

Southern Grampians Shire Council
ANNUAL FINANCIAL REPORT

For the Year Ended 30 June 2021

Southern Grampians Shire Council

Financial Report

Table of Contents

		Page
Certification of the Financial Statements		1
Financial Statements		
	Comprehensive Income Statement	4
	Balance Sheet	5
	Statement of Changes in Equity	6
	Statement of Cash Flows	7
	Statement of Capital Works	8
Overview		9
Notes to Financial Statements		
Note 1	Performance against budget	10
	1.1. Income and expenditure	10
	1.2. Capital works	12
Note 2	Analysis of Council results by program	14
Note 3	Funding for the delivery of our services	16
	3.1. Rates and charges	16
	3.2. Statutory fees and fines	16
	3.3. User fees	16
	3.4. Funding from other levels of government	17
	3.5. Contributions	18
	3.6. Net gain/(loss) on disposal of property, infrastructure, plant and equipment	18
	3.7. Other income	19
Note 4	The cost of delivering services	19
	4.1. Employee costs	19
	4.2. Materials and services	19
	4.3. Depreciation	20
	4.4. Bad and doubtful debts	20
	4.5. Borrowing costs	20
	4.6. Waste Disposal Costs	20
	4.9. Other expenses	21
Note 5	Our financial position	21
	5.1. Financial assets	21
	5.2. Non-financial assets	23
	5.3. Payables	23
	5.4. Interest-bearing liabilities	24
	5.5. Provisions	24
	5.6. Financing Arrangements	25
	5.7. Commitments	26
	5.8. Leases	27
Note 6	Assets we manage	28
	6.1. Non current assets classified as held for sale	28
	6.2. Property, infrastructure plant and equipment	29
	6.3. Investment property	33
Note 7	People and relationships	34
	7.1. Council and key management remuneration	34
	7.2. Related party disclosure	35
Note 8	Managing uncertainties	36
	8.1. Contingent assets and liabilities	36
	8.2. Change in accounting standards	37
	8.3. Financial instruments	37
	8.4. Fair value measurement	39
	8.5. Events occurring after balance date	39
Note 9	Other matters	40
	9.1. Reserves	40
	9.2. Reconciliation of cash flows from operating activities to surplus/(deficit)	42
	9.3. Superannuation	42
Note 10	Change in accounting policy	44
Note 11	Exceptional Circumstances - COVID19	44

Southern Grampians Shire Council - Financial Report 2020/2021
Certification of the Financial Statements

In my opinion, the accompanying financial statements have been prepared in accordance with the *Local Government Act 1989*, the *Local Government (Planning and Reporting) Regulations 2014*, the Australian Accounting Standards and other mandatory professional reporting requirements.

Belinda J Johnson, B Comm. CPA

Principal Accounting Officer

Date :

Hamilton

In our opinion the accompanying financial statements present fairly the financial transactions of Southern Grampians Shire Council for the year ended 30 June 2021 and the financial position of the Council as at that date.

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

We have been authorised by the Council and by the *Local Government (Planning and Reporting) Regulations 2014* to certify the financial statements in their final form.

Cr David Robertson

Councillor

Date :

Hamilton

Cr Mary-Ann Brown

Councillor

Date :

Hamilton

Mr Tony Doyle

Interim Chief Executive Officer

Date :

Hamilton

Southern Grampians Shire Council - Financial Report 2020/2021
Certification of the Financial Statements

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Southern Grampians Shire Council - Financial Report 2020/2021
Certification of the Financial Statements

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Southern Grampians Shire Council - Financial Report 2020/2021

Comprehensive Income Statement

For the Year Ended 30 June 2021

	Note	2021 \$'000	2020 \$'000
Income			
Rates and charges	3.1	21,946	20,990
Statutory fees and fines	3.2	694	558
User fees	3.3	5,498	5,491
Grants - operating	3.4	13,268	13,437
Grants - capital	3.4	5,819	4,231
Contributions - monetary	3.5	165	155
Contributions - non monetary	3.5	132	265
Adjustment to Landfill Provision	5.5	1,769	802
Net gain (or loss) on disposal of property, infrastructure, plant and equipment	3.6	75	(704)
Fair value adjustments for investment property	6.3	950	-
Other income	3.7	341	1,611
Total income		50,657	46,836
Expenses			
Employee costs	4.1	(20,931)	(19,257)
Materials and services	4.2	(10,805)	(11,528)
Depreciation	4.3	(11,538)	(11,483)
Bad and doubtful debts	4.4	(10)	(20)
Borrowing costs	4.5	(127)	(112)
Waste Disposal Costs	4.6	(1,331)	(1,521)
Other expenses	4.7	(2,882)	(3,430)
Total expenses		(47,624)	(47,351)
Surplus/(deficit) for the year		3,033	(515)
Other comprehensive income			
Items that will not be reclassified to surplus or deficit in future periods			
Net asset revaluation increment/(decrement)	6.2	32,118	34,893
Total comprehensive result		35,151	34,378

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

Southern Grampians Shire Council - Financial Report 2020/2021

Balance Sheet
As at 30 June 2021

	Note	2021 \$'000	2020 \$'000
Assets			
Current assets			
Cash and cash equivalents	5.1	6,907	7,318
Trade and other receivables	5.1	3,245	4,432
Other financial assets	5.1	19,813	15,200
Inventories	5.2	556	634
Non-current assets classified as held for sale	6.1	-	185
Other assets	5.2	471	382
Total current assets		30,992	28,151
Non-current assets			
Trade and other receivables	5.1	40	62
Property, infrastructure, plant and equipment	6.2	382,815	352,784
Investment property	6.4	3,250	2,300
Total non-current assets		386,105	355,146
Total assets		417,097	383,297
Liabilities			
Current liabilities			
Trade and other payables	5.3	2,699	2,565
Trust funds and deposits	5.3	372	781
Unearned Income	5.3	3,114	697
Provisions	5.5	5,654	7,704
Interest-bearing liabilities	5.4	529	573
Total current liabilities		12,368	12,320
Non-current liabilities			
Provisions	5.5	2,051	2,922
Interest-bearing liabilities	5.4	2,385	2,913
Total non-current liabilities		4,436	5,835
Total liabilities		16,804	18,155
Net assets		400,293	365,142
Equity			
Accumulated surplus		146,678	143,684
Reserves	9.1	253,615	221,458
Total Equity		400,293	365,142

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

Southern Grampians Shire Council - Financial Report 2020/2021

Statement of Changes in Equity

For the Year Ended 30 June 2021

	Note	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
2021					
Balance at beginning of the financial year		365,142	143,684	220,976	482
Surplus/(deficit) for the year		3,033	3,033		
Net asset revaluation increment/(decrement)	6.2	32,118		32,118	
Transfers to other reserves	9.1	-	(39)		39
Transfers from other reserves	9.1	-			
Balance at end of the financial year		400,293	146,678	146,678	146,678

		Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
2020					
Balance at beginning of the financial year		331,426	144,481	186,083	862
Impact of change in accounting policy - AASB 15 Revenue from Contracts with Customers	10	(662)	(662)	-	-
Adjusted Opening balance		330,764	143,819	186,083	862
Surplus/(deficit) for the year		(515)	(515)	-	-
Net asset revaluation increment/(decrement)	6.2	34,893	-	34,893	-
Transfers to other reserves	9.1	-	(70)	-	70
Transfers from other reserves	9.1	-	450	-	(450)
Balance at end of the financial year		365,142	143,684	220,976	482

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

Southern Grampians Shire Council - Financial Report 2020/2021

Statement of Cash Flows

For the Year Ended 30 June 2021

	Note	2021 Inflows/ (Outflows) \$'000	2020 Inflows/ (Outflows) \$'000
Cash flows from operating activities			
Rates and charges		21,793	20,763
Statutory fees and fines		671	572
User fees		6,932	5,770
Grants - operating		13,715	16,971
Grants - capital		7,789	4,231
Interest received		208	426
Trust funds and deposits taken		151	335
Other receipts		295	805
Net GST refund/(payment)		31	225
Employee costs		(20,722)	(18,798)
Materials and services		(12,195)	(11,717)
Trust funds and deposits repaid		(560)	(193)
Other payments		(2,422)	(4,793)
Net cash provided by/(used in) operating activities		15,686	14,597
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment	6.2	(11,303)	(16,202)
Proceeds from sale of property, infrastructure, plant and equipment		518	483
Payments for investments		(4,613)	(4,634)
Net cash provided by/(used in) investing activities		(15,398)	(20,353)
Cash flows from financing activities			
Finance costs		(127)	(112)
Proceeds from borrowings		-	2,000
Repayment of borrowings		(572)	(372)
Net cash provided by/(used in) financing activities		(699)	1,516
Net increase (decrease) in cash and cash equivalents		(411)	(4,240)
Cash and cash equivalents at the beginning of the financial year		7,318	11,558
Cash and cash equivalents at the end of the financial year		6,907	7,318
Financing arrangements	5.6		
Restrictions on cash assets	5.1		

