

**Golden Plains Shire Council
ANNUAL FINANCIAL REPORT**

For the Year Ended 30 June 2023

Golden Plains Shire Council

Financial Report

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Certification of the Financial Statements

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

Lynne Gray
Principal Accounting Officer

Dated :
Bannockburn

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

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

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

Cr Brett Cunningham
Mayor

Dated :
Bannockburn

Cr Les Rowe

Dated :
Bannockburn

Eric Braslis
Chief Executive Officer

Dated :
Bannockburn

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Comprehensive Income Statement For the Year Ended 30 June 2023

	Note	2023 \$'000	2022 \$'000
Income / Revenue			
Rates and charges	3.1	27,245	26,082
Statutory fees and fines	3.2	750	824
User fees	3.3	1,660	1,889
Grants - operating	3.4	14,288	14,973
Grants - capital	3.4	3,888	4,457
Contributions - monetary	3.5	2,278	1,610
Contributions - non monetary	3.5	4,496	2,493
Net gain (or loss) on disposal of property, infrastructure, plant and equipment	3.6	378	162
Other income	3.7	673	58
Total income / revenue		55,655	52,547
Expenses			
Employee costs	4.1	19,116	18,394
Materials and services	4.2	21,834	18,075
Depreciation and amortisation	4.3	9,566	8,699
Bad and doubtful debts - allowance for impairment losses	4.4	47	11
Borrowing costs	4.5	225	255
Share of net (profits) or loss of associates	6.3	(1)	10
Other expenses	4.6	1,776	1,073
Total expenses		52,563	46,518
Surplus/(deficit) for the year		3,092	6,029
Other comprehensive income			
Items that will not be reclassified to surplus or deficit in future periods			
Net asset revaluation increment/(decrement)	9.1	32,090	35,411
Total other comprehensive income		32,090	35,411
Total comprehensive result		35,182	41,440

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

Balance Sheet As at 30 June 2023

	Note	2023 \$'000	2022 \$'000
Assets			
Current assets			
Cash and cash equivalents	5.1	9,651	12,175
Trade and other receivables	5.1	4,110	3,674
Other financial assets	5.1	14,829	14,083
Inventories	5.2	12	14
Prepayments	5.2	665	729
Non-current assets classified as held for sale	6.1	1,424	1,827
Other assets	5.2	884	833
Total current assets		31,574	33,334
Non-current assets			
Investments in associates	6.3	627	627
Property, infrastructure, plant and equipment	6.2	575,332	537,321
Total non-current assets		575,958	537,948
Total assets		607,533	571,283
Liabilities			
Current liabilities			
Trade and other payables	5.3	4,202	5,517
Trust funds and deposits	5.3	2,206	1,398
Unearned revenue	5.3	9,266	6,796
Provisions	5.5	3,277	3,014
Interest-bearing liabilities	5.4	1,649	1,629
Total current liabilities		20,600	18,355
Non-current liabilities			
Provisions	5.5	3,100	2,628
Interest-bearing liabilities	5.4	8,333	9,982
Total non-current liabilities		11,432	12,609
Total liabilities		32,032	30,964
Net assets		575,500	540,318
Equity			
Accumulated surplus		200,601	203,088
Reserves	9.1	374,899	337,230
Total Equity		575,500	540,318

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

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

	Note	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
2023					
Balance at beginning of the financial year		540,318	203,088	325,680	11,550
Surplus/(deficit) for the year		3,092	3,092	-	-
Net asset revaluation increment/(decrement)	9.1(a)	32,090	-	32,090	-
Transfers from other reserves	9.1(b)	-	8,367	-	(8,367)
Transfers to other reserves	9.1(b)	-	(13,947)	-	13,947
Balance at end of the financial year		575,500	200,601	357,770	17,129
2022					
Balance at beginning of the financial year		498,878	196,296	290,269	12,313
Surplus/(deficit) for the year		6,029	6,029	-	-
Net asset revaluation increment/(decrement)	9.1(a)	35,411	-	35,411	-
Transfers from other reserves	9.1(b)	-	1,530	-	(1,530)
Transfers to other reserves	9.1(b)	-	(767)	-	767
Balance at end of the financial year		540,318	203,088	325,680	11,550

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

Statement of Cash Flows For the Year Ended 30 June 2023

		2023 Inflows/ (Outflows) \$'000	2022 Inflows/ (Outflows) \$'000
	Note		
Cash flows from operating activities			
Rates and charges		26,531	25,801
Statutory fees and fines		750	824
User fees		1,629	1,990
Grants - operating		17,377	14,016
Grants - capital		3,888	8,816
Contributions - monetary		2,227	1,581
Interest received		664	63
Trust funds and deposits taken		808	527
Net GST refund		1,773	1,456
Employee costs		(18,531)	(18,394)
Materials and services		(25,863)	(19,418)
Net cash provided by/(used in) operating activities		11,252	17,261
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment	6.2	(12,955)	(14,391)
Proceeds from sale of property, infrastructure, plant and equipment		1,781	349
Net cash provided by/(used in) investing activities		(11,174)	(14,042)
Cash flows from financing activities			
Finance costs		(225)	(255)
Repayment of borrowings		(1,629)	(1,643)
Net cash provided by/(used in) financing activities		(1,854)	(1,898)
Net increase (decrease) in cash and cash equivalents		(1,776)	1,321
Cash and cash equivalents at the beginning of the financial year		26,257	24,936
Cash and cash equivalents at the end of the financial year		24,480	26,257
Financing arrangements	5.6		

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

Statement of Capital Works For the Year Ended 30 June 2023

	2023 \$'000	2022 \$'000
Property		
Land	141	1,387
Total land	<u>141</u>	<u>1,387</u>
Buildings - Specialised	284	2,876
Buildings - Non Specialised	539	1,040
Heritage buildings	-	11
Total buildings	<u>823</u>	<u>3,927</u>
Total property	<u>964</u>	<u>5,314</u>
Plant and equipment		
Plant, machinery and equipment	1,409	678
Computers and telecommunications	288	151
Total plant and equipment	<u>1,698</u>	<u>829</u>
Infrastructure		
Roads	4,663	3,530
Bridges	1,512	1,413
Footpaths and cycleways	704	190
Drainage	477	196
Recreational, leisure and community facilities	1,467	1,788
Waste management	32	-
Parks, open space and streetscapes	614	1,004
Off street car parks	309	127
Other infrastructure	398	-
Total infrastructure	<u>10,176</u>	<u>8,248</u>
Total capital works expenditure	<u>12,838</u>	<u>14,391</u>
Represented by:		
New asset expenditure	2,535	3,018
Asset renewal expenditure	6,343	6,606
Asset expansion expenditure	-	1,364
Asset upgrade expenditure	3,960	3,403
Total capital works expenditure	<u>12,838</u>	<u>14,391</u>

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

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

Note 1 OVERVIEW

Introduction

The Golden Plains Shire Council was established by an Order of the Governor in Council on 6 May 1994 and is a body corporate. The Council's main office is located at 2 Pope Street, Bannockburn.

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

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

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

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

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

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

- the fair value of land, buildings, infrastructure, plant and equipment (refer to Note 6.2)
- the determination of depreciation for buildings, infrastructure, plant and equipment (refer to Note 6.2)
- the determination of employee provisions (refer to Note 5.5)
- 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)
- other areas requiring judgements

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

Goods and Services Tax (GST)

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

(b) Impact of Covid-19

During 2022-23 the COVID-19 pandemic continued to impact on Council's operations. Council has noted the following impacts on its financial operations:

* Additional revenue - \$100,000 funding received for Covid-Safe Outdoor Precinct Establishment to assist local businesses establish outdoor dining facilities and \$7,484 covid relief program grant to assist with covid-related emergency management costs.

