (elected 04/11/2020 until current, Deputy Mayor 16/11/22 to current)	1	1
Councillor William Maltby (elected 04/11/2020 until current, Mayor 16/11/21 to 15/11/22)	1	1
Councillor Anthony Cordy (elected 20/05/2014 until current)	1	1
Councillor Christine Henderson (elected 01/12/2008 until current)	1	1
Councillor Stephen Gardner (elected 26/02/2018 until current)	1	1
Councillor Gary McClure (elected 04/11/2020 until current)	1	1
<b>Total Number of Councillors</b>	<b>7</b>	<b>7</b>
<b>Officers</b>		
Darren Fuzzard (Chief Executive Officer)	1	1
Lisa Knight (Director Corporate and Community Services)	1	1
Michael Annear (Director Infrastructure and Development)	1	1
Cath Olive (Acting Director Infrastructure and Development, 01/07/21 to 03/10/21)	-	1
<b>Total of Chief Executive Officer and other Key Management Personnel</b>	<b>3</b>	<b>4</b>
<b>Total Number of Key Management Personnel</b>	<b>10</b>	<b>11</b>
<b>(c) Remuneration of Key Management Personnel</b>		
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.		
<b>Short-term employee benefits</b> 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.		
<b>Other long-term employee benefits</b> include long service leave, other long service benefits or deferred compensation.		
<b>Post-employment benefits</b> include pensions, and other retirement benefits paid or payable on a discrete basis when employment has ceased.		
<b>Termination benefits</b> include termination of employment payments, such as severance packages.		
	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Total remuneration of key management personnel was as follows:</b>		
Short-term benefits	941	909
Long-term benefits	16	16
Post employment benefits	85	78
Termination benefits	-	10
<b>Total</b>	<b>1,042</b>	<b>1,013</b>

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

**7.1 Council and key management remuneration (continued)**

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

	2023 No.	2022 No.
\$20,000 - \$29,999	4	4
\$30,000 - \$39,999	1	1
\$40,000 - \$49,999	1	1
\$50,000 - \$59,999	-	1
\$70,000 - \$79,999	1	-
\$100,000 - \$109,999	-	1
\$150,000 - \$159,999	-	1
\$220,000 - \$229,999	1	1
\$230,000 - \$239,999	1	-
\$290,000 - \$299,999	-	1
\$310,000 - \$319,999	1	-
	<u>10</u>	<u>11</u>

**(d) Remuneration of other senior staff**

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

	2023 \$'000	2022 \$'000
<b>Total remuneration of other senior staff was as follows:</b>		
Short-term employee benefits	287	150
Other long-term employee benefits	7	3
Post-employment benefits	30	15
<b>Total</b>	<u>323</u>	<u>167</u>

The number of Senior Officers are shown below in their relevant income bands:

	2023 No.	2022 No.
Income Range:		
\$160,000 - \$169,999	2	1
	<u>2</u>	<u>1</u>
	2023 \$'000	2022 \$'000
Total Remuneration for the reporting year for Senior Officers included above, amounted to:	323	167

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

**7.2 Related party disclosure****(a) Transactions with related parties**

During the period Council entered into transactions with 7 related parties. This is detailed below:

**Expenditure**

*Purchase of goods and services under normal trading terms:*

	2023 \$'000	2022 \$'000
- Rotary Club Castlemaine	4	3
- Maldon Inc	3	-
- W R Law Pty Ltd	175	57
- Maine Civil Pty Ltd	233	60
<i>Contributions:</i>		
- Castlemaine Art Museum	35	35
- Castlemaine State Festival	34	36
- North Central Goldfields Regional Library Corporation	605	612
	<u>1,088</u>	<u>804</u>

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

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**7.2 Related party disclosure (continued)**

**(b) Outstanding balances with related parties**

There are no outstanding balances with related parties.

**(c) Loans to/from related parties**

There are no loans to or from related parties.

**(d) Commitments to/from related parties**

There are no commitments to or from related parties.

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

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### 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 the Council.

##### *Maldon Caravan Park*

Ongoing negotiations are occurring with the lessee of the park, with the possibility of Council resuming control of the asset.

##### (b) Contingent liabilities

Contingent liabilities are:

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

The following are potential contingencies to be considered by Council:

##### *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.

##### *Castlemaine Rifle Range*

The EPA is satisfied with the containment and stabilisation of the premises but there may be a continuing environmental risk if the cap encapsulating the waste is not monitored and maintained. A potential liability exists if there is a default on the requirements of an Improvement Notice imposed by the EPA. The fine for failing to comply with the requirements of the Improvement Notice would be \$463,250.