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

Southern Grampians Shire Council - Financial Report 2020/2021

Statement of Capital Works

For the Year Ended 30 June 2021

	Note	2021 \$'000	2020 \$'000
Property			
Land			
Land improvements		512	2,525
Total land		512	2,525
Buildings		461	1,990
Building improvements		-	220
Total buildings		461	2,210
Total property		973	4,735
Plant and equipment			
Heritage plant and equipment			-
Plant, machinery and equipment		1,444	1,767
Fixtures, fittings and furniture		-	75
Computers and telecommunications		-	83
Library books		59	72
Art Collection		12	5
Total plant and equipment		1,515	2,002
Infrastructure			
Roads		4,624	5,888
Bridges		573	1,505
Footpaths and cycleways		-	250
Recreational, leisure and community facilities		142	576
Waste management		1,277	162
Parks, open space and streetscapes		123	272
Aerodromes		-	27
Off street car parks		-	1
Other infrastructure		2,076	784
Total infrastructure		8,815	9,465
Total capital works expenditure		11,303	16,202
Represented by:			
New asset expenditure		3,382	5,591
Asset renewal expenditure		7,708	10,090
Asset expansion expenditure			19
Asset upgrade expenditure		213	502
Total capital works expenditure		11,303	16,202

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

Southern Grampians Shire Council - Financial Report 2020/2021

Notes to the Financial Report

For the Year Ended 30 June 2021

OVERVIEW

Introduction

The Southern Grampians Shire Council was established by an Order of the Governor in Council on 23 September 1994 and is a body corporate. The Council's main office is located at 111 Brown St, Hamilton.

Statement of compliance

These financial statements are a general purpose financial report that consists of a Comprehensive Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows, Statement of Capital Works and Notes accompanying these financial statements. The general purpose financial report complies with the Australian Accounting Standards (AAS), other authoritative pronouncements of the Australian Accounting Standards Board, the Local Government Act 1989, and the Local Government (Planning and Reporting) Regulations 2014.

Significant accounting policies

(a) Basis of accounting

The accrual basis of accounting has been used in the preparation of these financial statements, 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.

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

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

- the fair value of land, buildings, infrastructure, plant and equipment (refer to Note 6.2)
- the determination of depreciation for buildings, infrastructure, plant and equipment (refer to Note 6.2)
- the determination of employee provisions (refer to Note 5.5)
- the determination of landfill provisions (refer to Note 5.5)
- the determination of whether performance obligations are sufficiently specific so as to determine whether an arrangement is within the scope of *AASB 15 Revenue from Contracts with Customers* or *AASB 1058 Income of Not-for-Profit Entities* (refer to Note 3)
- other areas requiring judgements

Unless otherwise stated, all accounting policies are consistent with those applied in the prior year. Where appropriate, comparative figures have been amended to accord with current presentation (except where transitional requirements of *AASB 15 Revenue from Contracts with Customers*, *AASB 16 Leases* and *AASB 1058 Income of Not-for-Profit Entities* do not require restatement of comparatives under the modified retrospective approach adopted by the Council), and disclosure has been made of any material changes to comparatives.

Council has considered the impact of the COVID-19 pandemic in all areas of estimates and judgements and provided specific notes where a significant impact is noted. In all other areas, the impact has been minor or negligible.

Southern Grampians Shire Council - Financial Report 2020/2021
Notes to the Financial Report
For the Year Ended 30 June 2021

Note 1 Performance against budget

The performance against budget note compare Council's financial plan, expressed through its annual budget, with actual performance. The *Local Government (Planning and Reporting) Regulations 2014* requires explanation of any material variances. Council has adopted a materiality threshold of 10 percent and \$100k 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 1989* and the *Local Government (Planning and Reporting) Regulations 2014*.

1.1 Income and expenditure

	Budget 2021 \$'000	Actual 2021 \$'000	Variance 2021 \$'000	Variance 2021 %	Ref
Income					
Rates and charges *	21,869	21,946	77	0.35%	
Statutory fees and fines	534	694	160	29.96%	1
User fees	6,032	5,498	(534)	-8.85%	
Grants - operating	7,979	13,268	5,289	66.29%	2
Grants - capital	4,670	5,819	1,149	24.60%	3
Contributions - monetary*	97	165	68	70.10%	
Contributions - non monetary	-	132	132	100.00%	4
Net gain on disposal of property, infrastructure, plant & equipment	-	75	75	100.00%	
Adjustment to Landfill Provision	-	1,769	1,769	100.00%	5
Fair value adjustments for investment property	-	950	950	100.00%	6
Other income*	354	341	(13)	-3.67%	
Total income	41,535	50,657	9,122	21.96%	
Expenses					
Employee costs*	18,980	20,931	1,951	10.28%	7
Materials and services*	12,977	10,805	(2,172)	-16.74%	8
Depreciation	12,140	11,538	(602)	-4.96%	
Waste Disposal Costs*	1,548	1,331	(217)	100.00%	9
Bad and doubtful debts	-	10	10	100.00%	
Borrowing costs	126	127	1	0.79%	
Other expenses*	2,224	2,882	658	29.59%	10
Total expenses	47,995	47,624	(371)	-0.77%	
Surplus/(deficit) for the year	(6,460)	3,033	9,493		

* Budgets have been restated to align to financial statements categories

Southern Grampians Shire Council - Financial Report 2020/2021

Notes to the Financial Report

For the Year Ended 30 June 2021

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Income - Statutory Fees & Fines	Actual revenue exceeded budget in the following areas: Lodgement fees \$80k, Infringement fines & penalties \$48k & Animal registrations \$22k.
2	Grants - Operating	Of the \$5,289 additional revenue, \$4,317 was the prepayment of Financial Assistance Grants, other notable additional grants were Outdoor Eating & Entertainment \$294k, Great South Coast Regional Digital Project \$140k, Rural ICT Infrastructure \$100k, Art Gallery Regional Digitisation \$100k and DHHS Community Activation \$80k. The Working for Victoria grant was \$220k less than budgeted. There were a number of other lesser grant adjustments throughout the year.
3	Grants - Capital	Additional capital grants were received for works at the livestock exchange \$430k, leisure facilities, \$478k, infrastructure \$154k. Funding was budgeted but not received for the Loop Walk Project of \$200k. The Local Roads and Community Infrastructure Program also paid \$250k more than anticipated.
4	Contributions - Non-Monetary	This includes gifted works of art - \$43k and the value of volunteer services \$89k.
5	Adjustment to Landfill Provision	Council reassessed the long term liability of its obligations. After adjusting for works completed and works remaining and applying a net present value on the amount, the result was a net reduction in liability of \$1.769m.
6	Fair value adjustments for investment property	Council owns a quarry which has been revalued during the year, taking into consideration the lease agreement and future revenue expectations.
7	Employee Costs	The amount of wages for outdoor staff spent on operational works compared to capital works is always difficult to estimate and there will be variances from projected to actual. Council employed in excess of 50 peoples under the working for Victoria Program and their wages were distributed to numerous services throughout the organisation, such as Infrastructure services \$498k and parks & reserves \$218k. The amount of leave consumed/taken and accrued also varies from year to year. This year employee overheads were \$600k more than budgeted - much of this was extra PPE and overheads related to the WFV program. Variances in salaries and other wages are attributable to the following areas: Economic Development & Tourism \$70k, Community relations \$65k, regulatory compliance \$63k and emergency management \$60k. This has been partially offset by reductions in cultural services \$194k, WFV \$65k and leisure & recreation services \$55.
8	Materials & Services	Several Council services have operated on a reduced scale i.e. the need for materials has been less such as Cinema \$85k, Infrastructure \$168k, Emergency management \$200k, Community relations \$126k. When budgeting for Working for Victoria, an estimate for materials was \$188k more than required. There have also been savings across utilities due to budgeting, closures or staff working from home with \$85k less in water services and \$76k less in power services
9	Waste Disposal Costs	Waste disposal costs have previously been included in "other expenses" however, due to this significant amount, they are now shown separately.
10	Other Expenses	Additional expenditure relates to stock adjustments \$162k, Contributions to other bodies \$244k and fee waivers of \$99k and a number of other minor amounts