* Revenue reductions – Council did not offer any covid hardship relief during 2022-23.

* Additional costs - \$107,237 Covid-Safe Outdoor Precinct Establishment costs and \$31,366 Covid-Safe Immediate Outdoor Activation which utilised grant funds for Council to assist local businesses establish outdoor dining areas, and \$33,333 Covid Relief Mental Health Initiative costs which utilised funds Council set aside to assist the community with mental health support and services.

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 of \$20,000 and 10 percent where further explanation is warranted. Explanations have not been provided for variations below the materiality threshold unless the variance is considered to be material because of its nature.

The budget figures detailed below are those adopted by Council on 28 June 2022. The Budget was based on assumptions that were relevant at the time of adoption of the Budget. Council sets guidelines and parameters for income and expense targets in this budget in order to meet Council's planning and financial performance targets for both the short and long-term. The budget did not reflect any changes to equity resulting from asset revaluations, as their impacts were not considered predictable.

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

2.1.1 Income / Revenue and expenditure

	Budget 2023 \$'000	Actual 2023 \$'000	Variance 2023 \$'000	Variance 2023 %	Ref
Income / Revenue					
Rates and charges	27,038	27,245	207	1%	
Statutory fees and fines	802	750	(52)	-6%	1
User fees	2,234	1,660	(574)	-26%	2
Grants - operating	9,483	14,288	4,805	51%	3
Grants - capital	7,559	3,888	(3,671)	-49%	4
Contributions - monetary	1,811	2,278	467	26%	5
Contributions - non monetary	1,125	4,496	3,371	300%	6
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	3,100	378	(2,722)	-88%	7
Other income	102	673	571	559%	8
Total income / revenue	53,254	55,655	2,401		
Expenses					
Employee costs	18,922	19,116	(193)	-1%	9
Materials and services	16,957	21,834	(4,876)	-29%	10
Bad and doubtful debts - allowance for impairment losses	60	47	13	21%	11
Depreciation and amortisation	9,268	9,566	(298)	-3%	
Borrowing costs	227	225	2	1%	
Share of net profits/(losses) of associates and joint ventures	0	(1)	(1)		
Other expenses	368	1,776	(1,408)	-383%	12
Total expenses	45,803	52,563	(6,761)		
Surplus/(deficit) for the year	7,451	3,092	(4,360)		

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

(i) Explanation of material variations

Ref	Item	Explanation
1	Statutory fees and fines	
		Lower than budgeted due to lower number of scheme amendment fees than expected \$15K and write off of animal infringements \$14K.
2	User Fees	
		Lower than budgeted due to a lower number of subdivision fees than expected \$263K, lower number of kindergarten fees than expected \$174 and private quarry levy lower than budgeted \$125K.
3	Grants - Operating	
		Higher than budgeted due to General Purpose grant payment in advance increased to 100% from 75% \$2.3M; Grants for RAT program \$90K, Berrybank Wind Farm Community Grants \$65K, Workforce Planning \$55K, KISP \$82K, DET Infrastructure Planning \$33K, Bannockburn Kindergarten Income \$226K, and Moorabool River Reserve Master Plan \$36K approved after original budget formulated and Bushfire Resilience Program, Flood Support Fund, Regional Arts Fund Round 1, Womens Public Art Program, Crime Prevention Innovation Fund and COVID Safe Grant Outdoor Precinct Establishment grants received in FY23 originally expected FY22.
4	Grants - capital	
		Lower than budgeted due to Federal Bridge Renewal Program funding application not successful for FY23 \$1.2M, Rokewood Community Hub Pavillion upgrade grant income \$3.5M to be recognised in 2023/24 due to performance obligations; SRV LSIF Female Friendly Facilities Leighdale Equestrian upgrade \$286K, SRV LSIF Community Facilities Ross Creek Playspace upgrade \$268K and LRCI Phase 3 \$2.1M budgeted to be received in FY22 where recognition has been delayed until FY23; grants for Inverleigh Sporting Complex upgrade \$603K and Smythesdale Medical Clinic Fit Out \$95K approved after original budget formulated; Roads to Recovery grant income of \$1.3K to be recognised in 2023/24 and delays in grant approval for Northern Streetscape Implementation \$325K and Linton Oval Reconstruction \$200K, LRCI Phase 2 final finding \$418K received.
5	Contributions - monetary	
		Higher than budgeted public open space contributions \$145K and Barrabool Views North maintenance contribution \$95K and reimbursement of 2023 flood damage costs of \$223K.
6	Contributions - non monetary	
		Higher than budgeted due to increase in subdivisions handed to Council \$2.2M.
7	Net gain/(loss) on disposal of property, infrastructure, plant and equipment	
		Delay in the titles being issued for Lomandra Drive Land Sales (Bakers Lane Stage 4 land development for re-sale) \$2M and net loss on sale of plant & equipment of \$770K.
8	Other Income	
		Increased investment income due to higher interest rates on term deposits and increase in amount invested \$544K.
9	Employee Costs	
		Higher than budgeted due to extra resources required for flood recovery \$223K.
10	Materials and Services	
		Higher than budgeted expenditure due to increase in Emergency Management expenditure as a result of flood damage \$1.9M, Growing Places Strategy grant approved after original buget formulated \$137K, Meredith Multi Playspace \$922K and Rokewood Recreation Reserve Netball/Tennis upgrade \$727K originally budgeted as capital but expensed, expenditure on Bannockburn Industrial Estate \$285K rolled forward from previous budget and increased gravel roads routine maintenance after floods \$676K.
11	Bad and doubtful debts	
		Lower than budgeted due to lower write off of statutory reports income \$30K offset by a higher write off of animal infringements than budgeted \$14K.

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

12 Other expenses

Higher than budgeted due to derecognition of assets no longer held by the Council \$387K, Bridges impairments \$474K and increase in Rokewood and Teesdale Landfill Rehabilitation provision of \$492K post assessment of current rehabilitation costs.

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

Note 2 Performance against budget (cont'd)

2.1.2 Capital works

	Budget 2023 \$'000	Actual 2023 \$'000	Variance 2023 \$'000	Variance 2023 %	Ref
Property					
Land	-	141	141	100%	1
Total Land	-	141	141		
Buildings - specialised	150	284	134	89%	2
Buildings - unspecialised	150	539	389	259%	3
Heritage buildings	-	0	0	100%	
Total Buildings	300	823	523		
Total Property	300	964	664		
Plant and Equipment					
Plant, machinery and equipment	1,087	1,409	322	30%	4
Computers and telecommunications	261	288	27	11%	5
Total Plant and Equipment	1,348	1,698	350		
Infrastructure					
Roads	4,164	4,663	499	12%	6
Bridges	2,760	1,512	(1,248)	-45%	7
Footpaths and cycleways	400	704	304	76%	8
Drainage	980	477	(503)	-51%	9
Recreational, leisure and community facilities	5,826	1,467	(4,359)	-75%	10
Waste management	800	32	(768)	-96%	14
Parks, open space and streetscapes	1,965	614	(1,351)	-69%	11
Off street car parks	100	309	209	209%	12
Other infrastructure	155	398	243	157%	13
Total Infrastructure	17,150	10,176	(6,974)		
Total Capital Works Expenditure	18,798	12,838	(5,960)		
Represented by:					
New asset expenditure	1,457	2,535	1,078		
Asset renewal expenditure	6,756	6,343	(413)		
Asset expansion expenditure	-	0	0		
Asset upgrade expenditure	10,585	3,960	(6,625)		
Total Capital Works Expenditure	18,798	12,838	(5,960)		

