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Mansfield Shire Council

ANNUAL FINANCIAL REPORT
for the year ended 30 June 2025



Mansfield Shire

Annual Financial Report

for the year ended 30 June 2025

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Certification of the Financial Statements

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

Michael McCormack

Financial Controller

16 October 2025

33 Highett Street, Mansfield VIC 3722

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

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

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

Cr Steve Rabie

Mayor

16 October 2025

33 Highett Street, Mansfield VIC 3722

Cr James Tehan

Councillor

16 October 2025

33 Highett Street, Mansfield VIC 3722

Kirsten Alexander

Chief Executive Officer

16 October 2025

33 Highett Street, Mansfield Vic 3722

Annual Financial Report
for the year ended 30 June 2025

Victorian Auditor-General's Office Report

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Annual Financial Report
for the year ended 30 June 2025

Victorian Auditor-General's Office Report (continued)

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Comprehensive Income Statement

for the year ended 30 June 2025

	Note	2025 \$ '000	2024 \$ '000
Income / Revenue			
Rates and charges	3.1	18,093	17,840
Statutory fees and fines	3.2	473	398
User fees	3.3	715	846
Grants - operating	3.4	9,667	5,716
Grants - capital	3.4	8,743	4,806
Contributions - monetary	3.5	385	535
Contributions - non monetary	3.5	1,545	3,618
Net gain on disposal of property, infrastructure, plant and equipment	3.6	367	–
Other income	3.7	2,425	1,416
Total income / revenue		42,413	35,175
Expenses			
Employee costs	4.1	13,216	12,073
Materials and services	4.2	10,860	12,348
Depreciation	4.3	5,184	4,750
Depreciation - Right of use assets	4.4	66	67
Allowance for impairment losses		–	(6)
Borrowing costs	4.5	185	209
Net loss on disposal of property, infrastructure, plant and equipment	3.6	–	1,286
Other expenses	4.6	393	403
Total expenses		29,904	31,130
Surplus/(deficit) for the year		12,509	4,045
Other comprehensive income:			
Items that will not be reclassified to surplus or deficit in future periods			
Net asset revaluation gain/(loss)	9.1	15,849	13,129
Total items which will not be reclassified subsequently to the operating result		15,849	13,129
Total other comprehensive income		15,849	13,129
Total comprehensive result		28,358	17,174

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

Balance Sheet

as at 30 June 2025

	Note	2025 \$ '000	2024 \$ '000
Assets			
Current assets			
Cash and cash equivalents	5.1	9,304	2,594
Trade and other receivables	5.1	2,686	4,926
Other financial assets	5.1	3,294	9,330
Inventories	5.2	9	14
Contract assets	5.1	19	170
Other assets	5.2	209	189
Total current assets		15,521	17,223
Non-current assets			
Property, infrastructure, plant and equipment	6.1	304,156	278,047
Right-of-use assets	5.8	3,066	3,132
Total non-current assets		307,222	281,179
Total assets		322,743	298,402
Liabilities			
Current liabilities			
Trade and other payables	5.3	2,310	4,085
Trust funds and deposits	5.3	1,914	1,645
Contract and other liabilities	5.3	4,738	6,877
Provisions	5.5	2,246	2,026
Interest-bearing liabilities	5.4	536	511
Total current liabilities		11,744	15,144
Non-current liabilities			
Provisions	5.5	1,735	1,816
Interest-bearing liabilities	5.4	3,020	3,556
Total non-current liabilities		4,755	5,372
Total liabilities		16,499	20,516
Net assets		306,244	277,886
Equity			
Accumulated surplus		99,295	87,656
Reserves	9.1	206,949	190,230
Total Equity		306,244	277,886

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

Statement of Changes in Equity

for the year ended 30 June 2025

	Note	Total \$ '000	Accumulated Surplus \$ '000	Revaluation Reserves \$ '000	Other Reserves \$ '000
2025					
Balance at beginning of the financial year		277,886	87,656	188,482	1,748
Surplus/(deficit) for the year		12,509	12,509	–	–
Other comprehensive income					
Net asset revaluation gain/(loss)	6.1	15,849	–	15,849	–
Other comprehensive income		15,849	–	15,849	–
Total comprehensive income		28,358	12,509	15,849	–
Transfers to other reserves	9.1(b)	–	(1,202)	–	1,202
Transfers from other reserves	9.1(b)	–	332	–	(332)
Balance at end of the financial year		306,244	99,295	204,331	2,618
2024					
Balance at beginning of the financial year		260,712	84,488	175,353	871
Adjusted opening balance		260,712	84,488	175,353	871
Surplus/(deficit) for the year		4,045	4,045	–	–
Other comprehensive income					
Net asset revaluation gain/(loss)	6.1	13,129	–	13,129	–
Other comprehensive income		13,129	–	13,129	–
Total comprehensive income		17,174	4,045	13,129	–
Transfers to other reserves	9.1(b)	–	(877)	–	877
Transfers from other reserves	9.1(b)	–	–	–	–
Balance at end of the financial year		277,886	87,656	188,482	1,748

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

Statement of Cash Flows

for the year ended 30 June 2025

	Note	2025 Inflows/ (Outflows) \$ '000	2024 Inflows/ (Outflows) \$ '000
Cash flows from operating activities			
Statutory fees and fines		473	398
Other receipts		1,425	1,122
Rates and charges		17,988	16,859
User fees		708	861
Grants - operating		9,205	3,723
Grants - capital		9,353	6,232
Contributions - monetary		529	391
Interest received		606	873
Trust funds and deposits taken		(382)	595
Net GST refund/(payment)		466	1,964
Employee costs		(13,331)	(11,913)
Materials and services		(11,419)	(13,000)
Trust funds and deposits repaid		(20)	(58)
Other payments		(558)	(594)
Net cash provided by/(used in) operating activities	9.2	15,043	7,453
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment	6.1	(15,336)	(15,315)
Proceeds from sale of property, infrastructure, plant and equipment		1,663	69
Proceeds from sale of investments		6,036	7,040
Net cash provided by/(used in) investing activities		(7,637)	(8,206)
Cash flows from financing activities			
Finance costs		(185)	(209)
Repayment of borrowings		(511)	(484)
Repayment of lease liabilities		-	28
Net cash flow provided by/(used in) financing activities		(696)	(665)
Net Increase (decrease) in cash and cash equivalents		6,710	(1,418)
Cash and cash equivalents at the beginning of the financial year		2,594	4,012
Cash and cash equivalents at the end of the financial year		9,304	2,594

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

Statement of Capital Works

for the year ended 30 June 2025

	Note	2025 \$ '000	2024 \$ '000
Property			
Land		611	201
Total land		611	201
Buildings		991	2,020
Total buildings		991	2,020
Total property		1,602	2,221
Plant and equipment			
Plant, machinery and equipment		464	990
Fixtures, fittings and furniture		11	25
Computers and telecommunications		59	21
Library books		62	63
Total plant and equipment		596	1,099
Infrastructure			
Roads		11,067	7,571
Bridges		289	581
Footpaths and cycleways		718	562
Drainage		654	902
Recreational, leisure and community facilities		229	973
Off street car parks		77	889
Total infrastructure		13,034	11,478
Total capital works expenditure	6.1	15,232	14,798
Represented by:			
New asset expenditure		2,783	3,972
Asset renewal expenditure		3,945	4,534
Asset upgrade expenditure		8,504	6,292
Total capital works expenditure		15,232	14,798

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

Notes to the Financial Statements

for the year ended 30 June 2025

Note 1. Overview

Introduction

The Mansfield Shire Council was established by an Order of the Governor in Council on 28 October 2002 and is a body corporate.

The Council's main office is located at 33 Highett Street, Mansfield.

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 Australian Accounting Standards (AAS), other authoritative pronouncements of the Australian Accounting Standards Board, the *Local Government Act 2020*, and the *Local Government (Planning and Reporting) Regulations 2020*.

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

Accounting policy information

1.1 Basis of accounting

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

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

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

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

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

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

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

Notes to the Financial Statements

for the year ended 30 June 2025

Note 1. Overview (continued)

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.