Southern Grampians Shire Council - Financial Report 2020/2021

Notes to the Financial Report

For the Year Ended 30 June 2021

1.2 Capital works

	Budget 2021 \$'000	Actual 2021 \$'000	Variance \$'000	Variance %	Ref
Property					
Land improvements	-	512	512	100.00%	1
Total land	-	512	512	100.00%	
Buildings					
Buildings	1,082	461	(621)	-57.39%	2
Building improvements	50	-	(50)	100.00%	2
Total buildings	1,132	461	(671)	-59.28%	
Total property	1,132	973	(159)	-14.05%	
Plant and equipment					
Plant, machinery and equipment	2,635	1,444	(1,191)	-45.20%	3
Art Collection	15	12	(3)	-20.00%	
Library books	70	59	(11)	-15.71%	
Total plant and equipment	2,720	1,515	(1,205)	-44.30%	
Infrastructure					
Roads	4,810	4,624	(186)	-3.87%	
Bridges	773	573	(200)	-25.87%	4
Footpaths and cycleways	445	-	(445)	-100.00%	5
Recreational, leisure and community facilities	544	142	(402)	-73.90%	6
Waste management	2,843	1,277	(1,566)	-55.08%	7
Parks, open space and streetscapes	1,000	123	(877)	-87.70%	8
Other infrastructure	645	2,076	1,431	221.86%	9
Total infrastructure	11,060	8,815	(2,245)	-20.30%	
Total capital works expenditure	14,912	11,303	(3,609)	-24.20%	
Represented by:					
New asset expenditure	3,911	3,382	(529)	-13.53%	
Asset renewal expenditure	10,736	7,708	(3,028)	-28.20%	
Asset expansion expenditure	-	-	-	0.00%	
Asset upgrade expenditure	265	213	(52)	-19.62%	
Total capital works expenditure	14,912	11,303	(3,609)	-24.20%	

Southern Grampians Shire Council - Financial Report 2020/2021

Notes to the Financial Report For the Year Ended 30 June 2021

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Land Improvements	The development of the industrial land has been delayed with the project continuing into the 2021/22 financial year. It was not budgeted in the 2020/21 year.
2	Buildings & Building Improvements	The following projects were either under spent or delayed during the year, Roofing Works at Hamilton PAC \$196k, Lift in Brown St/Art Gallery Complex \$285k, Ansett Museum \$35k and exercise yards at the animal pound \$12k. Pedrina Park facility of \$100k was budgeted here but actual expenditure was allocated to other infrastructure.
3	Plant, Machinery & Equipment	Plant and machinery expenditure has been significantly underspent, mainly due to inability to have the items delivered. These unspent funds are already committed and will carry forward into the 2021/22 financial year.
4	Bridges	Major culverts on Giant Rock Road \$30k and Satimer Road \$88k were not carried out. The Branxholme pedestrian bridge was removed from the program \$63k.
5	Footpaths & Cycleways	The Dunkeld Mount Sturgeon Loop Walk Project (\$325k) was delayed. The majority of footpath funding was reallocated from capital renewal to defect repair. As these defects were below the \$10k capital recognition threshold, the majority of footpaths works was recognised under operating expenditure as repairs and maintenance.
6	Recreational, leisure and community facilities	Rollout of some works relating to the Recreation & Leisure Strategy were delayed or deferred. Delayed works included expenses relating to Category C insurance works which were \$165k less than budgeted, Lake Hamilton \$100k Ansett Museum was \$35k less.
7	Waste management	The Stage 5 & 6 Capping of the Hamilton Landfills and general remediation works was budgeted at \$1.343m and is almost completed however costs varied significantly from Budget with approximately \$354k difference. Coleraine Landfill remediation was also budgeted at \$700k with only \$252k being spent. Waste options implementation project was budgeted at \$700k with only \$19k spent in 2020/21.
8	Parks, open space and streetscapes	Dunkeld Visitor Hub budgeted for \$750k, however actual expenditure has been allocated to other asset classes.
9	Other infrastructure	Additional works were carried out such as Kings Street roundabout \$270k and HRLX works \$290k. The Pedrina Park project is also included here at \$798k.

Note 2 Analysis of Council results by program

Council delivers its functions and activities grouped under the following themes.

- * Supporting the Community
- * Developing the regional economy and businesses
- * Planning for our built environment & infrastructure
- * Promoting our natural environment
- * Providing Governance and Leadership

2 (a) Results by Program

Supporting the Community

Service Objective: *To support our community to be vibrant, growing, healthy, inclusive and connected, we will continue to plan, deliver and improve high quality, cost effective, accessible and responsive services.*

Services include: community support services, community planning and engagement, children's services, sport and recreation planning and delivery, cultural services, parks and gardens, local laws and emergency management.

Developing the regional economy and businesses

Service Objective: *To develop our regional economy and businesses and achieve a strong, diversified local and regional economy.*

Services include: economic and business development, events support, tourism and visitor services, caravan parks, Land development, airport and livestock exchange operations and development.

Planning for our built environment & infrastructure

Service Objective: *To plan for our built environment and infrastructure that is accessible and meets the needs of the community.*

Services include: Statutory & strategic planning, building services, infrastructure management (roads, bridges, footpaths etc), Facilities and Property planning, maintenance and management, plant operations and public infrastructure (eg public toilets).

Promoting our natural environment

Service Objective: *To promote our natural environment and achieve a culture that sustains a clean, green and sustainable environment.*

Services include: waste and recycling collection and management, transfer station operations, environmental sustainability, fire prevention, natural asset management (nature reserves) stormwater drainage, quarry management and water source management.

Providing Governance and Leadership

Service Objective: *To provide good governance and strong leadership and to achieve effective service delivery.*

Services include: Executive and Councillor support, governance administration, support services such as finance, organisational development, customer services, business systems, risk management and corporate overheads such as rate revenue, General Purpose Grants and loan servicing.

Note: Council provides further details of each service in its report of operations.

Southern Grampians Shire Council - Financial Report 2020/21

Notes to the Financial Report

For the Year Ended 30 June 2021

2 (b) Summary of revenues, expenses, assets and capital expenses by program

	Income	Expenses	Surplus/ (Deficit)	Grants included in income	Total assets
	\$'000	\$'000	\$'000	\$'000	\$'000
2021					
Supporting the Community	(5,912)	14,415	9,705	3,578	53,816
Developing the regional economy and businesses	(3,491)	3,840	1,818	1,352	6,425
Planning for our built environment & infrastructure	(3,205)	17,288	16,574	2,289	310,310
Promoting our natural environment	(5,775)	6,969	1,899	108	7,806
Providing Governance and Leadership	(32,274)	5,112	(32,394)	11,760	38,740
	(50,657)	47,624	(3,033)	19,087	417,097

	Income	Expenses	Surplus/ (Deficit)	Grants included in income	Total assets
	\$'000	\$'000	\$'000	\$'000	\$'000
2020					
Supporting the Community	(6,235)	14,140	7,905	(3,306)	52,849
Planning and Development	(2,781)	4,475	1,694	(947)	5,715
Planning for our built environment & infrastructure	(5,371)	17,015	11,644	(3,700)	280,618
Promoting our natural environment	(2,289)	6,462	4,173	(676)	6,191
Providing Governance and Leadership	(30,864)	5,963	(24,901)	(9,040)	37,924
	(47,540)	48,055	515	(17,669)	383,297

Southern Grampians Shire Council - Financial Report 2020/2021

Notes to the Financial Report For the Year Ended 30 June 2021

Note 3	Funding for the delivery of our services	2021	2020
3.1	Rates and charges	\$'000	'000

Council uses Capital Improved Value as the basis of valuation of all properties within the municipal district. The Capital Improved Value means the sum which the land, if it were held for an estate in fee simple unencumbered by any lease, mortgage or other charge, might be expected to realise at the time of valuation, if offered for sale on any reasonable terms and conditions which a genuine seller might in ordinary circumstances be expected to require.