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

(i) Explanation of material variations		
Variance Ref	Item	Explanation
1	Land	
		Actual spend \$141K relates to development cost for Bakers Lane Stage 4 Lomandra Drive carried over from the previous year.
2	Buildings - specialised	
		Higher than budgeted expenditure due to \$43K for Major Rec Facilities renewal and \$96K Solar For Community Facilities carried forward from 2021/22.
3	Buildings - Unspecialised	
		Higher than budgeted expenditure due to Smythesdale property purchase not budgeted for \$384K.
4	Plant, machinery and equipment	
		Higher than budgeted expenditure due to Hino Tipper \$231K, Truck Trailer \$78K and Tipper Truck and Trailer \$231K budgeted for last year delivered this year. Ajay Roller \$184K budgeted last year invoiced in July. Vehicle purchases \$152K budgeted for in 2022/23 delays with delivery until 2023/24
5	Computers and telecommunications	
		Higher than budgeted expenditure due to Smythesdale medical clinic fit out \$38K, Smart Shires Network \$61K and computer hardware \$25K approved after original budget formulated offset by computer software \$96K originally budgeted as capital but actuals have been expensed.
6	Roads	
		Higher than budgeted due to Local Roads improvements (Roads to Recovery) \$379K, kerb and channel \$140K and LRCI Phase 2 Derwent Jacks Rd/Snow Gum Rd/Reed Rd/Chromes Rd/Berringa intersection Rd upgrades \$112K originally budgeted in 2021/22, actual spend in 2022/23 and more local roads resealing work undertaken than originally expected, \$308K offset by Cape Clear-Rokewood Rd works \$261K carried forward to 2023/24 and delays in project completion of Local Roads gravel resheeting \$187K.
7	Bridges	
		Lower than budgeted due to Federal Bridge renewal program funding application not successful for 2022/23 \$1.2M, project did not go ahead.
8	Footpaths and cycleways	
		Higher than budgeted actual spend relates to Three Trails \$230K and periodic footpath/kerb replacement \$35K budgeted in 2021/22 but carried out in 2022/23.
9	Drainage	
		Lower than budgeted expenditure due to delivery of Inverleigh drainage and car park works \$498K delayed until 2023/24. Budget has been rolled forward.
10	Recreational, leisure and community facilities	
		Lower than budgeted expenditure due to Rokewood Community Hub and Pavilion upgrade \$3.9M multi year project in detailed design phase and Linton Oval Reconstruction \$764K carried forward to 2023/24 offset by Ross Creek Play and Active Rec upgrade \$394K, Leighdale Equestrian upgrade female friendly facility \$282K and LRCI Phase 3 Bannockburn bowls sewer connection \$159K originally budgeted in 2021/22 with actual spend in 2022/23. Rokewood Recreation Reserve netball/tennis upgrade originally budgeted as capital but actuals have been expensed.
11	Parks, open space and streetscapes	
		Lower than budgeted expenditure due to delays in project commencement of Northern Streetscape Implementation \$650K as a result of grant funding delays and Meridith Multi Playspace \$740K originally budgeted under capital but actuals have been expensed.
12	Off street car parks	
		Higher than budgeted due to Upgrade Three Rec. Reserve Entrances and Car Parks - LRCI Phase 1 \$281K originally budgeted in 2021/22 unspent funds rolled over into 2022/23.

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

- 13 Other infrastructure**
Higher than budgeted due to Lethbridge Lakes Safety Upgrades - LRCI Phase 2 & 3 \$261K originally budgeted in 2021/22 unspent funds rolled over into 2022/23.
- 14 Waste Management**
Lower than budgeted expenditure, currently sourcing soil for fill material for Rokewood Landfill Rehabilitation Works. Project carried forward to 2023/24 \$768K.

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 Citizen & Customer Service

The key objective is to foster a culture across the organisation which addressed the needs of the community through communication and the provision of excellent customer service.

Civic Leadership

Civic leadership's objective is to enhance Council's decision making capacity by strengthening the governance and advocacy of Council. Good governance and leadership is supported by planning, delivering and improving high quality, cost effective, accessible and responsible services.

Economic Development

The strategic objective of economic development is to facilitate the growth of the local economy particularly in township development and rural based industries.

Development and regulatory service

A key objective is to encourage and facilitate sustainable land use and development and protect and enhance the natural environment. Central to environment and land use is the assessment of development, health and local laws, planning strategy and urban growth.

Financial Management

To ensure the efficient and effective allocation of resources through sound financial planning and management that secures the long-term financial viability of the municipality. This objective is achieved by providing proactive support services across Council which include finance services, digital information and technology, property and procurement, strategy and program delivery.

Human Support Services

To provide a range of sustainable human support services that maintain and enhance the wellbeing and quality of life of Golden Plains Shire residents.

Recreation & Community Development

To facilitate the provision of a range of recreation facilities across the Shire and assist the community committees to best service their communities and to continue to enhance townships through Town Place Plans. To identify and respond to community needs and provide opportunities to enable needs and provide opportunities to enable people in the community to be supported and involved.

Assets Services

To maintain and enhance the road and bridge network at a level that adequately satisfied transportation needs and provide community infrastructure including drainage, street lighting, bus shelters and paths and trails, including the management of Council's assets.

Community Places and Environment

Continue to provide the current satisfactory garbage bin and recycling bin collection disposal service. Construction and maintenance of recreation infrastructure and provision of township and tree maintenance while ensuring environment sustainability is achieved.

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

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
2023					
Citizen & Customer Service	99	(1,612)	(1,512)	90	11,974
Civic Leadership	960	(5,142)	(4,182)	710	2,995
Economic Development	200	(697)	(498)	161	-
Development and regulatory service	2,635	(5,092)	(2,457)	135	1,217
Financial Management	38,666	(2,100)	36,566	9,114	2,230
Human Support Services	3,510	(6,133)	(2,623)	3,126	18,962
Recreation & Community Development	3,786	(11,818)	(8,032)	2,111	263,453
Assets Services	1,771	(12,133)	(10,362)	2,565	260,118
Community Places and Environment	4,029	(7,835)	(3,806)	163	1,738
Unattributed	-	-	-	-	44,844
	55,655	(52,563)	3,092	18,175	607,533
	Income / Revenue	Expenses	Surplus/(Deficit)	Grants included in income / revenue	Total assets
	\$'000	\$'000	\$'000	\$'000	\$'000
2022					
Citizen & Customer Service	17	(1,425)	(1,408)	5	3,259
Civic Leadership	259	(3,128)	(2,868)	146	266
Economic Development	111	(590)	(479)	85	1,827
Development and regulatory service	3,196	(4,698)	(1,502)	559	1,940
Financial Management	34,041	(1,985)	32,056	8,461	1,222
Human Support Services	3,385	(6,029)	(2,644)	2,790	13,676
Recreation & Community Development	3,147	(6,833)	(3,686)	3,113	64,874
Assets Services	3,877	(11,566)	(7,689)	3,603	435,977
Community Places and Environment	4,513	(10,264)	(5,751)	668	1,145
Unattributed	-	-	-	-	47,095
	52,547	(46,518)	6,029	19,430	571,282

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

2023 **2022**
\$'000 **\$'000**

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 total market value including land and improvements.

The valuation base used to calculate general rates for 2022/23 was \$8.885 billion (2021/22 \$7.264 billion).