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Notes to the Financial Statements

for the year ended 30 June 2025

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 the lower of 10 percent or \$200,000 where further explanation is warranted. Explanations have not been provided for variations below the materiality threshold unless the variance is considered to be material because of its nature.

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

2.1.1 Income / Revenue and expenditure

	Budget 2025 \$ '000	Actual 2025 \$ '000	Variance \$ '000	Variance %	Ref
Income / Revenue					
Rates and charges	17,886	18,093	207	1.16%	
Statutory fees and fines	469	473	4	0.85%	
User fees	934	715	(219)	(23.45)%	1
Grants - operating	6,753	9,667	2,914	43.15%	2
Grants - capital	10,951	8,743	(2,208)	(20.16)%	3
Contributions - monetary	26	385	359	1,380.77%	4
Contributions - non monetary	–	1,545	1,545	–	5
Net gain on disposal of property, infrastructure, plant and equipment	1,418	367	(1,051)	(74.12)%	6
Other income	2,597	2,425	(172)	(6.62)%	
Total income / revenue	41,034	42,413	1,379	3.36%	
Expenses					
Employee costs	12,398	13,216	(818)	(6.60)%	7
Materials and services	12,743	10,860	1,883	14.78%	8
Depreciation	5,069	5,184	(115)	(2.27)%	
Depreciation - right of use assets	71	66	5	7.04%	
Allowance for impairment losses	–	–	–	–	
Borrowing costs	244	185	59	24.18%	
Net loss on disposal of property, infrastructure, plant and equipment	–	–	–	–	
Other expenses	285	393	(108)	(37.89)%	
Total expenses	30,810	29,904	906	2.94%	
Surplus/(deficit) for the year	10,224	12,509	2,285	22.35%	

Notes to the Financial Statements

for the year ended 30 June 2025

Note 2.1 Performance against budget (continued)

(i) Explanation of material variations

Variance	Explanation
Ref	

1. **User Fees** - Decrease in user fees due a correction from FY23/24 for the allocation of the Ovens Murray Regional Partnership project funding of \$90k that was reallocated to Non Recurrent grant funding.
2. **Grants Operating** - The financial assistance grant was budgeted to be received in the year it was due, 50% of the 25/26 grant was received in June 2025.
3. **Grants Capital** - IMPACT route (Highton Lane and Rifle Butts Upgrade) was budgeted to be completed by June 2025 - project has been extended to be completed in the FY25/26 Year.
4. **Contributions - monetary** - Council only budgets for known monetary contributions.
5. **Contributions - Non monetary** - Gifted assets are not budgeted.
6. **Net gain on disposal of property, infrastructure, plant and equipment** - Revenue from Lakins Road land sale of \$1.58m was decreased due to the disposal of property, plant & equipment, roads and footpaths associated with the capital works program asset upgrades and renewals of \$1.334m in total.
7. **Employee Costs** - During the FY24/25 the allocation of spending was redirected between materials and employee costs for grant funded initiatives, delivered in-house.
8. **Materials and services** - During the FY24/25 the allocation of spending was redirected between materials and employee costs for grant funded initiatives, delivered in-house.

Notes to the Financial Statements

for the year ended 30 June 2025

Note 2.1 Performance against budget (continued)

2.1.2 Capital works

	Budget 2025 \$ '000	Actual 2025 \$ '000	Variance \$ '000	Variance %	Ref
Property					
Land	(862)	611	1,473	(170.88)%	1
Total land	(862)	611	1,473	(170.88)%	
Buildings	1,622	991	(631)	(38.90)%	2
Total buildings	1,622	991	(631)	(38.90)%	
Total property	760	1,602	842	110.79%	
Plant and equipment					
Plant, machinery and equipment	710	464	(246)	(34.65)%	3
Fixtures, fittings and furniture	15	11	(4)	(26.67)%	
Computers and telecommunications	37	59	22	59.46%	
Library books	10	62	52	520.00%	
Total plant and equipment	772	596	(176)	(22.80)%	
Infrastructure					
Roads	14,211	11,067	(3,144)	(22.12)%	4
Bridges	898	289	(609)	(67.82)%	5
Footpaths and cycleways	658	718	60	9.12%	
Drainage	729	654	(75)	(10.29)%	
Recreational, leisure and community facilities	528	229	(299)	(56.63)%	6
Off street car parks	195	77	(118)	(60.51)%	
Total infrastructure	17,219	13,034	(4,185)	(24.30)%	
Total capital works expenditure	18,751	15,232	(3,519)	(18.77)%	
Represented by:					
New asset expenditure	1,939	2,783	844	43.53%	
Asset renewal expenditure	4,745	3,945	(800)	(16.86)%	
Asset upgrade expenditure	12,067	8,504	(3,563)	(29.53)%	
Total capital works expenditure	18,751	15,232	(3,519)	(18.77)%	

Notes to the Financial Statements

for the year ended 30 June 2025

Note 2.1 Performance against budget (continued)

(i) Explanation of material variations

Variance Explanation

Ref

1. **Land** - The sale of Lakins Rd was included in the budget for \$1.417m, however the sale of land is not included in the capital works results and is included in the disposal of assets.
2. **Buildings** - budgeted expenditure included \$1.5m for the Heritage Museum and the financial contribution to the Lords Pavillion, however only the Heritage Museum was expended.
3. **Plant, Machinery and Equipment** - Purchase of the water truck was delayed till FY25/26.
4. **Roads** - IMPACT Route was budgeted to be fully expended in the FY24/25 for \$11.193m and only \$7.9m was spent due project savings and the approval of additional works due for completion in FY25/26.
5. **Bridges** - The culvert upgrade program had a reduced spend by \$300k and the Bridge renewal program decreased by \$200k against budget due to financial contributions proposed for grant applications and culvert works completed in-house.
6. **Recreational, leisure and community facilities** - The new and upgraded open space projects budgeted were delayed due to the successful application for the Station Precinct.

Notes to the Financial Statements

for the year ended 30 June 2025

Note 2.2 Analysis of Council results by program

2.2.1 Analysis of Council results by program

Council delivers its functions and activities through the following programs.

Business, Finance and Information Technology

Business, Finance and Information Technology functions include accounting and reporting, payroll, accounts payable and receivable, property rating, procurement, insurance, and depreciation and information technology costs.

Community & Economic Development

Economic development, tourism and events, youth, community development, sport and recreation.

Community Health & Wellbeing

Community and home care services, maternal and child health, integrated family services, financial counselling, arts and culture and library services.

Community Safety

Local laws, animal management, environmental health, domestic wastewater, municipal emergency management.

Executive services

Executive Services includes the Chief Executive Officer and executive management.

Field Services

Maintenance and upkeep of Councils parks and open spaces, roads, pathways, buildings and fleet.

Communications, Governance and Risk

Communications, Corporate governance and risk activities including regulatory compliance, strategic risk management, Councillors and elections, and corporate reporting.

Operations & Capital Works

Engineering services, infrastructure planning and delivery and asset management.

People & Culture

Human resource management and occupational health and safety, customer service and records management.

Planning and Development

Statutory planning, strategic planning, environment and waste management.

Notes to the Financial Statements

for the year ended 30 June 2025

Note 2.2 Analysis of Council results by program (continued)

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

Functions/activities	Income / Revenue \$ '000	Expenses \$ '000	Surplus / (Deficit) \$ '000	Grants included in income / revenue \$ '000	Total assets \$ '000
2025					
Business, Finance & Information Technology	21,283	9,987	11,296	5,051	15,513
Community & Economic Development	485	2,186	(1,701)	416	–
Community Health & Wellbeing	1,573	1,856	(283)	1,537	227
Community Safety	550	1,534	(984)	217	–
Executive Services	–	1,631	(1,631)	–	–
Field Services	1,943	3,719	(1,776)	1,930	150,624
Governance & Risk	13	1,083	(1,070)	–	–
Operations & Capital Works	11,520	2,857	8,663	8,943	156,379
People & Culture	–	438	(438)	–	–
Planning & Environment	5,055	4,622	433	316	–
Total functions and activities	42,422	29,913	12,509	18,410	322,743
2024					
Business, Finance & Information Technology	16,297	8,581	7,716	1,466	17,210
Community & Economic Development	755	2,313	(1,558)	662	263
Community Health & Wellbeing	1,213	1,710	(497)	1,091	–
Community Safety	1,312	1,397	(85)	996	–
Executive Services	–	1,320	(1,320)	–	–
Field Services	67	3,363	(3,296)	38	129,551
Governance & Risk	3	994	(991)	–	–
Operations & Capital Works	10,141	5,594	4,547	5,860	142,878
People & Culture	–	467	(467)	–	–
Planning & Environment	5,387	5,391	(4)	409	–
Unattributed	–	–	–	–	8,500
Total functions and activities	35,175	31,130	4,045	10,522	298,402

Notes to the Financial Statements

for the year ended 30 June 2025

Note 3. Funding for the delivery of our services

	2025 \$ '000	2024 \$ '000
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3.1 Rates and charges

Council uses capital improved value as the basis of valuation of all properties within the municipal district. The capital improved value of a property is its land plus all improvements on that land.