The valuation base used to calculate general rates for 2020/21 was \$5,519 million (2019/20 \$4,182 million).

General rates	17,272	16,894
Municipal charge	1,922	1,883
Waste management charge	2,558	2,027
Special rates and charges	4	4
Revenue in lieu of rates	190	182
Total rates and charges	21,946	20,990

The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2021, and the valuation will be first applied in the rating year commencing 1 July 2021.

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

3.2 Statutory fees and fines

Town planning fees	281	188
Permits	166	186
Registrations	122	114
Infringements and costs	80	39
Land information certificates	40	25
Court recoveries	5	6
Total statutory fees and fines	694	558

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

Livestock Exchange	1,770	1,615
Waste management services	998	1,213
Hamilton Indoor Leisure & Aquatic Centre	642	822
Home & Community Care Services	685	534
Property, Recreation & Infrastructure Facilities	217	187
Cinema Operations	77	228
Meals Services	279	223
Quarry Operations	401	209
Family Day Care	143	136
Parking	120	131
Performing Arts Centre	24	95
Other fees and charges	138	95
Old Hamilton Reservoir	4	3
Total user fees	5,498	5,491

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.

Southern Grampians Shire Council - Financial Report 2020/2021

Notes to the Financial Report For the Year Ended 30 June 2021

	2021 \$'000	2020 \$'000
3.4 Funding from other levels of government		
Grants were received in respect of the following :		
Summary of grants		
Commonwealth funded grants	14,388	12,188
State funded grants	4,699	5,480
Total grants received	19,087	17,668
(a) Operating Grants		
<i>Recurrent - Commonwealth Government</i>		
Financial Assistance Grants	7,938	7,725
Family day care	370	372
General home care	1,013	998
Other	108	100
<i>Recurrent - State Government</i>		
Childrens Services	473	434
Aged care	334	335
Libraries	168	165
Art Gallery	120	110
Cultural Services	80	80
Community safety	73	60
Other	16	-
Total recurrent operating grants	10,693	10,379
<i>Non-recurrent - Commonwealth Government</i>		
Buildings		
Local Infrastructure	-	260
Other	168	-
<i>Non-recurrent - State Government</i>		
Community Health & Wellbeing	1,470	1,349
Community Planning & Support	518	45
Environmental Management	83	302
Recreation	10	211
Cultural Services	107	7
Local Infrastructure	156	707
Other	-	54
Family and children	63	123
Total non-recurrent operating grants	2,575	3,058
Total operating grants	13,268	13,437

Southern Grampians Shire Council - Financial Report 2020/2021

Notes to the Financial Report For the Year Ended 30 June 2021

	2021 \$'000	2020 \$'000
(b) Capital Grants		
Recurrent - Commonwealth Government		
Roads to recovery	1,970	1,985
Local Roads & Community Infrastructure	2,236	-
Total recurrent capital grants	4,206	1,985
Non-recurrent - Commonwealth Government		
Other Infrastructure	155	263
Livestock Exchange	430	484
Non-recurrent - State Government		
Buildings	980	-
Other Infrastructure	48	1,499
Total non-recurrent capital grants	1,613	2,246
Total capital grants	5,819	4,231
(c) Unspent grants received on condition that they be spent in a specific manner		
Operating		
Balance at start of year	1,528	200
Received during the financial year and remained unspent at balance date	410	1,528
Received in prior years and spent during the financial year	(1,528)	(200)
Balance at year end	410	1,528
Capital		
Balance at start of year	662	1,161
Received during the financial year and remained unspent at balance date	2,018	-
Received in prior years and spent during the financial year	(48)	(499)
Balance at year end	2,632	662

Grant income is recognised at the point in time when the council satisfies its performance obligations as specified in the underlying agreement.

3.5 Contributions

Monetary	165	155
Non-monetary	132	265
Total contributions	297	420

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

Art Gallery - Gifted works of Art	43	108
Meals on Wheels Service - Value of volunteer labour donated to Council	50	48
Visitor Information Centres - Value of volunteer labour donated to Council	39	109
Total non-monetary contributions	132	265

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

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

Proceeds of sale	518	483
Written down value of assets disposed	(443)	(1,187)
Total net gain/(loss) on disposal of property, infrastructure, plant and equipment	75	(704)

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

Southern Grampians Shire Council - Financial Report 2020/2021

Notes to the Financial Report For the Year Ended 30 June 2021

Page 18

		2021 \$'000	2020 \$'000
3.7	Other income		
	Interest	208	425
	Found Assets	-	380
	User Reimbursements	-	342
	Donations	-	202
	Insurance Reimbursements	100	30
	Vicroads	-	28
	Other	33	204
	Total other income	341	1,611

Interest is recognised as it is earned.

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

Note 4 The cost of delivering services

4.1 (a) Employee costs

Wages and salaries	16,041	14,242
Leave- Annual, Long Service & Sick	2,129	2,414
WorkCover	526	524
Superannuation	1,797	1,634
Travelling	132	167
Conferences & Training	195	171
Fringe benefits tax	106	100
Corporate Image	5	5
Total employee costs	20,931	19,257

(b) Superannuation

Council made contributions to the following funds:

Defined benefit fund

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	45	62
	45	62
Employer contributions payable at reporting date.	-	-

Accumulation funds

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	1,023	1,053
Employer contributions - other funds	724	519
	1,747	1,572
Employer contributions payable at reporting date.		117

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

4.2 Materials and services

Contract payments	5,285	5,755
General maintenance	2,316	1,962
Consultants	738	1,273
Utilities	814	856
Insurance	668	601
Information technology	457	499
Building maintenance	371	411
Office administration	156	171
Total materials and services	10,805	11,528

Southern Grampians Shire Council - Financial Report 2020/2021

Notes to the Financial Report For the Year Ended 30 June 2021

Page 19

		2021 \$'000	2020 \$'000
4.3	Depreciation		
	Property	1,209	1,196
	Plant and equipment	1,274	1,733
	Infrastructure	9,055	8,554
	Total depreciation	11,538	11,483

Refer to note 6.2 for a more detailed breakdown of depreciation and amortisation charges.

4.4	Bad and doubtful debts		
	Caravan parks	6	-
	Domestic Care Services	3	-
	Fire Prevention	-	12
	Infrastructure & Private Works	-	4
	Other debtors	1	4
	Total bad and doubtful debts	10	20

Movement in provisions for doubtful debts

Balance at the beginning of the year	5	106
New provisions recognised during the year	10	3
Amounts already provided for and written off as uncollectible	-	(98)
Amounts provided for but recovered during the year	-	(6)
Balance at end of year	15	5

Provision for doubtful debt is recognised based on an expected credit loss model. This model considers both historic and forward looking information in determining the level of impairment - See Note 5.1

4.5	Borrowing costs		
	Interest - Borrowings	127	112
	Total borrowing costs	127	112

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

4.6	Waste Disposal Costs		
	Waste Disposal Costs	1,331	1,521
	Total Waste Disposal Costs	1,331	1,521

During the year, Council changed its practice of waste disposal from on-site to off-site

Southern Grampians Shire Council - Financial Report 2020/2021

Notes to the Financial Report For the Year Ended 30 June 2021

Page 20

		2021 \$'000	2020 \$'000
4.7	Other expenses		
	Advertising	223	296
	Auditors' remuneration - Internal	42	39
	Auditors' remuneration - VAGO - audit of Statutory documents	44	43
	Community Grants	424	492
	Councillors' allowances	189	188
	Discount on Rates	175	162
	Food and Catering	65	107
	Legal Expenses	75	92
	Phone, Internet & Other Communication Charges	263	242
	Software Licences	342	273
	Stock Adjustments/Write Offs	168	146
	Subscriptions, Memberships & Licences	93	120
	Value of Volunteer service	89	157
	Others	690	1,073
	Total other expenses	2,882	3,430
Note 5	Our financial position		
5.1	Financial assets		
	(a) Cash and cash equivalents		
	Cash on hand	4	4
	Cash at bank	6,903	7,314
	Total cash and cash equivalents	6,907	7,318
	(b) Other financial assets		
	Term deposits - current	19,813	15,200
	Total other financial assets	19,813	15,200
	Total financial assets	26,720	22,518
	Councils cash and cash equivalents are subject to external restrictions that limit amounts available for discretionary use. These		
	- Trust funds and deposits (Note 5.3)	373	781
	Total restricted funds	373	781
	Total unrestricted cash and cash equivalents	6,534	6,537
	Intended allocations		
	Although not externally restricted the following amounts have been allocated for specific future purposes by Council:		
	Cash held for specific Reserves & Trust Funds	1,017	1,263
	Cash held for Sir Irving Benson Bequest	657	654
	Cash held for unspent grants	3,042	1,528
	Cash held for unexpended capital works	970	3,988
	Total funds subject to intended allocations	5,686	7,433

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.