##### *Tarilta gravel pit*

A rehabilitation bond has been issued for the restoration of the Tarilta gravel pit. The bank guarantee is for \$23,500 to the Minister of Agriculture and Resources. A further addition to this rehabilitation bond of \$124,500 is required and is currently being organised.

##### *Aged and disability services*

Council has a number of funding arrangements with both the State and Federal Government to deliver aged and disability services. Repayment of funding may be required if service targets are not met. Council does not estimate that any funding may be requested for payment as a result of service targets not met during 2022/2023. In addition, Council is currently investigating its role in the future provision of such services, with a decision expected to be made by late-2023. If Council does decide to exit the market and no longer provide aged care services, there will be associated costs of that decision, such as staff redundancies.

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

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### 8.1 Contingent assets and liabilities (continued)

#### *Depot*

A potential liability exists for costs associated with remediating the Castlemaine Depot site. The depot is still currently in use, with no confirmed plans for moving. As an interim measure, a surface seal was laid, with appropriate drainage, to cap loose soil and hold contaminants in place to reduce the risk of water run off or dust blowing off site. Progressive rehabilitation of the site has commenced with some areas being formerly capped with concrete. However, due to limited resources available, there is still a significant amount of remedial works required. Outstanding costs to complete this work is estimated at \$250k.

#### *Former Wesleyan Church Chewton*

The need for rehabilitation of the Former Wesleyan Church in Chewton has been identified and while works have commenced they will be staged over a number of financial years. Future financial liability of this rehabilitation has not been estimated as at balance date.

#### *Maldon Caravan Park*

Ongoing negotiations are occurring with the lessee of the park, with the possibility of Council resuming control of the asset. The cost of this decision, should it occur, is not known.

#### *October 2022 flood*

Council continues to undertake works to restore flood damaged assets arising from storms in October 2022. Estimates of the potential cost are approximately \$7.5m. While most of these costs should be covered by the Federal Government's Disaster Recovery Funding Arrangements, as well as insurance claims, not all of the costs will be eligible for reimbursement.

#### **(c) Guarantees for loans to other entities**

Council has not guaranteed any loans to other entities.

### 8.2 Change in accounting standards

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

### 8.3 Financial instruments

#### **(a) Objectives and policies**

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

#### **(b) Market risk**

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

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

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### 8.3 Financial instruments (continued)

#### **Interest rate risk**

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Council's interest rate liability risk arises primarily from long term loans and borrowings at fixed rates which exposes council to fair value interest rate risk. Council does not hold any interest bearing financial instruments that are measured at fair value, and therefore has no exposure to fair value interest rate risk. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Council's cash deposits are lodged at floating rates while cash investments are lodged at fixed rates for their term (all terms are 12 months or less).

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

- Diversification of investment product.
- Monitoring of return on investment.
- 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 were significant during the year, compared to amounts budgeted, resulting in unbudgeted cash investment income of \$703k.

#### **(c) Credit risk**

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

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

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

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

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

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

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### 8.3 Financial instruments (continued)

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

#### (d) Liquidity risk

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

To help reduce these risks Council:

- Have readily accessible standby facilities and other funding arrangements in place.
- Have a liquidity portfolio structure that requires surplus funds to be invested within various bands of liquid instruments.
- Monitor budget to actual performance on a regular basis; and
- Set limits on borrowings relating to the percentage of loans to rate revenue and percentage of loan principal repayments to rate revenue.

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

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

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

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

#### (e) Sensitivity disclosure analysis

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

- A parallel shift of +1% and -1% in market interest rates (AUD) from year-end rates of 5.45%.

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



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

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### 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.

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 once every five years. The valuation is performed either by experienced Council officers or independent experts. The following table sets out the frequency of revaluations by asset class.