The valuation base used to calculate general rates for 2024/25 was \$7,549 million (2023/24: \$7,270 million).

General rates	11,325	11,012
Municipal charge	2,813	2,749
Waste management charge	699	738
Service rates and charges	3,135	3,224
Interest on rates and charges	121	117
Total rates and charges	18,093	17,840

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

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

3.2 Statutory fees and fines

Infringements and costs	30	30
Land information certificates	23	16
Permits	420	352
Total statutory fees and fines	473	398

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

Aged and health services	(1)	2
Leisure centre and recreation	(1)	1
Registration and other permits	128	197
Building services	(83)	110
Waste management services	449	434
Local laws	149	131
Other fees and charges	74	(29)
Total user fees	715	846
User fees by timing of revenue recognition		
User fees recognised at a point in time	715	846
Total user fees	715	846

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

Notes to the Financial Statements

for the year ended 30 June 2025

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

	2025 \$ '000	2024 \$ '000
3.4 Funding from other levels of government		
Grants were received in respect of the following:		
Summary of grants		
Commonwealth funded grants	14,632	4,561
State funded grants	3,778	5,961
Total grants received	18,410	10,522
(a) Operating Grants		
Recurrent - Commonwealth Government		
Financial Assistance Grants	6,243	169
Recurrent - State Government		
School crossing supervisors	39	38
Library	137	137
Maternal and child health	442	212
Adult day care	10	2
Home Support Programs	-	60
Family and children	483	322
Environmental health	-	77
Property and valuations	-	1
Youth Services	102	30
Emergency Management	60	92
Property and valuations	57	-
Social Inclusion	270	62
Total recurrent operating grants	7,843	1,202
Non-recurrent - Commonwealth Government		
Bushfire Recovery	37	44
Other	15	10
Non-recurrent - State Government		
Community health	31	10
Family and children	62	65
Maternal and child health	8	-
Community support	141	73
Waste	18	6
Emergency management	24	768
Environment	41	27
Property and valuations	-	55
Tourism	40	12
Sport and recreation	203	1,129
Strategic planning	96	258
Information Technology	626	1,280
Youth Services	38	85
Bushfire Recovery	304	628
Integrated Water Management	-	(70)
Statutory Planning	-	65
Waste Water Management	21	-
Water-Sensitive Town Plan	48	48
Local Laws	-	21
Other	71	-

Notes to the Financial Statements

for the year ended 30 June 2025

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

	2025 \$ '000	2024 \$ '000
Total non-recurrent operating grants	1,824	4,514
Total operating grants	9,667	5,716
(b) Capital Grants		
Recurrent - Commonwealth Government		
Roads to recovery	1,041	1,176
Other	655	814
Total recurrent capital grants	1,696	1,990
Non-recurrent - Commonwealth Government		
Buildings	51	–
Recreation	–	200
Roads, footpaths & bridges	6,590	2,148
Non-recurrent - State Government		
Buildings	–	237
Roads, footpaths and bridges	382	104
Recreation	22	43
Economic development	2	84
Total non-recurrent capital grants	7,047	2,816
Total capital grants	8,743	4,806

(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 for Not-for-Profit Entities*.

Grant revenue with sufficiently specific performance obligations is recognised over time as the performance obligations specified in the underlying agreement are met. Where performance obligations are not sufficiently specific, grants are recognised on the earlier of receipt or when an unconditional right to receipt has been established. Capital projects grants 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.

General purpose	6,243	169
Specific purpose grants to acquire non-financial assets	8,743	4,806
Other specific purpose grants	–	–
Revenue recognised under AASB 15 Revenue from Contracts with Customers		
Specific purpose grants	3,424	5,546
	18,410	10,521

Unspent grants are determined and disclosed on a cash basis.

Notes to the Financial Statements

for the year ended 30 June 2025

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

	2025 \$ '000	2024 \$ '000
3.5 Contributions		
Monetary contributions		
Monetary	385	535
Total monetary contributions	385	535
Non-monetary contributions		
Non-monetary	1,545	3,618
Total non-monetary contributions	1,545	3,618
Total contributions	1,930	4,153

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

Land under roads	23	129
Roads	404	1,112
Land	–	577
Footpaths and cycleways	427	568
Drainage	691	1,232
Bridges	–	–
Recreation & Leisure	–	–
Total non-monetary contributions	1,545	3,618

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

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

Property, infrastructure, plant and equipment		
Proceeds of sale	1,663	69
Written down value of assets disposed	(1,296)	(1,355)
Total net gain/(loss) on disposal of property, infrastructure, plant and equipment	367	(1,286)

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

3.7 Other income

Interest	606	873
Other rent	304	315
Other	1,515	228
Total other income	2,425	1,416

Interest is recognised as it is earned.

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

Notes to the Financial Statements

for the year ended 30 June 2025

Note 4. The cost of delivering services

	2025 \$ '000	2024 \$ '000
4.1 Employee costs		
(a) Employee costs		
Wages and salaries	10,057	9,334
WorkCover	351	258
Annual leave and long service leave	1,438	1,183
Superannuation	1,361	1,222
Fringe benefits tax	9	11
Other	–	65
Total employee costs	13,216	12,073
(b) Superannuation		
Council made contributions to the following funds:		
Defined benefit fund		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	9	7
	<u>9</u>	<u>7</u>
Accumulation funds		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	953	441
Employer contributions - other funds	399	774
	<u>1,352</u>	<u>1,215</u>
Employer contributions payable at reporting date	–	49
Total superannuation costs	1,361	1,222

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

Notes to the Financial Statements

for the year ended 30 June 2025

Note 4. The cost of delivering services (continued)

	2025 \$ '000	2024 \$ '000
4.2 Materials and services		
Utilities	371	369
Information technology software and hardware costs	869	1,366
Insurance	466	429
Consultants	396	548
Store issues	127	161
Repairs, maintenance and security	393	313
Advertising and promotion	66	59
Legal expenses	42	98
Memberships and subscriptions	82	98
Printing, copying, stationery and postage	93	111
Staff training and professional development	212	248
Waste disposal and contract costs	2,614	2,974
Community contributions	232	157
Fuel	162	143
Cleaning expenses	310	291
Levies	41	41
Contract payments	1,737	1,705
Contract Payments - Asset management	185	295
Contract Payments - Building services	146	120
Contract Payments - Pool operations	185	185
Community services	570	473
Development services	170	213
Tourism, events & economic development	240	393
Engineering and works	707	1,220
Administration and governance	335	202
Other materials and services	109	136
Total materials and services	10,860	12,348

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

Notes to the Financial Statements

for the year ended 30 June 2025

Note 4. The cost of delivering services (continued)

	2025 \$ '000	2024 \$ '000
4.3 Depreciation		
Property		
Buildings - specialised	629	593
Total depreciation - property	629	593
Plant and equipment		
Plant and equipment	478	505
Fixtures fittings and furniture	26	72
Library books	60	50
Total depreciation - plant and equipment	564	627
Infrastructure		
Roads	2,995	2,679
Bridges	440	339
Drainage	303	286
Recreational, leisure and community	253	226
Total depreciation - infrastructure	3,991	3,530
Total depreciation	5,184	4,750