General Rates	20,439	18,785
Municipal charge	2,851	3,482
Waste management charge	3,755	3,589
Supplementary rates and rate adjustments	-	2
Interest on rates and charges	199	225
Total rates and charges	27,245	26,082

The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2022, and the valuation will be first applied in the rating year commencing 1 July 2022.

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

Planing and building fees	120	121
Infringements and costs	61	58
Property information fees	31	37
Town planning fees	463	511
Land information certificates	30	32
Drainage information fees	42	56
Pool Registration and Permit Information	4	9
Total statutory fees and fines	750	824

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

3.3 User fees

Childcare/Children's Programs	25	6
Home and Community Care Fees	9	109
Animal Registration Charges	383	368
Early Childhood Education	77	102
Subdivision Supervision Fees	237	303
Gravel Cartage Levy	35	128
Septic Tank Fees	199	225
Food Premises Registration Fees	84	67
Fire Hazard Eradication Fees and Fines	59	43
Bannockburn Family Services Centre Charges	12	16
Bannockburn Cultural Centre Charges	50	44
Smythesdale Business Hub Centre Charges	33	22
Farmers Market Fees	25	23
Lease of Land	42	37
Lease of Building	185	206
Town Planning	98	112
Other	107	80
Total user fees	1,660	1,889

User fees are recognised as revenue when the service has been provided or council has otherwise earned the income.

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

	2023 \$'000	2022 \$'000
3.4 Funding from other levels of government		
Grants were received in respect of the following :		
Summary of grants		
Commonwealth funded grants	11,937	13,319
State funded grants	6,237	6,112
Total grants received	18,174	19,430
(a) Operating Grants		
<i>Recurrent - Commonwealth Government</i>		
Financial Assistance Grants - General	6,702	6,204
Financial Assistance Grants - Local Roads	2,411	2,258
Children's Services	98	106
General home care	161	1,007
<i>Recurrent - State Government</i>		
Kindergarten	1,266	873
Community Health	1,113	528
Home Care	11	198
Maternal and Child Health	960	542
Emergency Management	120	146
Youth projects	85	77
Other	304	163
Environment Projects	58	85
Total recurrent operating grants	13,289	12,187
<i>Non-recurrent - Commonwealth Government</i>		
Kindergarten	-	3
Other	1	1
<i>Non-recurrent - State Government</i>		
Economic Development	197	2,577
Environment Projects	55	86
Other	30	15
Emergency Management	549	81
Children's Services	82	-
Community Health	76	23
Homecare	8	-
Total non-recurrent operating grants	999	2,786
Total operating grants	14,288	14,973

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

	2023 \$'000	2022 \$'000
(b) Capital Grants		
Recurrent - Commonwealth Government		
Roads to recovery	-	1,457
Total recurrent capital grants	-	1,457
Non-recurrent - Commonwealth Government		
Roads	2,565	1,466
Bridges	-	818
Non-recurrent - State Government		
Recreational Leisure & Community	1,323	717
Total non-recurrent capital grants	3,888	3,000
Total capital grants	3,888	4,457

(c) Recognition of grant income

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

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

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

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

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

	2023 \$'000	2022 \$'000
Income recognised under AASB 1058 <i>Income of Not-for-Profit Entities</i>		
General purpose	9,114	8,461
Specific purpose grants to acquire non-financial assets	3,888	4,457
Other specific purpose grants	5,173	6,361
Revenue recognised under AASB 15 <i>Revenue from Contracts with Customers</i>		
Specific purpose grants	-	151
	18,174	19,430

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

Operating

Balance at start of year	1,971	580
Received during the financial year and remained unspent at balance date	726	1,698
Received in prior years and spent during the financial year	(1,796)	(307)
Balance at year end	901	1,971

Capital

Balance at start of year	6,416	2,711
Received during the financial year and remained unspent at balance date	4,637	6,416
Received in prior years and spent during the financial year	(2,688)	(2,711)
Balance at year end	8,365	6,416

Unspent grants are determined and disclosed on a cash basis.

3.5 Contributions

Monetary	2,278	1,610
Non-monetary	4,496	2,493
Total contributions	6,773	4,103

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

Land	-	24
Infrastructure	4,496	2,469
Total non-monetary contributions	4,496	2,493

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

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

Proceeds of sale	1,781	349
Written down value of assets disposed	(1,403)	(188)
Total net gain/(loss) on disposal of property, infrastructure, plant and equipment	378	162

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

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

	2023 \$'000	2022 \$'000
3.7 Other income		
Interest on Investment	644	59
Warranty Claims	23	-
Other	5	(1)
Total other income	673	58

Interest is recognised as it is earned.

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

Note 4 THE COST OF DELIVERING SERVICES

4.1 Employee costs

Wages and salaries	16,994	16,391
WorkCover	288	365
Superannuation	1,725	1,524
Fringe benefits tax	104	111
Other	5	3
Total employee costs	19,116	18,394

(b) Superannuation

Council made contributions to the following funds:

Defined benefit fund

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	84	154
Employer contributions - other funds	-	-
	84	154
Employer contributions payable at reporting date.	Nil	Nil

Accumulation funds

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	571	747
Employer contributions - other funds	978	927
	1,549	1,674
Employer contributions payable at reporting date.	185	130

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

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

	2023 \$'000	2022 \$'000
4.2 Materials and services		
Delivery of projects and Services	4,814	2,283
General maintenance	5,608	3,330
Garbage Operations	3,282	2,959
Contractors and Consultants	2,104	3,134
Vehicle and Machinery Operations	947	944
Building maintenance	679	835
Information technology	1,267	1,635
Utilities	428	286
Printing, Stationery and Postage	243	238
Telecommunication	262	275
Debt Collection and Legal Fee	167	200
Cleaning	515	330
Insurance	541	446
Training	287	419
Advertising	122	164
Election Expenses	0	2
Gravel Pit Operation	10	4
Other Expenses	557	591
Total materials and services	21,834	18,075

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

4.3 Depreciation and amortisation

Infrastructure	7,173	6,376
Plant and Machinery	667	730
Buildings	1,388	1,254
Furniture and Equipment	338	340
Total depreciation	9,566	8,699

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

4.4 Bad and doubtful debts - allowance for impairment losses

Community Protection	44	38
Property & Rating	0	31
Waste Management	3	1
Home Care	2	1
Other	(2)	(59)
Total bad and doubtful debts - allowance for impairment losses	47	11

Movement in allowance for impairment losses in respect of debtors

Balance at the beginning of the year	274	295
New Provisions recognised during the year	(145)	(21)
Balance at end of year	129	274

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

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

	2023 \$'000	2022 \$'000
4.5 Borrowing costs		
Interest - Borrowings	225	255
Total borrowing costs	225	255

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.

4.6 Other expenses

Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	72	70
Internal Auditors' remuneration	49	26
Councillors' allowances	302	260
De-recognition of Non-current Assets	387	717
Landfill rehabilitation Provision	492	0
Impairment losses	474	0
Total other expenses	1,776	1,073

Note 5 OUR FINANCIAL POSITION

5.1 Financial assets

(a) Cash and cash equivalents

Cash on hand	2	2
Cash at bank	7,119	1,637
Short Term Deposit	1,000	3,031
At call deposits	1,530	7,506
Total cash and cash equivalents	9,651	12,175

(b) Other financial assets

Current

Term deposits - current	14,829	14,083
Total current other financial assets	14,829	14,083
Total financial assets	24,480	26,257

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

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

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

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

	2023 \$'000	2022 \$'000
(c) Trade and other receivables		
Current		
<i>Statutory receivables</i>		
Rates debtors	3,107	2,499
Infringement debtors	169	303
Provision for doubtful debts - infringements	(96)	(243)
Net GST receivable	-	-
Other Statutory receivable	321	249
Other debtors	642	896
Provision for doubtful debts - other debtors	(33)	(31)
Total current trade and other receivables	4,110	3,674

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

(d) Ageing of Receivables

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

Current (not yet due)	228	634
Past due by up to 30 days	37	26
Past due between 31 and 180 days	26	182
Past due between 181 and 365 days	118	1
Past due by more than 1 year	108	22
Total trade & other receivables	516	865

(e) Ageing of individually impaired Receivables

At balance date, other debtors representing financial assets with a nominal value of \$23,453 (2022: \$23,453) were impaired. The amount of the provision raised against these debtors was \$23,453 (2022: \$23,453). They individually have been impaired as a result of their doubtful collection. Many of the long outstanding past due amounts have been lodged with Council's debt collectors or are on payment arrangements.

