

**Southern Grampians Shire Council  
ANNUAL FINANCIAL REPORT**

*For the Year Ended 30 June 2022*

**Southern Grampians Shire Council**  
**Financial Report**  
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## **Certification of the Financial Statements**

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

*Belinda J Johnson, B Comm. CPA*  
**Principal Accounting Officer**

**Date :** <Date>

*Hamilton*

In our opinion, the accompanying financial statements present fairly the financial transactions of the Southern Grampians Shire Council for the year ended 30 June 2022 and the financial position of the Council as at that date.

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

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

<Councillor 1 Name>

**Councillor**

**Date :** <Date>

*Hamilton*

<Councillor 2 Name>

**Councillor**

**Date :** <Date>

*Hamilton*

*Tony Doyle*

**Chief Executive Officer**

**Date :** <Date>

*Hamilton*

## Comprehensive Income Statement For the Year Ended 30 June 2022

	Note	2022 \$'000	2021 \$'000
<b>Income</b>			
Rates and charges	3.1	22,085	21,946
Statutory fees and fines	3.2	639	694
User fees	3.3	5,686	5,498
Grants - operating	3.4	14,279	13,268
Grants - capital	3.4	4,094	5,819
Contributions - monetary	3.5	508	165
Contributions - non monetary	3.5	214	132
Adjustment to Landfill Provision	5.5	-	1,769
Net gain (or loss) on disposal of property, infrastructure, plant and equipment	3.6	352	75
Fair value adjustments for investment property	6.4	50	950
Other income	3.7	1,012	341
<b>Total income</b>		<b>48,919</b>	<b>50,657</b>
<b>Expenses</b>			
Employee costs	4.1	(20,346)	(20,931)
Materials and services	4.2	(10,843)	(10,805)
Depreciation	4.3	(11,835)	(11,538)
Bad and doubtful debts	4.4	(3)	(10)
Borrowing costs	4.5	(98)	(127)
Waste Disposal Costs	4.6	(656)	(1,331)
Other expenses	4.7	(3,132)	(2,882)
<b>Total expenses</b>		<b>(46,913)</b>	<b>(47,624)</b>
<b>Surplus/(deficit) for the year</b>		<b>2,006</b>	<b>3,033</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to surplus or deficit in future periods</b>			
Net asset revaluation increment/(decrement)	6.2	41,711	32,118
<b>Items that may be reclassified to surplus or deficit in future periods</b>			
<b>Total other comprehensive income</b>		<b>41,711</b>	<b>32,118</b>
<b>Total comprehensive result</b>		<b>43,717</b>	<b>35,151</b>

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

## Balance Sheet As at 30 June 2022

	Note	2022 \$'000	2021 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	5.1	8,541	6,907
Trade and other receivables	5.1	3,422	3,245
Other financial assets	5.1	14,531	19,813
Inventories	5.2	538	556
Other assets	5.2	483	471
<b>Total current assets</b>		<b>27,515</b>	<b>30,992</b>
<b>Non-current assets</b>			
Trade and other receivables	5.1	37	40
Property, infrastructure, plant and equipment	6.2	427,222	382,815
Right-of-use assets	5.8	-	-
Investment property	6.4	3,300	3,250
<b>Total non-current assets</b>		<b>430,559</b>	<b>386,105</b>
<b>Total assets</b>		<b>458,074</b>	<b>417,097</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	5.3	3,266	2,699
Trust funds and deposits	5.3	450	372
Unearned income/revenue	5.3	1,795	3,114
Provisions	5.5	4,810	5,654
Interest-bearing liabilities	5.4	556	529
<b>Total current liabilities</b>		<b>10,877</b>	<b>12,368</b>
<b>Non-current liabilities</b>			
Provisions	5.5	1,359	2,051
Interest-bearing liabilities	5.4	1,828	2,385
<b>Total non-current liabilities</b>		<b>3,187</b>	<b>4,436</b>
<b>Total liabilities</b>		<b>14,064</b>	<b>16,804</b>
<b>Net assets</b>		<b>444,010</b>	<b>400,293</b>
<b>Equity</b>			
Accumulated surplus		148,664	146,678
Reserves	9.1	295,346	253,615
<b>Total Equity</b>		<b>444,010</b>	<b>400,293</b>