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

4.4 Depreciation - Right of use assets

Property	66	67
Total Depreciation - Right of use assets	66	67

Notes to the Financial Statements

for the year ended 30 June 2025

Note 4. The cost of delivering services (continued)

	2025 \$ '000	2024 \$ '000
4.5 Borrowing costs		
Interest - Borrowings	185	209
Total borrowing costs	185	209
<p>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.</p>		
4.6 Other expenses		
Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	102	70
Auditors' remuneration - Internal Audit	35	67
Councillors' allowances	202	197
Other	54	69
Total other expenses	393	403

Notes to the Financial Statements

for the year ended 30 June 2025

Note 5. Investing in and financing our operations

	2025 \$ '000	2024 \$ '000
5.1 Financial assets		
(a) Cash and cash equivalents		
Current		
Cash on hand	1	1
Cash at bank	9,303	2,593
Total current cash and cash equivalents	9,304	2,594
Total cash and cash equivalents	9,304	2,594
(b) Other financial assets		
Current		
Term deposits	3,294	9,330
Total current other financial assets	3,294	9,330
Total other financial assets	3,294	9,330
Total cash and cash equivalents and other financial assets	12,598	11,924
Cash and cash equivalents include cash on hand, deposits at call, and other highly liquid investments with original maturities of 90 days or less, net of outstanding bank overdrafts.		
Other financial assets are valued at fair value, at balance date. Term deposits are measured at original cost. Any unrealised gains and losses on holdings at balance date are recognised as either a revenue or expense.		
Other financial assets include term deposits and those with original maturity dates of three to 12 months are classified as current, whilst term deposits with maturity dates greater than 12 months are classified as non-current.		
(c) Trade & Other Receivables		
Current		
<i>Statutory receivables</i>		
Rates debtors	1,761	1,656
Net GST receivables	278	446
<i>Non-statutory receivables</i>		
Other debtors	647	2,824
Total current trade and other receivables	2,686	4,926
Total trade and other receivables	2,686	4,926

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 to non statutory debts. Long term receivables are carried at amortised cost using the effective interest rate method.

Notes to the Financial Statements

for the year ended 30 June 2025

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

	2025	2024
Note	\$ '000	\$ '000

(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)	162	805
Past due by up to 30 days	356	1,994
Past due between 31 and 180 days	a. 129	25
Total trade and other receivables	647	2,824

(e) Contract assets**Current**

Accrued income - interest	19	170
Total Current	19	170
Total contract assets	19	170

Contract assets are recognised when Council has transferred goods or services to the customer but where Council is yet to establish an unconditional right to consideration.

	2025	2024
	\$ '000	\$ '000

5.2 Non-financial assets

(a) Inventories**Current**

Inventories held for distribution	9	14
Total current inventories	9	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 assets**Current**

Prepayments	209	189
Total current other assets	209	189

Notes to the Financial Statements

for the year ended 30 June 2025

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

	2025 \$ '000	2024 \$ '000
5.3 Payables, trust funds and deposits and contract and other liabilities		
(a) Trade and other payables		
Current		
<i>Statutory payables</i>		
Trade payables	2,074	3,973
Accrued expenses	225	101
Employee costs	1	–
Accrued loan interest	10	11
Total current trade and other payables	2,310	4,085
(b) Trust funds and deposits		
Current		
Refundable deposits	21	21
Fire services levy	592	456
Retention amounts	706	669
Other refundable deposits	310	205
Cemetery trusts	285	294
Total current trust funds and deposits	1,914	1,645

Purpose and nature of items

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

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

Cemetery Trusts - Council is the trustee for the Mansfield, Bonnie Doon, Jamieson, Merton and Woods Point cemeteries.

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.

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

Notes to the Financial Statements

for the year ended 30 June 2025

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

	2025 \$ '000	2024 \$ '000
(c) Contract and other liabilities		
Contract liabilities		
Contract liabilities reflect consideration received in advance from customers.. Contract liabilities are derecognised and recorded as revenue when promised goods and services are transferred to the customer. Refer to Note 3.		
Other liabilities		
Grant consideration was received from a governing body. Grant consideration is recognised as income following specific guidance under AASB 1058 as the asset is constructed. Income is recognised to the extent of costs incurred-to-date because the costs of construction most closely reflect the stage of completion. As such, Council has deferred recognition of a portion of the grant consideration received as a liability for outstanding obligations.		
Contract liabilities		
Current		
Grants received in advance:		
Grants received in advance - operating	1,520	2,283
Grants received in advance - capital	3,218	4,587
Total grants received in advance	4,738	6,870
User fees received in advance:		
Other	-	7
Total user fees received in advance	-	7
Total current contract liabilities	4,738	6,877
5.4 Interest-bearing liabilities		
Current		
Treasury Corporation of Victoria borrowings - secured	297	284
Other borrowings - secured	239	227
Total current interest-bearing liabilities	536	511
Non-current		
Treasury Corporation of Victoria borrowings - secured	2,168	2,465
Other borrowings - secured	852	1,091
Total non-current interest-bearing liabilities	3,020	3,556
Total	3,556	4,067

Borrowings are secured by rate income.

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

Not later than one year	536	511
Later than one year and not later than five years	2,186	2,313
Later than five years	834	1,243
	3,556	4,067

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.

Notes to the Financial Statements

for the year ended 30 June 2025

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

Any difference between the initial recognised amount and the redemption value is recognised in net result over the period of the borrowing using the effective interest method.

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

In classifying borrowings as current or non-current Council considers whether at balance date it has the right to defer settlement of the liability for at least twelve months after the reporting period. Council's loan arrangements include covenants based on Council's financial performance and position at the end of the reporting period. These covenants are assessed for compliance after the reporting period based on specified financial ratios.

	Employee provisions \$ '000	Landfill restoration \$ '000	Total \$ '000
5.5 Provisions			
2025			
Balance at the beginning of the financial year	1,961	1,881	3,842
Additional provisions	1,411	–	1,411
Amounts used	(1,134)	(180)	(1,314)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	27	15	42
Balance at the end of the financial year	2,265	1,716	3,981
Provisions			
Provisions - current	2,000	246	2,246
Provisions - non-current	265	1,470	1,735
Total Provisions	2,265	1,716	3,981
2024			
Balance at the beginning of the financial year	1,860	2,031	3,891
Additional provisions	1,396	107	1,503
Amounts used	(1,183)	(257)	(1,440)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	(112)	–	(112)
Balance at the end of the financial year	1,961	1,881	3,842
Provisions			
Provisions - current	1,800	226	2,026
Provisions - non-current	161	1,655	1,816
Total Provisions	1,961	1,881	3,842

Notes to the Financial Statements

for the year ended 30 June 2025

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

	2025 \$ '000	2024 \$ '000
(a) Employee provisions		
Current provisions expected to be wholly settled within 12 months		
Annual leave	936	805
Long service leave	178	167
	1,114	972
Current provisions expected to be wholly settled after 12 months		
Annual leave	73	63
Long service leave	813	765
	886	828
Total current employee provisions	2,000	1,800
Non-Current		
Long service leave	265	161
Total Non-Current Employee Provisions	265	161
Aggregate Carrying Amount of Employee Provisions:		
Current	2,000	1,800
Non-current	265	161
Total Aggregate Carrying Amount of Employee Provisions	2,265	1,961
The calculation of employee costs and benefits includes all relevant on-costs and are calculated as follows at reporting date.		
<i>Annual leave</i>		
A liability for annual leave is recognised in the provision for employee benefits as a current liability because the Council does not have an unconditional right to defer settlement of the liability. Liabilities for annual leave are measured at:		
- nominal value if the Council expects to wholly settle the liability within 12 months		
- present value if the Council does not expect to wholly settle within 12 months.		
Liabilities that are not expected to be wholly settled within 12 months of the reporting date are recognised in the provision for employee benefits as current liabilities, measured at the present value of the amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.		
<i>Long service leave</i>		
Liability for long service leave (LSL) is recognised in the provision for employee benefits. Unconditional LSL is disclosed as a current liability as the Council does not have an unconditional right to defer settlement. Unconditional LSL is measured at nominal value if expected to be settled within 12 months or at present value if not expected to be settled within 12 months. Conditional LSL that has been accrued, where an employee is yet to reach a qualifying term of employment, is disclosed as a non-current liability and measured at present value.		
Key assumptions:		
- discount rate	4.20%	4.35%
- wage inflation rate	4.25%	4.45%
(b) Landfill restoration		
Current		
Current	246	226
Total current	246	226
Non-current		
Non-current	1,470	1,655
Total non-current	1,470	1,655

Notes to the Financial Statements

for the year ended 30 June 2025

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

	2025 \$ '000	2024 \$ '000
Total	1,716	1,881

Council is obligated to restore the Monkey Gully Road Landfill site (which is now closed) to a particular standard. Council have also made initial assessments on 4 other closed landfills across the municipality and have implemented a monitoring regime.