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

Past due by more than 1 year	23	23
Total trade & other receivables	23	23

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 distribution	12	14
Total inventories	12	14

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 current assets

Prepayments	665	729
Accrued income	884	833
Total other assets	1,549	1,562

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

(a) Trade and other payables

Current

Non-statutory payables

Trade payables	3,081	3,779
Accrued expenses	1,121	1,738
Total current trade and other payables	4,202	5,517

(b) Trust funds and deposits current

Current

Refundable deposits	2,206	1,398
Total current trust funds and deposits	2,206	1,398

(c) Unearned income/revenue

Current

Grants received in advance - operating	901	381
Grants received in advance - capital	8,365	6,416
Total current unearned income/revenue	9,266	6,796

Unearned income/revenue represents contract liabilities and reflect consideration received in advance from customers in respect of 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 to be recognised as revenue at the time of forfeit.

Purpose and nature of items

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

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

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

5.4 Interest-bearing liabilities

	2023	2022
Current	\$'000	\$'000
Bank Borrowings - secured	1,649	1,629
	1,649	1,629
Non-current		
Bank Borrowings - secured	8,333	9,982
	8,333	9,982
Total	9,982	11,611

Borrowings are secured by Council rates and charges	9,982	11,611
-----------------------------------------------------	-------	--------

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

Not later than one year	1,649	1,643
Later than one year and not later than five years	5,636	6,072
Later than five years	1,048	3,910
	8,333	11,625

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.

5.5 Provisions

	Employee	Landfill restoration	Gravel Pit restoration	Total
2023	\$ '000	\$ '000	\$ '000	\$ '000
Balance at beginning of the financial year	3,237	1,583	820	5,640
Additional provisions	1,833	492	-	2,325
Amounts used	(1,590)	-	-	(1,590)
Balance at the end of the financial year	3,481	2,075	820	6,376
Provisions - current	3,210	0	67	3,277
Provisions - non-current	271	2,075	753	3,100
2022				
Balance at beginning of the financial year	3,401	1,583	796	5,780
Additional provisions	938	-	24	962
Amounts used	(1,102)	-	-	(1,102)
Balance at the end of the financial year	3,237	1,583	820	5,640
Provisions - current	2,947	0	67	3,014
Provisions - non-current	291	1,583	753	2,628

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

	2023	2022
	\$'000	\$'000
(a) Employee provisions		
Current provisions expected to be wholly settled within 12 months		
Rostered days off	101	101
Annual leave	1,180	1,035
Long service leave	184	220
	1,465	1,356
Current provisions expected to be wholly settled after 12 months		
Annual leave	251	248
Long service leave	1,494	1,344
	1,745	1,591
Total current employee provisions	3,210	2,947
Non-current		
Long service leave	271	291
Total non-current employee provisions	271	291
Aggregate carrying amount of employee provisions:		
Current	3,210	2,947
Non-current	271	291
Total aggregate carrying amount of employee provisions	3,481	3,239

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

Annual leave

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

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

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

Long service leave

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

Key assumptions:	2023	2022
- discount rate	4.1%	3.7%
- inflation rate	4.4%	3.9%
	2023	2022
(b) Landfill restoration	\$'000	\$'000
Non-current	2,075	1,583
	2,075	1,583

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

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

	2023 \$'000	2022 \$'000
(c) Gravel Pit restoration		
Current	67	67
Non-current	753	753
	820	820
Total current provisions	3,277	3,014
Total non-current provisions	3,100	2,628
Total provisions	6,377	5,642

Council operate Sagohill gravel pit to supply gravel for it's roads and maintenance projects. The gravel pit has a further 28 years of expected life. Provision has been made to rehabilitate the excavated area at the end of the expected life of the quarry. The expected cost of works has been estimated to reinstate the site to a suitable standard, with the estimated rehabilitation costs to be reviewed annually. The provision has been calculated based on the present value of the expected cost of works to be undertaken.

5.6 Financing arrangements

	2023 \$'000	2022 \$'000
The Council has the following funding arrangements in place as at 30 June 2023.		
Credit card facilities	150	150
Total facilities	150	150
Used facilities	(45)	(31)
Unused facilities	105	119

The above financing arrangements exclude loan facilities which have been fully drawn down.

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.

	Not later than 1 year \$'000	Later than 1 year and not later than 2 years \$'000	Later than 2 years and not later than 5 years \$'000	Later than 5 years \$'000	Total \$'000
2023					
Operating					
Waste Management	1,716	1,759	1,803	1,848	7,126
Cleaning contracts for council buildings	463	475	268	-	1,206
Suppliers	1,649	-	-	-	1,649
Total	3,828	2,234	2,071	1,848	9,981
Capital					
Buildings	36	-	-	-	36
Roads	3,993	516	526	426	5,461
Recreational, leisure and Community	7,834	440	451	-	8,724
Plant & Machinery	1,680	-	-	-	1,680
Total	13,543	956	977	426	15,902
	Not later than 1 year \$'000	Later than 1 year and not later than 2 years \$'000	Later than 2 years and not later than 5 years \$'000	Later than 5 years \$'000	Total \$'000
2022					
Operating					
Waste Management	2,493	2,486	7,458	4,972	17,410
Cleaning contracts for council buildings	251	-	-	-	251
Suppliers	1,104	-	-	-	1,104
Total	3,848	2,486	7,458	4,972	18,765
Capital					
Buildings	77	-	-	-	77
Roads	854	-	-	-	854
Computer Software	512	-	-	-	512
Recreational, leisure and Community	371	-	-	-	371
Plant & Machinery	550	-	-	-	550
Total	2,365	-	-	-	2,365

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

Note 6 ASSETS WE MANAGE	2023	2022
6.1 Non current assets classified as held for sale	\$'000	\$'000
Cost of acquisition	324	324
Capitalised development costs (eg roads, drainage)	1,100	1,502
Total non current assets classified as held for sale	1,424	1,827

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

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

6.2 Property, infrastructure, plant and equipment

Summary of property, infrastructure, plant and equipment

	30 June 2022	Additions	Contributions	Revaluation	Depreciation	Disposal	Write-off	Transfers	Assets held for re-sale	Carrying amount 30 June 2023
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Land	54,629	231	-	-	-	-	-	-	-	54,859
Buildings	43,907	357	-	-	(1,388)	(917)	-	92	-	42,051
Plant and Equipment	5,108	1,636	-	-	(1,005)	(50)	-	-	-	5,689
Infrastructure	430,178	7,183	4,496	32,090	(7,173)	-	(861)	2,012	-	467,925
Work in progress	3,500	3,430	-	-	-	-	-	(2,121)	-	4,808
Total	537,321	12,836	4,496	32,090	(9,566)	(967)	(861)	(18)	-	575,332