Southern Grampians Shire Council - Financial Report 2020/2021

Notes to the Financial Report
For the Year Ended 30 June 2021

Note 5	Our financial position cont'd	2021	2020
5.1	(c) Trade and other receivables	\$'000	\$'000
	Current		
	Rates debtors	2,134	1,896
	Net GST Receivable	194	225
	Infringement debtors	49	4
	Other debtors	883	2,312
	Provision for doubtful debts - other debtors	(15)	(5)
	Total current trade and other receivables	3,245	4,432
	Non-current		
	<i>Statutory receivables</i>		
	Special rate scheme	40	62
	Total non-current trade and other receivables	40	62
	Total trade and other receivables	3,285	4,494

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

(d) Ageing of Receivables

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

Current (not yet due)	452	1,192
Past due by up to 30 days	360	1,052
Past due between 31 and 60 days	28	14
Past due between 61 and 90 days	2	12
Past due by more than 90 days	41	42
Total trade and other receivables	883	2,312

(e) Ageing of individually impaired Receivables

At balance date, other debtors representing financial assets with a nominal value of \$15k (2020: \$7k) were impaired. The amount of the provision raised against these debtors was \$10k (2020: \$5k). They individually have been impaired as a result of their doubtful collection. Many of the long outstanding past due amounts have been lodged with Council's debt collectors or are on payment arrangements.

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

Current (not yet due)	-	1
Past due by up to 30 days	-	2
Past due between 31 and 180 days	7	-
Past due between 181 and 365 days	2	-
Past due by more than 1 year	6	4
Total trade & other receivables	15	7

Southern Grampians Shire Council - Financial Report 2020/2021

Notes to the Financial Report
For the Year Ended 30 June 2021

5.2 Non-financial assets	2021	2020
(a) Inventories	\$'000	\$'000
Inventories held for distribution	421	499
Land held for Inventory	135	135
Total inventories	556	634

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

(b) Other assets

Prepayments	466	372
Accrued income	5	10
Total other assets	471	382

5.3 Payables

(a) Trade and other payables

Trade payables	1,321	1,030
Rate Revenue received in Advance	441	357
Employee Costs	643	550
Fire Services Levy	232	202
Accrued expenses	62	426
Total trade and other payables	2,699	2,565

(b) Trust funds and deposits

Refundable deposits	21	21
Retention amounts	351	760
Total trust funds and deposits	372	781

(c) Unearned income

Grants received in advance	3,042	662
Other	72	35
Total unearned income	3,114	697

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

Purpose and nature of items

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.

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.

Southern Grampians Shire Council - Financial Report 2020/2021

Notes to the Financial Report
For the Year Ended 30 June 2021

5.4 Interest-bearing liabilities	2021 \$'000	2020 \$'000
Current		
Borrowings - secured	529	573
	529	573
Non-current		
Borrowings - secured	2,385	2,913
	2,385	2,913
Total	2,914	3,486

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

Not later than one year	529	573
Later than one year and not later than five years	1,540	1,868
Later than five years	845	1,045
	2,914	3,486

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

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

5.5 Provisions

	Employee	Landfill restoration	Total
2021	\$ '000	\$ '000	\$ '000
Balance at beginning of the financial year	5,880	4,746	10,626
Amounts used	(1,504)	(1,170)	(2,674)
Adjustment to provision	2,029	(1,769)	260
Change in the discounted amount arising because of time and the effect of any change in the discount rate	(409)	(98)	(507)
Balance at the end of the financial year	5,996	1,709	7,705

	Employee	Landfill restoration	Total
2020			
Balance at beginning of the financial year	5,513	5,548	11,061
Additional provisions	1,752	-	1,752
Amounts used	(1,552)	-	(1,552)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	167	(802)	(635)
Balance at the end of the financial year	5,880	4,746	10,626

Southern Grampians Shire Council - Financial Report 2020/2021

Notes to the Financial Report
For the Year Ended 30 June 2021

	2021 \$'000	2020 \$'000
(a) Employee provisions		
Current provisions expected to be wholly settled within 12 months		
Annual leave	1,033	1,050
Long service leave	125	224
Time in Lieu	153	167
	1,311	1,441
Current provisions expected to be wholly settled after 12 months		
Annual leave	1,091	868
Long service leave	2,976	2,920
	4,067	3,788
Total current employee provisions	5,378	5,229
Non-current		
Long service leave	618	651
Total non-current employee provisions	618	651
Aggregate carrying amount of employee provisions:		
Current	5,378	5,229
Non-current	618	651
Total aggregate carrying amount of employee provisions	5,996	5,880

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

Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulated sick leave expected to be wholly settled within 12 months of the reporting date are recognised in the provision for employee benefits in respect of employee services up to the reporting date, classified as current liabilities and measured at their nominal values.

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

Long service leave

Liability for long service leave (LSL) is recognised in the provision for employee benefits. LSL is measured at present value. Unconditional LSL is disclosed as a current liability. 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.

Key assumptions:	2021	2020
- discount rate	0.150%	0.240%
- index rate	2.950%	4.250%

(b) Landfill restoration

Current	276	1,825
Non-current	1,433	2,922
	1,709	4,747

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

Key assumptions:	2021	2020
- discount rate	0.180%	0.580%
- index rate	2.000%	2.000%

Southern Grampians Shire Council - Financial Report 2020/2021

Notes to the Financial Report

For the Year Ended 30 June 2021

5.6 Financing arrangements

	2021	2020
The Council has the following funding arrangements in place as at 30 June 2021.		
Bank overdraft	1,000	1,000
Credit card facilities	250	250
Other facilities	2,914	3,486
Total facilities	4,164	4,736
Used facilities	(2,914)	(3,486)
Unused facilities	1,250	1,250

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.

2021	Not later than 1	Later than 1	Later than 2	Later than 5	Total
	year	year and not later than 2 years	years and not later than 5 years	years	
	\$'000	\$'000	\$'000	\$'000	\$'000
Operating					
Corporate Administration	195	165			360
Infrastructure	23				23
Meals for delivery	284				284
Waste Management	1,386				1,386
Planning & Development	25				25
Total	1,913	165	-	-	2,078
Capital					
Infrastructure	1,027	-	-	-	1,027
Recreation	550	-	-	-	550
Waste Management	303	-	-	-	303
Total	1,880	-	-	-	1,880
	3,793	165	-	-	3,958

2020	Not later than 1	Later than 1	Later than 2	Later than 5	Total
	year	year and not later than 2 years	years and not later than 5 years	years	
	\$'000	\$'000	\$'000	\$'000	\$'000
Operating					
Corporate Administration	169	57	-	-	226
Infrastructure	29	-	-	-	29
Meals for delivery	363	281	-	-	644
Recreation	402	-	-	-	402
Waste Management	1,848	1,386	-	-	3,234
Planning & Development	55				55
Total	2,866	1,724	-	-	4,590
Capital					
		-	-	-	-
Total	-	-	-	-	-
	2,866	1,724	-	-	4,590

Southern Grampians Shire Council - Financial Report 2020/2021

Notes to the Financial Report For the Year Ended 30 June 2021

5.8 Leases

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

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

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

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

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

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

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

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

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

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

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.

As at 30 June 2021, Southern Grampians Shire Council does not have any leases to disclose.