The provision for landfill restoration has been calculated based on the present value of the expected cost of works to be undertaken at each landfill site. The expected cost of works has been estimated with external consultant support, based on the current understanding of work required to remediate the site to an acceptable standard. Accordingly, the estimation of the provision required is dependent on the accuracy of the forecast work required and related costs, the forecast timing of the work and the discount rate applied. Council currently has no operating landfills.

Key assumptions:

- discount rate	3.87%	5.04%
- inflation rate	4.25%	4.85%

	2025 \$ '000	2024 \$ '000
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5.6 Financing arrangements

The Council has the following funding arrangements in place as at 30 June 2025.

Bank overdraft	300	300
Credit card facilities	100	100
Treasury Corporation of Victoria facilities	2,465	2,749
Loan facilities	1,091	1,318
Total Facilities	3,956	4,467
Used facilities	3,556	4,067
Used facilities	3,556	4,067
Unused facilities	400	400

Notes to the Financial Statements

for the year ended 30 June 2025

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

5.7 Commitments

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

(a) Commitments for expenditure

	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
2025					
Operating					
Recycling	705	740	2,451	1,350	5,246
Waste Collection	1,192	1,252	4,144	2,283	8,871
Cleaning contracts for council buildings	328	345	–	–	673
Other	314	328	714	–	1,356
Waste disposal	958	1,006	160	88	2,212
Building regulation services	176	186	–	–	362
Asset management bureau service	314	230	422	–	966
Total	3,987	4,087	7,891	3,721	19,686
Capital					
Buildings	–	–	–	–	–
Roads	2,024	–	–	–	2,024
Drainage	–	–	–	–	–
Total	2,024	–	–	–	2,024
2024					
Operating					
Recycling	678	712	2,355	2,121	5,866
Waste Collection	1,470	1,543	5,109	4,601	12,723
Cleaning contracts for council buildings	330	328	345	–	1,003
Other	1,190	391	1,043	–	2,624
Waste disposal	724	27	88	79	918
Building regulation services	161	176	186	–	523
Asset management bureau service	243	314	653	–	1,210
Total	4,796	3,491	9,779	6,801	24,867
Capital					
Buildings	216	–	–	–	216
Roads	4,640	–	–	–	4,640
Drainage	56	–	–	–	56
Total	4,912	–	–	–	4,912

Notes to the Financial Statements

for the year ended 30 June 2025

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

5.8 Leases

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

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

This policy is applied to contracts entered into, or changed, on or after 1 July 2019. Council have not recognised any lease liabilities as at 30 June 2025 as it has no outstanding payments due for leases. Council has entered into a lease arrangement for the Dual Court Stadium, however no lease liability exists as consideration had been made upfront as part of a co-contribution towards the building of the asset.

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

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

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

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

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

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

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

Council has elected to apply the temporary option available under AASB 16 Leases which allows not-for-profit entities to not measure right-of-use assets at initial recognition at fair value in respect of leases that have significantly below-market terms. Council does not currently lease any assets under a peppercorn lease arrangement.

Notes to the Financial Statements

for the year ended 30 June 2025

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

(a) Right-of-Use Assets

	Property \$ '000	Total \$ '000
2025		
Balance at 1 July 2024	3,132	3,132
Additions	–	–
Depreciation charge	(66)	(66)
Right-of-Use Assets	–	–
Balance at 30 June 2025	3,066	3,066
2024		
Balance at 1 July 2023	3,227	3,227
Additions	–	–
Depreciation charge	67	67
Right-of-Use Assets	(162)	(162)
Balance at 30 June 2024	3,132	3,132
	2025	2024
	\$ '000	\$ '000

Lease Liabilities

Short-term and low value leases

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

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

Variable lease payments	–	–
Total	–	–

Variable lease payments are those that depend on an index or a rate, for example payments linked to the consumer price index, a benchmark interest rate or changes in market rental rates.

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

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

Payable:	–	–
Total lease commitments	–	–

Notes to the Financial Statements

for the year ended 30 June 2025

Note 6. Assets we manage

6.1 Property, infrastructure, plant and equipment

Summary of property, infrastructure, plant and equipment	Carrying amount							Carrying amount
	30 June 2024 \$ '000	Additions \$ '000	Contributions \$ '000	Revaluation \$ '000	Disposal \$ '000	Depreciation \$ '000	Transfers \$ '000	30 June 2025 \$ '000
Property	75,913	909	23	985	(368)	(629)	1,614	78,447
Plant and equipment	3,062	596	–	(37)	(96)	(564)	–	2,961
Infrastructure	196,218	4,933	1,522	14,901	(830)	(3,991)	36	212,789
Work in progress	2,854	8,795	–	–	(40)	–	(1,650)	9,959
Total	278,047	15,233	1,545	15,849	(1,334)	(5,184)	–	304,156

Summary of Work in Progress	Opening WIP \$ '000	Additions \$ '000	Transfers \$ '000	Other movements \$ '000	Closing WIP \$ '000
Property	1,900	693	(1,614)	–	979
Infrastructure	954	8,102	(36)	(40)	8,980
Total	2,854	8,795	(1,650)	(40)	9,959

Notes to the Financial Statements

for the year ended 30 June 2025

Note 6. Assets we manage (continued)

	Land specialised \$ '000	Land non specialised \$ '000	Land under roads \$ '000	Total land and land improvements \$ '000	Buildings specialised \$ '000	Work in progress \$ '000	Total property \$ '000
Property							
At fair value 1 July 2024	25,351	8,380	18,022	51,753	36,278	1,900	89,931
Accumulated depreciation at 1 July 2024	–	–	–	–	(12,118)	–	(12,118)
	25,351	8,380	18,022	51,753	24,160	1,900	77,813
Movements in fair value							
Additions	–	–	–	–	909	693	1,602
Contributions	–	–	23	23	–	–	23
Revaluation	–	–	–	–	1,507	–	1,507
Disposal	–	(250)	–	(250)	(262)	–	(512)
Transfers	–	–	–	–	1,614	(1,614)	–
	–	(250)	23	(227)	3,768	(921)	2,620
Movements in accumulated depreciation							
Depreciation and amortisation	–	–	–	–	(629)	–	(629)
Accumulated depreciation of disposals	–	–	–	–	144	–	144
Accumulated depreciation on revaluation	–	–	–	–	(522)	–	(522)
	–	–	–	–	(1,007)	–	(1,007)
At fair value 30 June 2025	25,351	8,130	18,045	51,526	40,046	979	92,551
Accumulated depreciation at 30 June 2025	–	–	–	–	(13,125)	–	(13,125)
Carrying amount	25,351	8,130	18,045	51,526	26,921	979	79,426

Notes to the Financial Statements

for the year ended 30 June 2025

Note 6. Assets we manage (continued)

	Plant machinery and equipment \$ '000	Fixtures fittings and furniture \$ '000	Library books \$ '000	Total plant and equipment \$ '000
Plant and Equipment				
At fair value 1 July 2024	6,442	764	655	7,861
Accumulated depreciation at 1 July 2024	(3,708)	(698)	(393)	(4,799)
	2,734	66	262	3,062
Movements in fair value				
Additions	464	70	62	596
Revaluation	–	–	(17)	(17)
Disposal	(290)	–	(107)	(397)
	174	70	(62)	182
Movements in accumulated depreciation				
Depreciation and amortisation	(478)	(26)	(60)	(564)
Accumulated depreciation of disposals	194	–	107	301
Accumulated depreciation on revaluation	–	–	(20)	(20)
	(284)	(26)	27	(283)
At fair value 30 June 2025	6,616	834	593	8,043
Accumulated depreciation at 30 June 2025	(3,992)	(724)	(366)	(5,082)
Carrying amount	2,624	110	227	2,961