Summary of Work in Progress

	Opening WIP	Additions	Transfers	Write-off	Assets held for re-sale	Closing WIP
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Land	-	-	-	-	-	-
Buildings	69	-	(69)	-	-	-
Plant and Equipment	-	61	-	-	-	61
Infrastructure	3,430	3,369	(2,052)	-	-	4,748
Total	3,500	3,430	(2,121)	-	-	4,808

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

(a) Property

	Land - specialised	Land - non specialised	Total Land & Land Improvements	Heritage buildings	Buildings - specialised	Buildings - non specialised	Total Buildings	Work In Progress	Total Property
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2022	6,973	47,655	54,629	3,293	50,625	11,375	65,292	69	119,990
Accumulated depreciation at 1 July 2022	-	-	-	(2,174)	(18,126)	(1,085)	(21,385)	-	(21,385)
	6,973	47,655	54,629	1,119	32,499	10,290	43,907	69	98,605
Movements in fair value									
Additions	-	231	231	9	206	142	357	-	588
Contributions	-	-	-	-	-	-	-	-	0
Revaluation	-	-	-	-	-	-	-	-	0
Disposal	-	-	-	-	(1,496)	-	(1,496)	-	(1,496)
Found Assets	-	-	-	-	-	-	-	-	0
Write-off	-	-	-	-	-	-	-	-	0
Transfers	-	-	-	137	1,189	386	1,712	(69)	1,642
sale	-	-	-	-	-	-	-	-	0
	-	231	231	146	(102)	528	573	(69)	734
Movements in accumulated depreciation									
Depreciation and amortisation	-	-	-	(64)	(957)	(367)	(1,388)	-	(1,388)
Accumulated depreciation of disposals	-	-	-	-	579	-	579	-	579
Transfers	-	-	-	(185)	(1,122)	(313)	(1,620)	-	(1,620)
	-	-	-	(249)	(1,500)	(680)	(2,429)	-	(2,429)
At fair value 30 June 2023	6,973	47,886	54,859	3,439	50,523	11,903	65,865	-	120,724
Accumulated depreciation at 30 June 2023	-	-	-	(2,424)	(19,626)	(1,765)	(23,814)	-	(23,814)
Carrying amount	6,973	47,886	54,859	1,015	30,897	10,138	42,051	-	96,910

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

(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	8,182	3,010	-	11,193
Accumulated depreciation at 1 July 2022	(4,098)	(1,986)	-	(6,084)
	4,084	1,024	-	5,108
Movements in fair value				
Additions	1,418	218	61	1,696
Disposal	(738)	-	-	(738)
	680	218	61	959
Movements in accumulated depreciation				
Depreciation and amortisation	(667)	(338)	-	(1,005)
Accumulated depreciation of disposals	687	-	-	687
	20	(338)	-	(318)
At fair value 30 June 2023	8,862	3,228	61	12,151
Accumulated depreciation at 30 June 2023	(4,078)	(2,324)	-	(6,402)
Carrying amount	4,784	904	61	5,749

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

(c) Infrastructure

	Roads	Bridges	Footpaths and cycleways	Drainage	Recreational, leisure and community	Parks open spaces and streetscapes	Gravel Pit	Off street car parks	Work In Progress	Total Infrastructure
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2022	459,775	53,564	19,639	9,679	16,277	2,177	1,231	1,733	3,430	567,506
Accumulated depreciation at 1 July 2022	(97,276)	(19,936)	(6,415)	(3,446)	(4,868)	(766)	(989)	(201)	-	(133,898)
	362,499	33,628	13,224	6,233	11,410	1,411	242	1,532	3,430	433,608
Movements in fair value										
Additions	4,425	694	399	9	111	1,202	-	344	3,369	10,552
Contributions	3,147	27	677	645	-	-	-	-	-	4,496
Revaluation	36,307	4,330	1,147	1,266	-	-	-	-	-	43,049
Write-off	(240)	(139)	(78)	-	(8)	-	-	(63)	-	(527)
Transfers	365	43	716	103	1,855	(725)	(1)	23	(2,052)	328
	44,005	4,954	2,861	2,024	1,957	477	(1)	305	1,318	57,898
Movements in accumulated depreciation										
Depreciation and amortisation	(4,867)	(547)	(549)	(304)	(612)	(199)	(56)	(40)	-	(7,173)
Write-off	34	72	11	-	2	-	-	21	-	141
Revaluation adjustments	(8,491)	(1,692)	(314)	(463)	-	-	-	-	-	(10,960)
Impairment losses recognised in operating result	-	(474)	-	-	-	-	-	-	-	(474)
Transfers	(0)	(0)	(406)	(47)	57	56	0	(27)	-	(368)
	(13,324)	(2,641)	(1,259)	(814)	(552)	(143)	(56)	(45)	-	(18,834)
At fair value 30 June 2023	503,780	58,518	22,499	11,703	18,234	2,654	1,230	2,038	4,748	625,404
Accumulated depreciation at 30 June 2023	(110,600)	(22,577)	(7,674)	(4,260)	(5,420)	(909)	(1,046)	(246)	0	(152,732)
Carrying amount	393,180	35,941	14,826	7,443	12,814	1,745	184	1,792	4,748	472,672

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

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.

Asset recognition thresholds and depreciation periods	Depreciation Period	Threshold Limit \$'000
Property		
Buildings		
heritage buildings	30 to 150 years	5
buildings	30 to 150 years	5
building improvements	30 to 150 years	5
Plant and Equipment		
heritage plant and equipment	3 to 20 years	1
plant, machinery and equipment	3 to 20 years	1
fixtures, fittings and furniture	3 to 20 years	1
computers and telecommunications	3 to 10 years	1
Infrastructure		
sealed pavements	90 years	5
unsealed pavements	25 years	5
sealed surfaces	19 years	5
road kerb, channel and minor culverts	90 years	5
bridges deck	90 years	5
bridges substructure	90 years	5
footpaths and cycleways	85 years	5
drainage	50 years	5
recreational, leisure and community facilities	30 to 60 years	5
parks, open space and streetscapes	40 years	5
off street car parks	50 years	5

Land under roads

Council recognises land under roads it controls at fair value.

Depreciation and amortisation

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

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

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

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

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

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

Repairs and maintenance

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

Valuation of land and buildings

Valuation of land and buildings were undertaken by a qualified independent valuer Mr Liam McNamara AAPI CPV registration no 63119 at 30 June 2021. The valuation of land and buildings is at fair value, being market value based on highest and best use permitted by relevant land planning provisions. Where land use is restricted through existing planning provisions the valuation is reduced to reflect this limitation. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the comprehensive income statement.

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

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

The date of the current valuation is detailed in the following table. An indexed based revaluation was conducted in the current year, this valuation was based on recent sales throughout the Golden Plains Shire Council from the 1 July 2021 to the 30 June 2022 to determine the material change in the underlying land value, a full revaluation of these assets will be conducted in 2023/24.

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	Level2	Level 3	Date of Valuation	Type of Valuation
Land	-	-	47,886	Jun-21	Full
Specialised land	-	-	6,973	Jun-21	Full
Heritage Buildings	-	-	1,015	Jun-21	Full
Specialised Buildings	-	-	30,897	Jun-21	Full
Non - Specialised Buildings	-	-	10,138	Jun-21	Full
Total	-	-	96,910		

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

Valuation of infrastructure

Valuation of Roads, Bridges, Footpaths and Drainage assets have been determined in accordance with valuations undertaken by Council staff and expert contractors. At balance date 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.

Council performed a desktop revaluation of Roads, Footpaths, and Drainage as at 30 June 2023, and Council noticed fair value has a material increment. Further revaluation adjustment was made accordingly.