Note 6 Assets we manage

	2021	2020
	\$'000	\$'000
6.1 Non current assets classified as held for sale		
Land held for Sale	-	185
Total non current assets classified as held for sale	-	185

Non-current assets classified as held for sale (including disposal groups) are measured at the lower of its carrying amount and fair value less costs of disposal, and are not subject to depreciation. Non-current assets, disposal groups and related liabilities and assets are treated as current and classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset's sale (or disposal group sale) is expected to be completed within 12 months from the date of classification. Council did not have any land held for sale as at 30 June 2021.

Southern Grampians Shire Council - Financial Report 2020/2021

Notes to the Financial Report
For the Year Ended 30 June 2021

6.2 Property, infrastructure, plant and equipment

Summary of property, infrastructure, plant and equipment

	At Fair Value 30 June 2020	Additions via Capital Works	Contributions, Gifted & Found	Revaluation	Depreciation	Disposal	Write-off	Transfers	At Fair Value 30 June 2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Property	56,765	264	-	1,627	(1,209)	-	-	483	57,930
Plant and equipment	25,815	1,515	43	-	(1,274)	(318)	-	-	25,781
Infrastructure	261,262	5,812	-	30,492	(9,055)	-	-	3,930	292,441
Work in progress	8,940	3,712	-	-	-	-	(1,580)	(4,409)	6,663
Total Non Current Property, Infrastructure, Plant & Equipment	352,782	11,303	43	32,119	(11,538)	(318)	(1,580)	4	382,815
Land held for resale	185	-	-	-	-	(185)	-	-	-
Total Current & Non Current Property, Infrastructure, Plant & Equipment	352,967	11,303	43	32,119	(11,538)	(503)	(1,580)	4	382,815

Summary of Work in Progress	Opening WIP	Additions	Write-off	Transfers	Closing WIP
	\$'000	\$'000	\$'000	\$'000	\$'000
Property	3,079	709	(25)	-	3,763
Infrastructure	5,861	3,003	(1,555)	(4,409)	2,900
Total	8,940	3,712	(1,580)	(4,409)	6,663

(a) Property

	Land - specialised	Land - non specialised	Land improvements	Total Land & Land Improvements	Buildings - specialised	Total Buildings	Work In Progress	Total Property
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2020	11,633	179	583	12,395	74,814	74,814	3,079	90,288
Accumulated depreciation at 1 July 2020	-	-	(144)	(144)	(30,300)	(30,300)	-	(30,444)
	11,633	179	439	12,251	44,514	44,514	3,079	59,844
Movements in fair value								
Additions	-	-	-	-	264	264	709	973
Contributions	-	-	-	-	-	-	-	-
Revaluation	1,627	-	-	1,627	-	-	-	1,627
Write-off	-	-	-	-	-	-	(25)	(25)
Transfers	-	-	-	-	483	483	-	483
Impairment losses recognised in operating result	-	-	-	-	-	-	-	-
	1,627	-	-	1,627	747	747	684	3,058
Movements in accumulated depreciation								
Depreciation and amortisation	-	-	(6)	(6)	(1,203)	(1,203)	-	(1,209)
	-	-	(6)	(6)	(1,203)	(1,203)	-	(1,209)
At fair value 30 June 2021	13,260	179	583	14,022	75,561	75,561	3,763	93,346
Accumulated depreciation at 30 June 2021	-	-	(150)	(150)	(31,503)	(31,503)	-	(31,653)
	13,260	179	433	13,872	44,058	44,058	3,763	61,693

Southern Grampians Shire Council - Financial Report 2020/2021

Notes to the Financial Report
For the Year Ended 30 June 2021

(b) Plant and Equipment

	Plant machinery and equipment \$'000	Fixtures fittings and furniture \$'000	Art Collection \$'000	Library books \$'000	Total plant and equipment \$'000
At fair value 1 July 2020	15,367	3,982	17,112	467	36,928
Accumulated depreciation at 1 July 2020	(8,337)	(2,776)	-	-	(11,113)
	7,030	1,206	17,112	467	25,815
Movements in fair value					
Additions	1,423	21	55	59	1,558
Disposal	(441)			(61)	(502)
Transfers					-
	982	21	55	(2)	1,056
Movements in accumulated depreciation					
Depreciation and amortisation	(1,045)	(229)	-		(1,274)
Accumulated depreciation of disposals	184				184
	(861)	(229)	-	-	(1,090)
At fair value 30 June 2021	16,349	4,003	17,167	465	37,984
Accumulated depreciation at 30 June 2021	(9,198)	(3,005)	-	-	(12,203)
	7,151	998	17,167	465	25,781

(c) Infrastructure

	Roads \$'000	Bridges \$'000	Footpaths and cycleways \$'000	Drainage \$'000	Aerodromes \$'000	Off street car parks	Other Infrastructure \$'000	Work In Progress \$'000	Total Infrastructure \$'000
At fair value 1 July 2020	326,739	45,410	18,585	9,618	3,740	800	32,758	5,861	443,511
Accumulated depreciation at 1 July 2020	(127,265)	(18,305)	(5,815)	(5,223)	(1,978)	(78)	(17,724)	-	(176,388)
	199,474	27,105	12,770	4,395	1,762	722	15,034	5,861	267,123
Movements in fair value									
Additions	4,623	573					3,618	3,003	11,817
Contributions									-
Revaluation		36,170		14,017	1,073	45	7,936		59,241
Write-off								(1,555)	(1,555)
Transfers	582	434					(89)	(4,409)	(3,482)
	5,205	37,177	-	14,017	1,073	45	11,465	(2,961)	66,021
Movements in accumulated depreciation									
Depreciation and amortisation	(6,534)	(821)	(331)	(238)	(91)	(38)	(1,001)		(9,054)
Accumulated depreciation of disposals									-
Revaluation		(14,925)		(7,693)	(390)	(47)	(5,694)		(28,749)
Impairment losses recognised in operating result									-
Transfers									-
	(6,534)	(15,746)	(331)	(7,931)	(481)	(85)	(6,695)	-	(37,803)
At fair value 30 June 2021	331,944	82,587	18,585	23,635	4,813	845	44,223	2,900	509,532
Accumulated depreciation at 30 June 2021	(133,799)	(34,051)	(6,146)	(13,154)	(2,459)	(163)	(24,419)	-	(214,191)
	198,145	48,536	12,439	10,481	2,354	682	19,804	2,900	295,341

Southern Grampians Shire Council
Notes to the Financial Report
For the Year Ended 30 June 2021

Acquisition

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

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

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

Asset recognition thresholds and depreciation periods	Depreciation Period	Threshold Limit
		\$'000
Land & land improvements		
Land improvements	100 years	10
Buildings		
Buildings	25-110 years	10
Plant and Equipment		
Plant, machinery and equipment	3-15 years	3
Fixtures, fittings & furniture	3-15 years	3
Computers & telecommunications	3-5 years	3
Infrastructure		
Road pavements & substructures - Urban	115 years	10
Road pavements & substructures - All Others	60 years	10
Seals - All Other	43 years	10
Seals - Asphalt	28 years	10
Road kerb, channel and minor culverts	97-100 years	10
Bridges deck	100 years	10
Bridges substructure	100 years	10
Footpaths and cycleways	10-70 years	10
Drainage	100 years	10

Land under roads

Council recognises land under roads it controls at fair value.

Depreciation and amortisation

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

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

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

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

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

Repairs and maintenance

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

Leasehold improvements

Leasehold improvements are recognised at cost and are amortised over the unexpired period of the lease or the estimated useful life of the improvement, whichever is the shorter.

Southern Grampians Shire Council
Notes to the Financial Report
For the Year Ended 30 June 2021

Valuation of land and buildings

Valuation of land was undertaken by a qualified independent valuers, Opteon Property Group as at 1 January 2021. The valuation of land and buildings is at fair value, being market value based on highest and best use permitted by relevant land planning provisions. Where land use is restricted through existing planning provisions the valuation is reduced to reflect this limitation. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the comprehensive income statement.

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

Any significant movements in the unobservable inputs for land and land under roads will have a significant impact on the fair value of these assets. The date of the current valuation is detailed in the following table.

Details of the Council's land and buildings and information about the fair value hierarchy as at 30 June 2021 are as follows:

	Level 1	Level2	Level 3	Date of Valuation
	\$'000	\$'000	\$'000	
Land	-	179	-	1-Jan-21
Specialised land	-	-	13,261	1-Jan-21
Land Improvements	-	-	433	1-Jan-21
Buildings	-	-	44,058	1-Jan-21
Total	-	179	57,752	

Council does not consider that the impact of COVID-19 on land and building valuations is significant as at 30 June 2021, however will closely monitor valuations over the 2021/22 financial year to again assess the impact.