Notes to the Financial Statements

for the year ended 30 June 2025

Note 6. Assets we manage (continued)

	Roads \$ '000	Bridges \$ '000	Footpaths and cycleways \$ '000	Drainage \$ '000	Recreational, leisure and community \$ '000	Off street car parks \$ '000	Total Infrastructure (excl. work in progress) \$ '000	Work in progress \$ '000	Total infrastructure \$ '000
Infrastructure									
At fair value 1 July 2024	167,845	42,658	9,917	29,944	7,484	4,368	262,216	954	263,170
Accumulated depreciation at 1 July 2024	(32,606)	(19,796)	(2,327)	(8,196)	(2,641)	(432)	(65,998)	–	(65,998)
	135,239	22,862	7,590	21,748	4,843	3,936	196,218	954	197,172
Movements in fair value									
Additions	3,086	258	701	637	174	77	4,933	8,102	13,035
Contributions	404	–	427	691	–	–	1,522	–	1,522
Revaluation	11,826	1,587	853	3,598	498	311	18,673	–	18,673
Disposal	(1,438)	(32)	(174)	–	(43)	–	(1,687)	(40)	(1,727)
Transfers	–	36	–	–	–	–	36	(36)	–
	13,878	1,849	1,807	4,926	629	388	23,477	8,026	31,503
Movements in accumulated depreciation									
Depreciation and amortisation	(2,665)	(440)	(244)	(303)	(253)	(86)	(3,991)	–	(3,991)
Accumulated depreciation of disposals	763	19	50	–	25	–	857	–	857
Accumulated depreciation on revaluation	(2,401)	(747)	(197)	(202)	(188)	(37)	(3,772)	–	(3,772)
	(4,303)	(1,168)	(391)	(505)	(416)	(123)	(6,906)	–	(6,906)
At fair value 30 June 2025	181,723	44,507	11,724	34,870	8,113	4,756	285,693	8,980	294,673
Accumulated depreciation at 30 June 2025	(36,909)	(20,964)	(2,718)	(8,701)	(3,057)	(555)	(72,904)	–	(72,904)
Carrying amount	144,814	23,543	9,006	26,169	5,056	4,201	212,789	8,980	221,769

Notes to the Financial Statements

for the year ended 30 June 2025

Note 6. Assets we manage (continued)

Acquisition

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

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

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

	Depreciation Period years	Threshold Limit \$ '000
Asset recognition thresholds and depreciation periods		
Land		
Land	Not applicable	–
Land under roads	Not applicable	–
Buildings		
Buildings	15-100	5
Plant and Equipment		
Plant, machinery and equipment	5-10	2
Fixtures, fittings and furniture	2-10	2
Computers and telecommunications	2-10	2
Library books	2-12	2
Infrastructure		
<i>Roads & Off Street Car Parks</i>		
Pavements	30-160	5
Seals and asphalt	20-30	5
Roads formation (95% residual) and earthworks	2,000	5
Kerb, channel and minor culverts	75	5
<i>Bridges</i>		
Bridges deck	130	5
Bridges substructure	130	5
Bridges other	130	5
Footpaths and cycleways	15-80	5
Drainage	100	5
Recreation, Leisure & Community	10-100	5

Land under roads

Council recognises land under roads it controls at fair value.

Depreciation

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.

Notes to the Financial Statements

for the year ended 30 June 2025

Note 6. Assets we manage (continued)

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.

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 was undertaken by a qualified independent valuer, LG Valuation Services registration no 2013.

Valuation of buildings was undertaken by Assetic Pty Ltd, by Ashay Prabhu MIE(Aust) CPEng, NPER: Membership 1102199.

The valuation of land and buildings is at fair value, being market value based on highest and best use permitted by relevant land planning provisions. Where land use is restricted through existing planning provisions the valuation is reduced to reflect this limitation. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the comprehensive income statement.

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

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

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

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

	Level 1	Level 2	Level 3	Date of valuation	Type of Valuation
Non-specialised land	–	8,130	–	Jun-22	Full
Specialised land	–	–	25,351	Jun-22	Full
Land under roads	–	–	18,042	Jun-21	Full
Specialised buildings	–	–	26,921	Jun/25	Index
Total	–	8,130	70,314		

Notes to the Financial Statements

for the year ended 30 June 2025

Note 6. Assets we manage (continued)

Valuation of Infrastructure

Full desktop revaluation of Drainage Pits and Pipes and a indexation review for all other infrastructure classifications have been determined in accordance with a valuation undertaken by Assetic Pty Ltd by Ashay Prabhu MIE(Aust) CPEng, NPER: Membership 1102199.

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

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

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

	Level 1	Level 2	Level 3	Date of valuation	Type of Valuation
Roads	–	–	144,814	Jun/25	Index
Bridges	–	–	23,543	Jun/25	Index
Footpaths and cycleways	–	–	9,006	Jun/25	Index
Drainage	–	–	26,169	Jun/25	Index
Recreational, leisure & community facilities	–	–	5,056	Jun/25	Desktop
Off street car parks	–	–	4,201	Jun/25	Index
Total	–	–	212,789		

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 25% 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 \$1 and \$750 per square metre.

Specialised buildings are valued using a current replacement cost technique. Significant unobservable inputs include the current replacement cost and remaining useful lives of buildings. Current replacement costs is calculated on a square metre basis and ranges from \$13 to \$1.7m per square metre. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary from 20 years to 100 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of buildings are sensitive to changes in expectations or requirements that could either shorten or extend the useful lives of buildings.

Infrastructure assets are valued based on the current replacement cost. Significant unobservable inputs include the current replacement cost and remaining useful lives of infrastructure. The remaining useful lives of infrastructure assets are determined on the basis of the current condition of the asset and vary from 15 years to 2000 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.

Recreational, leisure and community assets are valued using a current replacement cost technique. Significant unobservable inputs include the current replacement cost and remaining useful lives of the assets. Current replacement costs is calculated on a square metre basis and ranges from \$12 to \$59,000 per square metre. The remaining useful lives of the assets are determined on the basis of the current condition and remaining service potential, and vary from 20 years to 100 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of the recreational, leisure and community assets are sensitive to changes in expectations or requirements that could either shorten or extend the useful lives.

Off street car park assets are valued using a current replacement cost technique. Significant unobservable inputs include the current replacement cost and remaining useful lives of the assets. Current useful lives and replacement costs are assessed by pavement base, pavement subbase, formation and surface. Current replacement costs is calculated on a square metre basis and ranges from \$6 to \$108 per square metre. The remaining useful lives of the assets are determined on the basis of the current condition and remaining service potential, and vary from 20 years to 160 years (formation components extend to 2,000 years). Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing

Notes to the Financial Statements

for the year ended 30 June 2025

Note 6. Assets we manage (continued)

through to the valuation. Useful lives of the off street car park assets are sensitive to changes in expectations or requirements that could either shorten or extend the useful lives.

	2025 \$ '000	2024 \$ '000
Reconciliation of specialised land		
Land under roads	18,045	18,022
Land	25,351	25,351
Total specialised land	43,396	43,373

6.2 Investments in joint arrangements

(a) Investments in joint arrangements

High Country Library Network

High Country Library Network shared services agreement

Mansfield Shire Council entered into a three year joint arrangement for library services with Alpine Shire Council, Wangaratta Rural City Council and Benalla Rural City Council. Mansfield Shire Council's contribution is 15% of the total cost of the service.

The amounts recognised in the financial statements relating to the joint arrangement are shown as follows:

Expenses (materials and services)	54	34
Property, plant and equipment at fair value (library books)	62	63
Total contribution to joint arrangements	116	97

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.

The High Country Library Network shared services agreement is a joint operation. Council recognises contributions to the High Country Library Network as operating expenses where related to the management and operation of the library network, and capital expenditure where related to the purchase of library books on Council's behalf (refer note 6.1).