Valuation of Recreational leisure and community, Park open space and streetscapes and Offstreet carpark infrastructure assets have been undertaken by Mr Liam McNamara AAPI CPV registered Certified Practising Valuer as a part of land and buildings valuation as at 30 June 2021.

The date and type of the current valuation is detailed in the following table. An index based revaluation was conducted in the current year, this valuation was based on Rawlinsons Australian Construction Handbook, a full revaluation of these assets will be conducted in 2024-25.

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	Level2	Level 3	Date of Valuation	Type of Valuation
Roads	-	-	393,180	Jun-23	Index
Bridges	-	-	35,941	Jun-23	Index
Footpaths and cycleways	-	-	14,826	Jun-23	Index
Drainage	-	-	7,443	Jun-23	Index
Recreational, leisure and community facilities	-	-	12,814	Jun-21	Full
Parks, open space and streetscapes	-	-	1,745	Jun-21	Full
Off street car parks	-	-	1,792	Jun-21	Full
Gravel Pit	-	-	184	Jun-23	Index
Total	-	-	467,925		

Description of significant unobservable inputs into level 3 valuations

Specialised land and land under roads is valued using a market based direct comparison technique. Significant unobservable inputs include the extent and impact of restriction of use and the market cost of land per square metre. The extent and impact of restrictions on use varies and results in a reduction to surrounding land values between 5% and 95%. The market value of land varies significantly depending on the location of the land and the current market conditions. Currently land values range between \$0.02 and \$2,415.09 per square metre.

Specialised buildings are valued using a depreciated 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 \$42.33 to \$8,817.86 per square metre. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary from 30 years to 150 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 19 years to 90 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of infrastructure are sensitive to changes in use, expectations or requirements that could either shorten or extend the useful lives of infrastructure assets.

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

	2023 \$'000	2022 \$'000
6.3 Investments in associates, joint arrangements and subsidiaries		
(a) Investments in associates		
Investments in associates accounted for by the equity method are:		
- Equity in Geelong Regional Library (GRL)	627	627
Geelong Regional Library (GRL)		
<i>Background</i>		
Council share of the net equity in GRL is 5.78% (6.07% 2022). The GRL Board is comprised of seven representatives from four member Councils. Golden Plains Shire Council has one representative on the GRL Board.		
Fair value of Council's investment in Geelong Regional Library	<u>627</u>	<u>627</u>
Council's share of accumulated surplus/(deficit)		
Council's share of accumulated surplus(deficit) at start of year	627	637
Reported surplus(deficit) for year	<u>1</u>	<u>(10)</u>
Council's share of accumulated surplus(deficit) at end of year	<u>627</u>	<u>627</u>
Council's share of expenditure commitments		
Operating commitments	<u>465</u>	<u>426</u>
Council's share of expenditure commitments	<u>465</u>	<u>426</u>

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

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has, rather than the legal structure of the joint arrangement.

For joint operations, Council recognises its direct right to, and its share of jointly held assets, liabilities, revenues and expenses of joint operations.

Interests in joint ventures are accounted for using the equity method. Under this method, the interests are initially recognised in the consolidated balance sheet at cost and adjusted thereafter to recognise Council's share of the post-acquisition profits or losses and movements in other comprehensive income in profit or loss and other comprehensive income respectively.

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

	2023 No.	2022 No.
Note 7 PEOPLE AND RELATIONSHIPS		
7.1 Council and key management remuneration		
(a) Related Parties		
<i>Parent entity</i>		
Golden Plains Shire Council		
(b) Key Management Personnel		
Key management personnel (KMP) are those people with the authority and responsibility for planning, directing and controlling the activities of Golden Plains Shire Council. The Councillors, Chief Executive Officer and Executive Directors are deemed KMP.		
Details of KMP at any time during the year are:		
Councillors		
Helena Kirby (1/07/22 - 30/06/23) Deputy Mayor (01/07/22-15/11/22)		
Les Rowe (1/07/22 - 30/06/23)		
Owen Sharkey (1/07/22 - 30/06/23)		
Ian Getsom (1/07/22 - 30/06/23)		
Brett Cunningham (1/07/22 - 30/06/23) Mayor (15/11/22-30/06/23)		
Gavin Gamble (1/07/22 - 30/06/23) Mayor (01/07/22-15/11/22) Deputy Mayor (15/11/22- 30/06/23)		
Clayton Whitfield (1/07/22 - 30/06/23)		
Chief Executive Officer and other Key Management Personnel		
Eric Braslis, Chief Executive Officer - (01/07/22 - 30/06/23)		
Lynne Gray, Director Corporate Services - (05/12/22 - 30/06/23)		
Simon Rennie, Director Corporate Services - (01/07/22 - 16/09/22)		
Phil Josipovic, Director Infrastructure and Development - (01/07/22 - 30/06/23)		
Steven Sagona, Director Community Services - (01/07/22 - 30/06/23)		
Total Number of Councillors	7	7
Total of Chief Executive Officer and other Key Management Personnel	5	6
Total Number of Key Management Personnel	12	13

(c) Remuneration of Key Management Personnel

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

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

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

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

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

	2023 \$'000	2022 \$'000
Total remuneration of key management personnel was as follows:		
Short-term employee benefits	1,043	1,068
Other long-term employee benefits	75	18
Post-employment benefits	19	65
Termination benefits	32	-
Total	1,170	1,151

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

	2023	2022
The numbers of key management personnel whose total remuneration from Council and any related entities, fall within the following bands:		
	No.	No.
\$20,000 - \$29,999	-	5
\$30,000 - \$39,999	6	-
\$50,000 - \$59,999	-	2
\$60,000 - \$69,999	1	2
\$70,000 - \$79,999	1	-
\$110,000 - \$119,999		1
\$120,000 - \$129,999	1	-
\$140,000 - \$149,999	-	1
\$200,000 - \$209,999	2	1
\$290,000 - \$299,999	1	
\$300,000 - \$309,999	-	1
	<u>12</u>	<u>13</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	2022
	\$	\$
Total remuneration of other senior staff was as follows:		
Short-term employee benefits	580	151
Other long-term employee benefits	60	3
Post-employment benefits	12	12
Total	<u>652</u>	<u>167</u>

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

	2023	2022
	No.	No.
Income Range:		
\$160,000 - \$169,999	4	1
\$170,000 - \$179,999	-	-
\$180,000 - \$189,999	-	-
	<u>4</u>	<u>1</u>
	\$'000	\$'000

Total remuneration for the reporting year for other senior staff included above, amounted to: 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 2020*.

7.2 Related party disclosure

(a) Transactions with related parties

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

2023	2022
\$	\$
-	-

(b) Outstanding balances with related parties

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

-	-
---	---

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

(c) Loans to/from related parties

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

- -

(d) Commitments to/from related parties

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

- -

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

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.

(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.

Bank Guarantee – Minister for Energy & Resources

Council has issued a Bank Guarantee for the amount of \$9,000 in favour of the Minister for Energy & Resources for rehabilitation of the De Motts/Jollys Gravel Pit. Council does not believe that the bank guarantee will be exercised.

Bank Guarantee – Department of Natural Resources & Environment

Council has issued a Bank Guarantee for the amount of \$37,500 in favour of the Department of Natural Resources & Environment for rehabilitation of the Sago Hill Gravel Pit. Council does not believe that the bank guarantee will be exercised.

Council has issued a Bank Guarantee for the amount of \$17,000 in favour of the Department of Natural Resources & Environment for rehabilitation of the Black Hill Gravel Pit. Council does not believe that the bank guarantee will be exercised.

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.