Valuation of infrastructure

Valuation of infrastructure assets has been determined in accordance with a valuation undertaken by Rohit Srivastava, Manager of Assets (Bachelor of Engineering, Post Graduate Diploma in Environment Engineering, Master of Engineering), with condition assesment conducted by independent expert Peter Moloney from Peter Moloney Asset Management

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

Details of the Council's infrastructure and information about the fair value hierarchy as at 30 June 2021 are as follows:

	Level 1	Level2	Level 3	Date of Valuation
	\$'000	\$'000	\$'000	
Roads	-	-	198,169	30-Sep-19
Bridges	-	-	48,536	1-Jan-21
Footpaths and cycleways	-	-	12,439	30-Sep-19
Drainage	-	-	10,481	1-Jan-21
Aerodromes	-	-	2,354	1-Jan-21
Off street car parks	-	-	682	1-Jan-21
Other infrastructure	-	-	16,305	1-Jan-21
Total	-	-	288,966	

Southern Grampians Shire Council
Notes to the Financial Report
For the Year Ended 30 June 2021

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. The market value of land varies significantly depending on the location of the land and the current market conditions. Council does not recognise any Land under roads at this point in time.

Specialised buildings are valued using a depreciated replacement cost technique. Significant unobservable inputs include the current replacement cost and remaining useful lives of buildings. Current replacement costs are calculated on a square metre basis. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary. 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 depreciated 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. 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.

Art Collection. The entire Collection was reviewed by a panel of various experts as at 1 January 2019 resulting in a value of \$17m.

	2021	2020
	\$'000	\$'000
Reconciliation of specialised land		
Land under roads	-	-
Parks and reserves	-	-
Community Services	731	708
Corporate & Governance	1,948	1,399
Infrastructure	4,225	3,649
Recreation & Open Space	6,357	5,877
Total specialised land	13,261	11,633

Southern Grampians Shire Council - Financial Report 2020/2021

Notes to the Financial Report

For the Year Ended 30 June 2021

	2021 \$'000	2020 \$'000
6.3 Investment property		
Balance at beginning of financial year	2,300	2,720
Additions		-
Transfer to Work in Progress		(420)
Fair value adjustments	950	-
Balance at end of financial year	<u>3,250</u>	<u>2,300</u>

Investment property is held to generate long-term rental yields. Investment property is measured initially at cost, including transaction costs. Costs incurred subsequent to initial acquisition are capitalised when it is probable that future economic benefit in excess of the originally assessed performance of the asset will flow to the Council. Subsequent to initial recognition at cost, investment property is carried at fair value, determined annually by independent valuers. Changes to fair value are recorded in the comprehensive income statement in the period that they arise.

Valuation of investment property

Valuation of investment property has been determined in accordance with an independent valuation by Preston Rower Patterson Pty Ltd who has recent experience in the location and category of the property being valued. The valuation is at fair value, based on the current market value for the property.

Southern Grampians Shire Council - Financial Report 2020/2021

Notes to the Financial Report For the Year Ended 30 June 2021

	2021 No.	2020 No.
Note 7 People and relationships		
7.1 Council and key management remuneration		
(a) Related Parties		
<i>Parent entity</i>		
Southern Grampians Shire Council is the parent entity.		
(b) Key Management Personnel		
Details of persons holding the position of Councillor or other members of key management personnel at any time during the year are:		
	2021 No.	2020 No.
Councillors		
Councillor C Sharples - Mayor (July 2020 - Oct 2020)		
Councillor B Colliton - Mayor (Nov 2020 - June 2021)		
Councillor C Dunkley - Deputy Mayor (July 2020 - Oct 2020)		
Councillor D Robertson - Deputy Mayor (Nov 2020 - June 2021)		
Councillor C Armstrong (July 2020 - Oct 2020)		
Councillor MA Brown (July 2020 - June 2021)		
Councillor A Calvano (July 2020 - June 2021)		
Councillor H Henry (Nov 2020 - June 2021)		
Councillor G McAdam (July 2020 - June 2021)		
Councillor K Rainsford (Nov 2020 - June 2021)		
Chief Executive Officer and other Key Management Personnel		
Chief Executive Officer - Michael G Tudball		
Director Community & Corporate Services - Evelyn M Arnold		
Director Planning & Development - Andrew Goodsell		
Director Shire Infrastructure - David J Moloney (July 20 - Jan 21)		
Acting Director Infrastructure - Belinda Johnson (Dec 20 -May 21)		
Director Infrastructure - Marg Scanlan (May 21 - Current)		
Total Number of Key Management Personnel	16	11
(c) Remuneration of Key Management Personnel		
Total remuneration of key management personnel was as follows:	\$	\$
Short-term benefits	1,096	983
Long-term benefits	17	18
Post employment benefits	79	81
Termination benefits	33	-
Total	1,225	1,082
The numbers of key management personnel whose total remuneration from Council and any related entities, fall within the following bands:		
	No.	No.
\$0 - \$9,999	2	
\$20,000 - \$29,999	8	5
\$30,000 - \$39,999	-	1
\$50,000 - \$59,999	1	1
\$140,000 - \$149,999	1	-
\$160,000 - \$169,999	1	-
\$180,000 - \$189,999	-	1
\$190,000 - \$199,999	1	-
\$200,000 - \$209,999	1	2
\$280,000 - \$289,999	1	1
	16	11

Southern Grampians Shire Council - Financial Report 2020/2021

Notes to the Financial Report
For the Year Ended 30 June 2021

(d) Senior Officer Remuneration

A Senior Officer is an officer of Council, other than Key Management Personnel, who:

- a) has management responsibilities and reports directly to the Chief Executive; **or**
- b) whose total annual remuneration exceeds \$151,000 (2020:151,000)

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

	2021	2020
Income Range:	No.	No.
\$151,000 - \$159,999	4	6
\$160,000 - \$169,999	4	2
	4	8
Total Remuneration for the reporting year for Senior Officers included above, amounted to:	624	1,261

7.2 Related party disclosure

(a) Transactions with related parties

During the period Council entered into the following transactions with related parties. Nothing to Disclose

(b) Outstanding balances with related parties

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties Nothing to Disclose

(c) Loans to/from related parties

The aggregate amount of loans in existence at balance date that have been made, guaranteed or secured by the council to a related party as follows: Nothing to Disclose

(d) Commitments to/from related parties

The aggregate amount of commitments in existence at balance date that have been made, guaranteed or secured by the council to a related party are as follows: Nothing to Disclose

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**Operating lease receivables**

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

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

	2021	2020
	\$'000	\$'000
Not later than one year	464	465
Later than one year and not later than five years	1,101	1,007
Later than five years	121	121
	1,686	1,593

(b) Contingent liabilities**Superannuation**

Council has obligations under a defined benefit superannuation scheme that may result in the need to make additional contributions to the scheme. As a result of the volatility in financial markets the likelihood of making such contributions in future periods exists.

Landfills

Council is responsible for two closed landfills (Hamilton and Coleraine). Council will have to carry out site rehabilitation works in the future. At balance date, Council estimated the financial implications of such works and made provision in its balance sheet. Each year this estimate is revised and any movement shown through the comprehensive income statement. Council also maintains a term deposit to the value of the non-current proportion of this provision.

Insurance claims

At balance date, there were no major insurance claims that could have a material impact on future operations.

Flood & Storm Events

Over the past 5 years, Council has been subject to a number of storm events which have impacted the condition of various assets. Individual events are claimed either through insurances or through the Emergency Management Victoria claims process. Significant assets which are impaired will be adjusted, otherwise rectification works will occur through capital works programs or maintenance expenditure.

During the process of restoration of impaired assets, further assets have been identified that may require works into the future. Significant issues are recorded in Council's Risk Register whilst Investigation continues into the ownership/responsibility of these assets and their condition status. These assets include, (but are not limited to) the Lake Hamilton Dam Wall and the Dunkeld Dam Wall/Arboretum Road.