There are no contingent assets or contingent liabilities in relation to joint arrangements.

Notes to the Financial Statements

for the year ended 30 June 2025

Note 7. People and relationships

7.1 Council and key management remuneration

(a) Related Parties*Parent entity*

Mansfield Shire Council is the parent entity

Subsidiaries

Mansfield Public Cemetery Trust

By virtue of the fact that the councillors of Mansfield Shire Council form the whole of the Board of Trustees of the Mansfield Public Cemetery Trust, this entity is considered to be a controlled entity under AASB 10: Consolidated Financial Statements. It's operating results, assets and liabilities have not been included in the accounts on the basis that they are not material individually or in aggregate.

Joint arrangements

Interests in joint arrangements are detailed in Note 6.2.

(b) Key Management Personnel

Key management personnel (KMP) are those people with the authority and responsibility for planning, directing and controlling the activities of Mansfield Shire Council. The Councillors, Chief Executive Officer, General Managers and Executive Managers are deemed KMP.

Details of persons holding the position of Councillor or other members of key management personnel at any time during the year are:

Councillors

Cr Steve Rabie Mayor
Cr James Tehan (Deputy Mayor 25/11/2024)
Cr Mark Holcombe (Deputy Mayor till 26/10/2024)
Cr Paul Sladdin (till 26/10/2024)
Cr Rohan Webb (till 26/10/2024)
Cr Bonnie Clark (from 13/11/2024)
Cr Mandy Treasure (from 13/11/2024)
Cr Tim Berenyi (from 13/11/2024)

		2025 No.	2024 No.
Total Number of Councillors		8	5
Chief Executive Officer	K Alexander	1	1
General Manager Infrastructure & Planning	M Crane	1	1
Executive Manager Community Health and Wellbeing (till 16/06/2025)	N Cleeland	1	1
Executive Manager People, Communications and Governance	J Snyder	1	1
Executive Manager Capital Works and Operations	A Croxford-Demasi	1	1
General Manager Business & Economic Development (till 30/04/2024)	J Williams	–	1
Total Number of Key Management Personnel		13	11

Notes to the Financial Statements

for the year ended 30 June 2025

Note 7. People and relationships (continued)

(c) Remuneration of Key Management Personnel

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

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

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

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

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

	2025 \$ '000	2024 \$ '000
Total remuneration of key management personnel was as follows:		
Short-term employee benefits	1,075	974
Other long-term employee benefits	(8)	41
Post-employment benefits	99	87
Termination	–	9
Total	1,166	1,111

	2025 No.	2024 No.
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The numbers of key management personnel whose total remuneration from Council and any related entities, fall within the following bands:

\$1 - \$9,999	2	1
\$10,000 - \$19,999	4	–
\$20,000 - \$29,999	–	2
\$30,000 - \$39,999	1	2
\$40,000 - \$49,999	–	1
\$60,000 - \$69,999	–	1
\$80,000 - \$89,999	1	–
\$130,000 - \$139,999	1	–
\$160,000 - \$169,999	2	1
\$170,000 - \$179,999	–	1
\$210,000 - \$219,999	1	1
\$270,000 - \$279,999	1	1
	13	11

(d) Remuneration of other senior staff

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

There have been no Senior Officers meeting the requirement during the reporting period.

Notes to the Financial Statements

for the year ended 30 June 2025

Note 7. People and relationships (continued)

	2025 \$ '000	2024 \$ '000
Total remuneration of other senior staff was as follows:		
Short-term employee benefits	-	-
Other long-term employee benefits	-	-
Post-employment benefits	-	-
Termination benefits	-	-
Total	-	-

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Notes to the Financial Statements

for the year ended 30 June 2025

Note 7. People and relationships (continued)

	Note	2025 \$ '000	2024 \$ '000
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7.2 Related party disclosure

(a) Transactions with related parties

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

Expenses - Materials and services	a	15	32
Expenses - Salaries and wages	b	-	-
Total		<u>-</u>	<u>32</u>

a. In FY 24/25 a related party of a member of a Key Management Personnel is employed by Henry The Third which provides liquid waste removal services for Council.

All other expense and income transactions are incurred on normal business terms and conditions.

(b) Outstanding balances with related parties

There are no material outstanding balances or commitments with any related party.

Notes to the Financial Statements

for the year ended 30 June 2025

Note 8. Managing uncertainties

8.1 Contingent assets and liabilities

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

(a) Contingent assets

There are no contingent assets of which Council is aware of at balance date

(b) Contingent liabilities

Contingent liabilities are:

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

Superannuation

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

Landfill

Until 30 June 2007 Council operated a landfill at Monkey Gully Road, Mansfield which did not accept putrescible waste. Council are obligated to restore the landfill site to EPA requirements which includes regular environmental audits. Council have received a financial assurance calculation report from Meinhart Australia Pty Ltd. which has been used to calculate the provision, however during the project contingencies may arise. The amount of this potential contingency cannot be determined.

As of 1 July 2021, Council are now required to report to the EPA on any closed landfills that were not operated under an EPA license in past years. In preparation for the change in legislation, and assessment was undertaken and identified four potential sites upon which remediation works may need to be performed.

At 30 June 2025 the landfill provision includes the cost of the initial assessment, monitoring and rain water drainage of the four identified unlicensed closed landfills. Until completion of the full assessments, a risk based estimate has been determined for subsequent remediation works with estimated future costs carried in the provision.

Insurance claims

At 30 June 2025 Council has no major insurance claims that could have a material impact on future operations.

Legal matters

At 30 June 2025 Council has no major legal matters that could have a material impact on future operations.

Liability Mutual Insurance

Council was a participant of the MAV WorkCare Scheme. The MAV WorkCare Scheme provided workers compensation insurance 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 (2027). At the end of the liability period, an adjustment payment may be required (or received). The determination of any adjustment is dependent upon revised actuarial assessments of the Scheme's tail claims liabilities as undertaken by Work Safe Victoria.

8.2 Change in accounting standards

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

Notes to the Financial Statements

for the year ended 30 June 2025

Note 8. Managing uncertainties (continued)

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

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Notes to the Financial Statements

for the year ended 30 June 2025

Note 8. Managing uncertainties (continued)

8.3 Financial instruments

(a) Objectives and policies

The Council's principal financial instruments comprise cash assets, term deposits, receivables (excluding statutory receivables), payables (excluding statutory payables) and bank and TCV borrowings. Details of the 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.

(c) Credit risk

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

- Council has a policy for establishing credit limits for the entities Council deals with;
- Council may require collateral where appropriate; and
- Council only invests surplus funds with financial institutions which have a recognised credit rating specified in 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 provides a guarantee for another party. Details of our contingent liabilities are disclosed in Note 8.1(b).

Notes to the Financial Statements

for the year ended 30 June 2025

Note 8. Managing uncertainties (continued)

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

(d) Liquidity risk

Liquidity risk includes the risk that, as a result of 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 is deemed insignificant based on prior periods' data and current assessment of risk.

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

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

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

(e) Sensitivity disclosure analysis

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

- A parallel shift of + 1 % and - 1 % in market interest rates (AUD) from year-end rates of 3.85%.

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 Statements

for the year ended 30 June 2025

Note 8. Managing uncertainties (continued)

8.4 Fair value measurement

Fair Value Hierarchy

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

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

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

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

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within a fair value hierarchy, 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 < > to < > 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	3 to 5 years
Buildings	3 to 5 years
Roads	3 to 5 years
Bridges	3 to 5 years
Footpaths and cycleways	3 to 5 years
Drainage	3 to 5 years

continued on next page ...

Notes to the Financial Statements

for the year ended 30 June 2025

Note 8. Managing uncertainties (continued)

Recreational, leisure and community facilities

3 to 5 years

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

Impairment of assets

At each reporting date, the Council reviews the carrying value of its assets to determine whether there is any indication that these assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs 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.