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

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### 8.4 Fair value measurement continued

<b>Asset class</b>	<b>Revaluation frequency</b>
Land	5 years
Buildings	5 years
Roads	5 years
Bridges	5 years
Footpaths and cycleways	5 years
Drainage	5 years

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

#### *Impairment of assets*

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

### 8.5 Events occurring after balance date

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

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

**Note 9 OTHER MATTERS**

	Balance at beginning of reporting period \$'000	Increment (decrement) \$'000	Balance at end of reporting period \$'000
<b>9.1 Reserves</b>			
<b>(a) Asset revaluation reserves</b>			
<b>2023</b>			
<b>Property</b>			
Land and land improvements	29,375	-	29,375
Buildings	32,322	3,339	35,661
	<b>61,697</b>	<b>3,339</b>	<b>65,036</b>
<b>Infrastructure</b>			
Roads	125,372	18,737	144,109
Bridges	37,560	(12,995)	24,565
Drainage	59,704	(284)	59,420
Footpaths and cycleways	3,019	526	3,545
Kerb and channel	2,716	369	3,085
	<b>228,372</b>	<b>6,352</b>	<b>234,723</b>
<b>Total asset revaluation reserves</b>	<b>290,069</b>	<b>9,691</b>	<b>299,760</b>
<b>2022</b>			
<b>Property</b>			
Land and land improvements	23,019	6,356	29,375
Buildings	18,761	13,561	32,322
	<b>41,780</b>	<b>19,917</b>	<b>61,697</b>
<b>Infrastructure</b>			
Roads	125,372	-	125,372
Bridges	37,560	-	37,560
Drainage	55,436	4,268	59,704
Footpaths and cycleways	2,941	78	3,019
Kerb and channel	2,365	351	2,716
	<b>223,675</b>	<b>4,697</b>	<b>228,372</b>
<b>Total asset revaluation reserves</b>	<b>265,455</b>	<b>24,614</b>	<b>290,069</b>

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

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

9.1 Reserves (b) Other reserves	Balance at beginning of reporting period \$'000	Transfer from accumulated surplus \$'000	Transfer to accumulated surplus \$'000	Balance at end of reporting period \$'000
<b>2023</b>				
Diamond Gully contribution reserve*	396	(372)	416	440
General development contribution reserve*	-	-	83	83
Campbells Creek South Development Contribution Reserve*	-	-	83	83
McKenzie Hill Reserve*	-	-	145	145
Energy/water saving reserve	124	-	143	267
Gravel pit rehabilitation reserve	39	-	-	39
Parkland/open space reserve*	1,089	(783)	416	722
Swimming pool reserve	3,061	-	-	3,061
Uncompleted works reserve	8,255	(8,255)	9,875	9,875
Unspent grants reserve	4,482	(4,482)	6,315	6,315
Waste reserve	10,158	(6,759)	1,520	4,919
Developer tree planting and maintenance reserve	35	(17)	23	40
<b>Total Other reserves</b>	<b>27,639</b>	<b>(20,668)</b>	<b>19,018</b>	<b>25,989</b>
<b>2022</b>				
Diamond Gully contribution reserve*	384	-	12	396
Energy/water saving reserve	76	39	9	124
Gravel pit rehabilitation reserve	39	-	-	39
Parkland/open space reserve*	978	-	111	1,089
Swimming pool reserve	3,061	-	-	3,061
Uncompleted works reserve	9,025	(9,025)	8,255	8,255
Unspent grants reserve	2,764	(2,764)	4,482	4,482
Waste reserve	8,678	(220)	1,700	10,158
Developer tree planting and maintenance	27	-	8	35
<b>Total Other reserves</b>	<b>25,032</b>	<b>(11,970)</b>	<b>14,577</b>	<b>27,640</b>

\* Notes a statutory reserve held for restricted use.

**Energy/water saving reserve**

Funds set aside for the undertaking of works on Council property which reduces future energy or water usage.

**Gravel pit rehabilitation reserve**

Funds set aside for the future rehabilitation works at Council's gravel pit.

**Uncompleted works reserve**

Funds set aside at year-end to allow projects to be carried forward.

**Unspent grants reserve**

Grant fund provided to Council with conditions on how they are spent that remain unspent at end of year.

**Developer tree planting and maintenance reserve**

Funds set aside for the required tree planting and maintenance in future developments.

**McKenzie Hill Reserve**

Funds McKenzie Hill infrastructure works through contributions from owners who subdivide or develop their land.

**Diamond Gully DCP reserve**

Funds Diamond Gully infrastructure works through contributions from owners who subdivide or develop their land.

**Parkland/open spaces reserve**

Funds to provide for future recreational infrastructure within the Shire.

**Swimming pool reserve**

Funds set aside for future capital works on swimming pools.

**Waste reserve**

Funds set aside to provide for the capital improvements and rehabilitation at the Castlemaine landfill.