Liability Mutual Insurance

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

MAV Workcare

Council was a participant of the MAV WorkCare Scheme. The MAV WorkCare Scheme provided workers compensation insurance. MAV WorkCare commenced business on 1 November 2017 and the last day the Scheme operated as a self-insurer was 30 June 2021. In accordance with the Workplace Injury Rehabilitation and Compensation Act 2013, there is a six year liability period following the cessation of the Scheme (to 30 June 2027). During the liability period, adjustment payments may be required (or received). The determination of any adjustment payments is dependent upon revised actuarial assessments of the Scheme's tail claims liabilities as undertaken by Work Safe Victoria. If required, adjustments will occur at the 3-year and 6-year points during the liability period, and will affect participating members.

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

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.

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. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Council has minimal exposure to cash flow interest rate risk through its cash and deposits that are at floating rates.

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

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

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

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

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

(c) Credit risk

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

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

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

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

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

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

(d) Liquidity risk

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

To help reduce these risks Council:

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

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

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

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 + 0.5% and - 0.5% in market interest rates (AUD) from year-end rates of 0.85%.

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

8.4 Fair value measurement

Fair value hierarchy

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

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

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

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

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

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

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

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

Revaluation

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

Fair value valuations are determined in accordance with a valuation hierarchy. Changes to the valuation hierarchy will only occur if an external change in the restrictions or limitations of use of an asset result in changes to the permissible or practical highest and best use of the asset. In addition, Council undertakes a formal revaluation of land, buildings, and infrastructure assets on a regular basis ranging from 4 to 5 years. The valuation is performed either by experienced council officers or independent experts. The following table sets out the frequency of revaluations by asset class.

Asset class	Revaluation frequency
Land	4 years
Buildings	4 years
Roads	5 years
Bridges	5 years
Footpaths and cycleways	5 years
Drainage	5 years
Recreational, leisure and community facilities	4 years
Parks, open space and streetscapes	4 years
Other infrastructure	4 to 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.

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

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.

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
9.1 Reserves			
(a) Asset revaluation reserves			
2023			
Property			
Land	33,663	-	33,663
Land Under Roads	2,733	-	2,733
Buildings	12,923	-	12,923
	49,320	-	49,320
Infrastructure			
Roads	248,792	27,816	276,608
Bridges	20,602	2,638	23,240
Footpaths and cycleways	3,220	833	4,053
Drainage	3,571	803	4,374
Offstreet car parks	175	-	175
	276,360	32,090	308,450
Total asset revaluation reserves	325,680	32,090	357,770
2022			
Property			
Land	21,890	11,773	33,663
Land Under Roads	1,023	1,710	2,733
Buildings	12,923	-	12,923
	35,836	13,484	49,320
Infrastructure			
Roads	228,232	20,560	248,792
Bridges	20,602	-	20,602
Footpaths and cycleways	2,781	440	3,220
Drainage	2,644	927	3,571
Offstreet car parks	175	-	175
	254,433	21,927	276,360
Total asset revaluation reserves	290,269	35,411	325,680

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

	Balance at beginning of reporting period \$'000	Transfer from accumulated surplus \$'000	Transfer to accumulated surplus \$'000	Balance at end of reporting period \$'000
(b) Other reserves				
2023				
Recreation Lands	1,017	895	(37)	1,875
Unexpended project reserve	8,279	12,932	(8,279)	12,932
LSL Investment Reserve	291	-	(20)	271
Developer Contribution reserve	619	-	-	619
Quarry Levy	8	-	-	8
Waste Management	1,337	119	(32)	1,424
Total Other reserves	11,550	13,947	(8,367)	17,129
2022				
Recreation Lands	606	411	-	1,017
Unexpended project reserve	9,489	-	(1,210)	8,279
LSL Investment Reserve	447	-	(156)	291
Developer Contribution reserve	559	60	-	619
Quarry Levy	171	-	(163)	8
Waste Management	1,041	296	-	1,337
Total Other reserves	12,313	767	(1,530)	11,550

Purposes of Other Reserve

Recreation Lands	These funds relate to Public Open Space Contributions collected from property developers. The funds are utilised to develop open space (including recreation facilities) areas throughout the Shire.
Unexpended project reserve	These funds have been received or committed in prior year/s and are held to enable Council to deliver the corresponding projects.
LSL Investment Reserve	These funds relate to the non-current portion of Council's Long Service Leave liability.
Developer Contribution reserve	These funds relate to Developer Contributions collected from property developers. The funds are utilised to develop new community infrastructure.
Quarry Levy	These funds are collected from Quarry operators and the funds are utilised to maintain the local road network utilised by these quarries.
Waste Management	These funds relate to the waste management charges collected from customers less associated waste management expenses therefore represent the surplus generated from providing waste management services. The funds are committed to future waste management expenses and are held to offset the expected increase in recycling disposal costs.

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

	2023	2022
9.2 Reconciliation of cash flows from operating activities to surplus/(deficit)	\$'000	\$'000
Surplus/(deficit) for the year	3,092	6,029
Depreciation/amortisation	9,566	8,699
Cost of Infrastructure assets written-off to Income Statement	387	717
Impairment losses	474	-
Landfill rehabilitation Provision	492	-
(Profit)/loss on acquisition/disposal of property, infrastructure, plant and equipment	(411)	(79)
Contributions - Non-monetary assets	(4,496)	(2,493)
Finance cost	271	276
Change in assets and liabilities:		
(Increase)/decrease in trade and other receivables	(436)	(734)
(Increase)/decrease in accrued income	(51)	(821)
(Increase)/decrease in prepayments	64	(533)
Increase/(decrease) in trade payables	(699)	1,585
Increase/(decrease) in Unearned revenue	2,470	3,544
Increase/(decrease) in accrued expenses	(617)	672
(Increase)/decrease in other assets	(1)	10
(Increase)/decrease in inventories	2	0
(Increase)/decrease in Assets Held for Re-Sale	(403)	0
Increase/(decrease) in trust funds	808	527
Increase/(decrease) in provisions	736	(140)
Net cash provided by/(used in) operating activities	11,252	17,261

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

9.3 Superannuation

Council makes the majority of its employer superannuation contributions in respect of its employees to the Local Authorities Superannuation Fund Vision Super. 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 Golden Plains Shire Council in the Fund cannot be measured as a percentage compared with other participating employers. Therefore, the Fund Actuary is unable to allocate benefit liabilities, assets and costs between employers for the purposes of AASB 119 Employee Benefits.

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% pa

Price inflation (CPI) 2.8% pa

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.

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

Employer contributions

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.

Funding calls

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

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

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

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

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

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

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

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:

	2022 (Interim)	2021 (Interim)
	\$m	\$m
- A VBI Surplus	45.7	214.7
- A total service liability surplus	105.8	270.3
- A discounted accrued benefits surplus	112.9	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

The 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:

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

Superannuation Contribution

Contributions by Council (excluding any unfunded liability payments) to the above superannuation plans for the financial year ended 30 June 2023 are detailed below:

			2023	2022
Scheme	Type of Scheme	Rate	\$,000	\$,000
Vision super	Defined benefit	10.5% (2022:10.0%)	84	154
Vision super	Accumulation fund	10.5% (2022:10.0%)	571	747
Other Funds	Accumulation fund	10.5% (2022:10.0%)	978	927

Council hasn't paid any unfunded liability payments to Vision Super in 2021-22 or 2022-23. Council does not expect to pay to the Defined Benefit category of Vision Super for the year ending 30 June 2024.

Note 10 CHANGE IN ACCOUNTING POLICY

There have been no changes to accounting policies in the 2022/23 year.

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