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Notes to the Financial Statements
for the year ended 30 June 2025

Note 8. Managing uncertainties (continued)

8.5 Events occurring after balance date

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

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Notes to the Financial Statements

for the year ended 30 June 2025

Note 9. Other matters

	Balance at beginning of reporting period \$ '000	Increase (decrease) \$ '000	Balance at end of reporting period \$ '000
9.1 Reserves			
(a) Asset revaluation reserves			
2025			
Property			
Land - specialised	23,207	–	23,207
Land - non specialised	3,122	–	3,122
Land under roads	6,457	–	6,457
Buildings	14,761	985	15,746
	<u>47,547</u>	<u>985</u>	<u>48,532</u>
Plant and equipment			
Library books	44	(37)	7
	<u>44</u>	<u>(37)</u>	<u>7</u>
Infrastructure			
Roads	117,601	9,425	127,026
Bridges	12,833	840	13,673
Footpaths and cycleways	879	656	1,535
Drainage	9,083	3,396	12,479
Recreational, leisure and community facilities	130	310	440
Offstreet car parks	387	274	661
	<u>140,913</u>	<u>14,901</u>	<u>155,814</u>
Total asset revaluation reserves	<u>188,504</u>	<u>15,849</u>	<u>204,353</u>

Notes to the Financial Statements

for the year ended 30 June 2025

Note 9. Other matters (continued)

	Balance at beginning of reporting period \$ '000	Increase (decrease) \$ '000	Balance at end of reporting period \$ '000
2024			
Property			
Land - specialised	23,207	–	23,207
Land - non specialised	3,122	–	3,122
Land under roads	6,457	–	6,457
Buildings	14,761	–	14,761
	<u>47,547</u>	<u>–</u>	<u>47,547</u>
Plant and equipment			
Library books	23	–	23
	<u>23</u>	<u>–</u>	<u>23</u>
Infrastructure			
Roads	109,097	8,504	117,601
Bridges	8,207	4,626	12,833
Footpaths and cycleways	879	–	879
Drainage	9,083	–	9,083
Recreational, leisure and community facilities	130	–	130
Offstreet car parks	387	–	387
	<u>127,783</u>	<u>13,130</u>	<u>140,913</u>
Total asset revaluation reserves	<u>175,353</u>	<u>13,130</u>	<u>188,483</u>

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

Notes to the Financial Statements

for the year ended 30 June 2025

Note 9. Other matters (continued)

	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				
2025				
Restricted reserves				
Road construction reserve	401	–	(332)	69
Footpath construction reserve	4	–	–	4
Open space reserve	537	134	–	671
Total restricted reserves	942	134	(332)	744
Discretionary reserves				
Waste Management	805	1,068	–	1,873
Total discretionary reserves	805	1,068	–	1,873
Total Other reserves	1,747	1,202	(332)	2,617
2024				
Restricted reserves				
Road construction reserve	401	–	–	401
Footpath construction reserve	5	–	(1)	4
Open space reserve	498	39	–	537
Total restricted reserves	904	39	(1)	942
Discretionary reserves				
Waste Management	(33)	838	–	805
Total discretionary reserves	(33)	838	–	805
Total Other reserves	871	877	(1)	1,747

Restricted reserves are used to record developer contributions received for a specific purpose which Council has not yet fulfilled.

The discretionary waste management reserve denotes the cumulative surplus/(deficit) from waste service charges collected from ratepayers and actual waste costs incurred by Council over time.

Notes to the Financial Statements

for the year ended 30 June 2025

Note 9. Other matters (continued)

	2025 \$ '000	2024 \$ '000
9.2 Reconciliation of cash flows from operating activities to surplus/(deficit)		
Surplus/(deficit) for the year	12,509	4,045
Non-cash adjustments:		
Depreciation/amortisation	5,250	4,817
Profit/(loss) on disposal of property, infrastructure, plant and equipment	(367)	1,286
Contributions - Non-monetary assets	(1,545)	(3,618)
Borrowing costs	185	209
Change in assets and liabilities:		
(Increase)/decrease in trade and other receivables	2,240	(3,025)
(Increase)/decrease in inventories	5	(2)
(Increase)/decrease in prepayments	(20)	(56)
Increase/(decrease) in contract assets	151	(32)
Increase/(decrease) in trade and other payables	(1,634)	1,503
Increase/(decrease) in provisions	139	(49)
(Decrease)/increase in other liabilities	269	595
(Decrease)/increase in contract and other liabilities	(2,139)	1,780
Net cash provided by/(used in) operating activities	15,043	7,453

9.3 Superannuation

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

Accumulation

The Fund's accumulation category, Vision MySuper/Vision Super Saver, receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2025, this was 11.5% as required under Superannuation Guarantee (SG) legislation (2023: 10.5%)).

Defined Benefit

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

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

Funding Arrangements

Council makes employer contributions to the Defined Benefit category of the Fund at rates determined by the Trustee on the Fund Actuary. As at 30 June 2024, an interim actuarial investigation was held as the Fund provides lifetime pensions in the C Benefit category. The vested benefit index (VBI) of the Defined Benefit category as at 30 June 2024 (of which Council is a co employer) was 105.4%. The financial assumptions used to calculate the VBI were:

Net investment returns 5.6% pa
Salary information 3.5% pa

Notes to the Financial Statements

for the year ended 30 June 2025

Note 9. Other matters (continued)

Price inflation (CPI) 2.7% pa.

As at 30 June 2025, an interim actuarial investigation is underway as the Fund provides lifetime pensions in the Defined Benefit category. It is expected to be completed by 31 October 2025.

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

Net investment returns 5.7% pa

Salary information 3.5% pa

Price inflation (CPI) 2.6% pa

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

Employer contributions*(a) Regular contributions*

On the basis of the results of the 2024 interim actuarial investigation conducted by the Fund Actuary, Council makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2025, this rate was 11.5% of members' salaries (11.0% in 2023/24). This rate is expected to increase in line with any increases in the SG contribution rate and was reviewed as part of the 30 June 2023 triennial valuation.

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

(b) Funding calls

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

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

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

Due to the nature of the contractual obligations between the participating employers and the Fund, and that the Fund includes lifetime pensioners and their reversionary beneficiaries, it is unlikely that the Fund will be wound up. If there is a surplus in the Fund, the surplus cannot be returned to the participating employers.

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

The 2024 interim actuarial investigation surplus amounts

An actuarial investigation is conducted annually for the Defined Benefit category of which Council is a contributing employer. Generally, a full actuarial investigation is conducted every three years and interim actuarial investigations are conducted for each intervening year. An interim investigation was conducted as at 30 June 2024 while a full investigation was conducted as at 30 June 2023.

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

	2024 (Interim)	2023 (Triennial)
	\$m	\$m
- A VBI Surplus	108.4	85.7

Notes to the Financial Statements

for the year ended 30 June 2025

Note 9. Other matters (continued)

- A total service liability surplus	141.4	123.6
- A discounted accrued benefits surplus	156.7	141.9

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

The total service liability surplus means that the current value of the assets in the Fund's Defined Benefit category plus expected future contributions exceeds the value of expected future benefits and expenses as at 30 June 2024.

The discounted accrued benefit surplus means that the current value of the assets in the Fund's Defined Benefit category exceeds the value of benefits payable in the future but accrued in respect of service to 30 June 2024.

The 2025 interim actuarial investigation

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

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

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

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

The 2020 triennial investigation

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

	2020	2024
	Triennial investigation	Triennial investigation
	\$m	\$m
Net investment return	5.6% pa	5.7% pa
Salary inflation	2.5% pa for two years and 2.75% pa thereafter	3.50% pa
Price inflation	2.0% pa	2.8% pa

Superannuation contributions

Contributions by Council (excluding any unfunded liability payments) to the above superannuation plans for the financial year ended 30 June 2025 are detailed below:

Scheme	Type of scheme	Rate	2025 \$ '000	2024 \$ '000
Vision Super	Defined Benefits	11.5% (2024:11.0%)	9	7
Vision Super	Accumulation	11.5% (2024:11.0%)	953	441

In addition to the above contributions, Council has paid unfunded liability payments to Vision Super totalling \$NIL (2024/25 \$NIL). There were no contributions outstanding and no loans issued from or to the above schemes as at 30 June 2025.

The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2026 is \$7k.

Notes to the Financial Statements
for the year ended 30 June 2025

Note 10. Changes in accounting policies

Note 10. Changes in accounting policies

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

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