**Campbells Creek South Development Contribution Reserve**

Funds Campbells Creek South infrastructure works through contributions from owners who subdivide or develop their land.

**General development contribution reserve**

Funds general infrastructure works through contributions from owners who subdivide or develop their land.

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

<b>9.2 Reconciliation of cash flows from operating activities to surplus/(deficit)</b>	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Surplus/(deficit) for the year	7,202	3,150
Depreciation	9,005	9,157
Amortisation	210	207
(Profit)/loss on disposal of property, infrastructure, plant and equipment	1,400	1,018
Contributions - non-monetary assets	(392)	(1,730)
Found assets	-	-
Borrowing costs	71	98
Finance costs	7	2
Share of net (profit)/losses of associates	(0)	(29)
Prior year WIP expensed	297	24
<i>Change in assets and liabilities:</i>		
(Increase)/decrease in trade and other receivables	13	63
Increase/(decrease) in trade and other payables	(69)	(736)
Increase/(decrease) in trust funds	175	(233)
(Increase)/decrease in other assets	(1,299)	224
(Increase)/decrease in inventories	(23)	(10)
Increase/(decrease) in unearned income	806	(367)
Increase/(decrease) in provisions	(7,456)	4,352
<b>Net cash provided by/(used in) operating activities</b>	<b>9,947</b>	<b>15,190</b>

### 9.3 Superannuation

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

#### *Accumulation*

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

#### *Defined Benefit*

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

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

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

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### 9.3 Superannuation (continued)

#### *Funding arrangements*

Council makes employer contributions to the Defined Benefit category of the Fund at rates determined by the Trustee on the advice of the Fund Actuary. A triennial actuarial investigation is currently underway for the Defined Benefit category which is expected to be completed by 31 December 2023. Council was notified of the 30 June 2023 VBI during August 2023 (2022: August 2022). The financial assumptions used to calculate the 30 June 2023 VBI were:

- Net investment returns 5.7% pa
- Salary information 3.5% p.a.
- Price inflation (CPI) 2.8% p.a.

As at 30 June 2022, an interim actuarial investigation was held as the Fund provides lifetime pensions in the Defined Benefit category. The vested benefit index (VBI) of the Defined Benefit category of which Council is a contributing employer was 102.2%. The financial assumptions used to calculate the VBI were:

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

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

Vision Super has advised that the estimated VBI at June 2023 was 104.1%.

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

#### *Employer contributions*

##### *(a) Regular contributions*

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

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

##### *(b) Funding calls*

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

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

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

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

### 9.3 Superannuation continued

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

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

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

#### *The 2022 interim actuarial investigation surplus amounts*

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

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

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

The VBI surplus means that the market value of the fund's assets supporting the defined benefit obligations exceed the vested benefits that the defined benefit members would have been entitled to if they had all exited on 30 June 2022.

The total service liability surplus means that the current value of the assets in the Fund's Defined Benefit category plus expected future contributions exceeds the value of expected future benefits and expenses as at 30 June 2022.

The discounted accrued benefits surplus means that the current value of the assets in the Fund's Defined Benefit category exceeds the value of benefits payable in the future but accrued in respect of service to 30 June 2022.

#### *The 2023 triennial actuarial investigation*

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

	<b>2023</b>	<b>2020</b>
	<b>Triennial investigation</b>	<b>Triennial investigation</b>
Net investment return	5.7% pa	5.6% pa
Salary inflation	3.50% pa	2.50% pa for the first two years and 2.75% pa thereafter
Price inflation	2.8% pa	2.0% pa

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

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### 9.3 Superannuation continued

#### *Superannuation contributions*

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

<b>Scheme</b>	<b>Type of Scheme</b>	<b>Rate</b>	<b>2023 \$'000</b>	<b>2022 \$'000</b>
Vision Super	Defined benefit	10.5% (2022:10.0%)	50	47
Vision Super	Accumulation fund	10.5% (2022:10.0%)	762	745
Vision Super clearing house	Accumulation fund	10.5%	777	564

Council had no unfunded liability payments to Vision Super during 2022/2023 (2021/22 \$0).

There were \$85,023 contributions outstanding and no loans issued from or to the above schemes as at 30 June 2023.

The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2024 is \$52,588.



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

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**Note 10 CHANGE IN ACCOUNTING POLICY**

There have been no changes to accounting policies in the 2022/2023 year.

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

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