Liability Mutual Insurance

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

MAV Workcare

In November 2017, the Victorian WorkCover Authority (the Authority) granted the Municipal Association of Victoria (MAV) a three-year self-insurance licence allowing it to provide workers' compensation insurance to Victorian councils. When the MAV WorkCare Scheme commenced, there were 31 inaugural members, including the MAV. In accordance with the Authority's decision not to renew the MAV's self-insurance licence, the MAV WorkCare Scheme ceased operation on 30 June 2021. The MAV is continuing to support the orderly transition of claims management responsibilities to the Authority. Council was a participant of the MAV WorkCare Scheme. The MAV WorkCare Scheme participation agreement stated that each participant would remain liable to make further contributions to the Scheme in respect of any insurance year in which it was a participant to the extent of its participant's share of any shortfall in the provision set aside in respect of that insurance year, and such liability would continue whether or not the participant remained a participant in future insurance years. The net financial impact on Council as a result of the cessation of the MAV WorkCare Scheme for the 2020-21 financial year is yet to be determined. Any obligation is dependent upon the Authority's initial actuarial assessment of the tail claims liabilities of the MAV WorkCare Scheme. In accordance with the Workplace Injury Rehabilitation and Compensation Act 2013, there is a six- year liability period following the cessation of the MAV WorkCare Scheme. During the liability period, adjustment payments may be required (or received) by Council. The determination of any adjustment payments is dependent upon revised actuarial assessments of the Scheme's tail claims liabilities as undertaken by the Authority.

Mount Napier Quarry

Council has identified a potential liability for the remediation of the Mount Napier Quarry. Whilst these works have been accommodated in the lease document, there is always a residual risk of non-compliance.

8.2 Change in accounting standards

Certain new Australian Accounting Standards and interpretations have been published that are not mandatory for the 30 June 2021 reporting period. Council assesses the impact of these new standards. As at 30 June 2021 there were no new accounting standards or interpretations issued by the AASB which are applicable for the year ending 30 June 2022 that are expected to impact Council.

8.3 Financial instruments

(a) Objectives and policies

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

(b) Market risk

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

Interest rate risk

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

Investment of surplus funds is made with approved financial institutions under the *Local Government Act 1989*. 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 have exposure to credit risk on some financial assets included in the balance sheet. Particularly significant areas of credit risk exist in relation to outstanding fees and fines as well as loans and receivables from sporting clubs and associations. To help manage this risk:

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

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

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

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

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

(d) Liquidity risk

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

To help reduce these risks Council:

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

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

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

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

(e) Sensitivity disclosure analysis

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

- A parallel shift of + 0.25% and -0.25% in market interest rates (AUD) from year-end rates of 0.26%.

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.

Southern Grampians Shire Council - Financial Report 2020/2021

Notes to the Financial Report For the Year Ended 30 June 2021

8.4 Fair value measurement

Fair value hierarchy

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

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

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

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

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

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

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

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

Revaluation

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

Fair value valuations are determined in accordance with a valuation hierarchy. Changes to the valuation hierarchy will only occur if an external change in the restrictions or limitations of use of an asset result in changes to the permissible or practical highest and best use of the asset. In addition, Council undertakes a formal revaluation of land, buildings, and infrastructure assets on a regular basis ranging from 4 to 10 years. The valuation is performed either by experienced council officers or independent experts.

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

Impairment of assets

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

8.5 Events occurring after balance date

No specific new matters have occurred after balance date that require disclosure in the financial report, however the impact of COVID19 is expected to continue to impact well in the 2020/21 financial year and possibly beyond - See Note 11

Southern Grampians Shire Council - Financial Report 2020/2021

Notes to the Financial Report
For the Year Ended 30 June 2021

Note 9 Other matters

9.1 Reserves	Balance at beginning of reporting period \$'000	Increment (decrement) \$'000	Balance at end of reporting period \$'000
(a) Asset revaluation reserves			
2021			
Property			
Land and land improvements	3,546	1,628	5,174
Plant & Equipment	474	-	474
Buildings	28,539	-	28,539
	32,559	1,628	34,187
Infrastructure			
Roads	150,782	(3)	150,779
Bridges	22,186	21,247	43,433
Footpaths and cycleways	10,944	-	10,944
Drainage	4,189	6,323	10,512
Other infrastructure	316	2,924	3,240
	188,417	30,491	218,908
Total asset revaluation reserves	220,976	32,119	253,095
2020			
Property			
Land and land improvements	3,546		3,546
Art Collection			-
Plant & Equipment	474		474
Buildings	28,539		28,539
	32,559	-	32,559
Infrastructure			
Roads	119,515	31,267	150,782
Bridges	22,186		22,186
Footpaths and cycleways	7,318	3,626	10,944
Drainage	4,189		4,189
Other infrastructure	316		316
	153,524	34,893	188,417
Total asset revaluation reserves	186,083	34,893	220,976

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

Southern Grampians Shire Council - Financial Report 2020/2021

Notes to the Financial Report For the Year Ended 30 June 2021

	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				
2021				
Subdividers Contributions	287	39	-	326
Parking Development Reserve	98	-	-	98
Drainage Headworks Reserve	97	-	-	97
Total Other reserves	482	39	-	521
2020				
Subdividers Contributions	274	13	-	287
Parking Development Reserve	98	-	-	98
Drainage Headworks Reserve	97	-	-	97
Waste Levy Reserve	393	57	(450)	-
Total Other reserves	862	70	(450)	482

Subdividers Contributions are in lieu of provision of recreational land within a subdivision. These funds are used to develop strategically located parks and reserves for the benefit of residents in the general area, as provided in the Subdivision Act 1988 and Planning and Environment Act 1987.

The Parking Development Reserve is in lieu of provision of off-site parking as part of a development. These funds are used for the purchase and development of public access parking in the general area.

The Drainage Headworks Reserve is in lieu of meeting the cost to develop, upgrade and/or renew drainage infrastructure downstream of any subdivision development, a charge is levied on subdivision developers.

10 Change in accounting policy

AASB 1059 Service Concession Arrangements: Grantors (AASB 1059) (applies 2020/21 for LG Sector)

Council has adopted AASB 1059 Service Concession Arrangements: Grantors, from 1 July 2020. This has resulted in no changes in accounting policies and adjustments to any amounts recognised in the financial statements. Council does not consider it has any assets which are subject to Service Concession arrangements.

AASB 2018-7 Amendments to Australian Accounting Standards - Definition of Material (applies 2020/21 for LG Sector)

Council has adopted AASB 2018-7 Amendments to Australian Accounting Standards - Definition of Material, from 1 July 2020. All information has been disclosed where material in nature, amount and impact to ensure primary users of the general purpose financial statements are informed and can make decisions on the basis of the information disclosed regarding the entity.

AASB 2019-1 Amendments to Australian Accounting Standards - References to the Conceptual Framework (applies 2020/21 for LG Sector)

Council has adopted AASB 2019-1 Amendments to Australian Accounting Standards - References to the Conceptual Framework from 1 July 2020. These financial statements present fairly the financial position, financial performance and cash flows of Council. There is a fair presentation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the Conceptual Framework for financial reporting.

11 Exceptional Circumstances - COVID19

On 30 January 2020, COVID 19 was declared as a global pandemic by the World Health Organisation. Since then, various measures have been taken by all three levels of Government in Australia to reduce the spread of COVID-19. This crisis and measures taken to mitigate it has impacted council operations in the following areas (but not limited to) for the financial years ended 30 June 2020 and 2021. It should be noted that some impacts are quite minor. Where the impact has been significant, specific notes have been added.

Operating revenue for some facilities/services has been impacted - for instance Hamilton Indoor Leisure and Aquatic facility - however the operating expenses have also reduced due to the closure of the facility. This is similar for other services such as the Performing Arts Centre, Cinema, Hamilton Art Gallery and Library.

There have been some reductions in casual employee costs due to the above sample of service closures, however Council was able to obtain State Government Funding for the Working for Victoria Program which has enabled the employment of several new staff into new areas of service such as (but not limited to) additional cleaning roles, open space maintenance and development, replacement of some volunteer services and assistance in the business support and economic development services.

There has not been a significant impact on Council's general receivables at 30 June 2020 or 30 June 2021 with detailed analysis showing only very minor increases (after taking into consideration levels of operations) and nominal increase in rate receivables. Council prepared a specific COVID-19 Hardship assistance Policy for the 2020/21 financial year which was accessed by a number of customers.