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

## Statement of Changes in Equity For the Year Ended 30 June 2022

2022	Note	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
Balance at beginning of the financial year		400,293	146,678	253,094	521
Surplus/(deficit) for the year		2,006	2,006	-	-
Net asset revaluation increment/(decrement)	6.2	41,711	-	41,711	-
Transfers to other reserves	9.1	-	(20)	-	20
Transfers from other reserves	9.1	-	-	-	-
		<b>444,010</b>	<b>148,664</b>	<b>294,805</b>	<b>541</b>
<b>Balance at end of the financial year</b>		<b>444,010</b>	<b>148,664</b>	<b>294,805</b>	<b>541</b>

2021		Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
Balance at beginning of the financial year		365,142	143,684	220,976	482
Impact of change in accounting policy -AASB 1059: Service concession arrangements: grantors	10	-	-	-	-
Adjusted opening balance		<b>365,142</b>	<b>143,684</b>	<b>220,976</b>	<b>482</b>
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	-	-	-	-
		<b>400,293</b>	<b>146,678</b>	<b>253,094</b>	<b>521</b>
<b>Balance at end of the financial year</b>		<b>400,293</b>	<b>146,678</b>	<b>253,094</b>	<b>521</b>

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

## Statement of Cash Flows For the Year Ended 30 June 2022

	Note	2022 Inflows/ (Outflows) \$'000	2021 Inflows/ (Outflows) \$'000
<b>Cash flows from operating activities</b>			
Rates and charges		21,975	21,793
Statutory fees and fines		610	671
User fees		5,702	6,932
Grants - operating		14,321	13,715
Grants - capital		2,733	7,789
Contributions - monetary		509	-
Interest received		173	208
Trust funds and deposits taken		310	151
Other receipts		568	295
Net GST refund/payment		20	31
Employee costs		(20,982)	(20,722)
Materials and services		(11,250)	(12,195)
Trust funds and deposits repaid		(232)	(560)
Other payments		(3,251)	(2,422)
<b>Net cash provided by/(used in) operating activities</b>		<b>11,206</b>	<b>15,686</b>
<b>Cash flows from investing activities</b>			
Payments for property, infrastructure, plant and equipment	6.2	(15,039)	(11,303)
Proceeds from sale of property, infrastructure, plant and equipment		826	518
Payments for investments		5,282	(4,613)
<b>Net cash provided by/(used in) investing activities</b>		<b>(8,931)</b>	<b>(15,398)</b>
<b>Cash flows from financing activities</b>			
Finance costs		(98)	(127)
Repayment of borrowings		(530)	(572)
<b>Net cash provided by/(used in) financing activities</b>		<b>(628)</b>	<b>(699)</b>
Net increase (decrease) in cash and cash equivalents		1,647	(411)
Cash and cash equivalents at the beginning of the financial year		6,907	7,318
<b>Cash and cash equivalents at the end of the financial year</b>		<b>8,554</b>	<b>6,907</b>
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.

## Statement of Capital Works For the Year Ended 30 June 2022

	Note	2022 \$'000	2021 \$'000
<b>Property</b>			
Land		1,314	-
Land improvements		904	512
<b>Total land</b>		<b>2,218</b>	<b>512</b>
Buildings		1,601	461
<b>Total buildings</b>		<b>1,601</b>	<b>461</b>
<b>Total property</b>		<b>3,819</b>	<b>973</b>
<b>Plant and equipment</b>			
Heritage plant and equipment		-	1,444
Plant, machinery and equipment		750	-
Library books		52	59
Art Collection		90	12
<b>Total plant and equipment</b>		<b>892</b>	<b>1,515</b>
<b>Infrastructure</b>			
Roads		5,784	4,624
Bridges		555	573
Footpaths and cycleways		160	-
Recreational, leisure and community facilities		1,559	142
Waste management		686	1,277
Parks, open space and streetscapes		1,464	123
Other infrastructure		199	2,076
<b>Total infrastructure</b>		<b>10,407</b>	<b>8,815</b>
<b>Total capital works expenditure</b>		<b>15,118</b>	<b>11,303</b>
<b>Represented by:</b>			
New asset expenditure		3,937	3,382
Asset renewal expenditure		7,718	7,708
Asset expansion expenditure		15	-
Asset upgrade expenditure		3,448	213
<b>Total capital works expenditure</b>		<b>15,118</b>	<b>11,303</b>

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

## Notes to the Financial Report For the Year Ended 30 June 2022

### Note 1 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 2020*, and the *Local Government (Planning and Reporting) Regulations 2020*.

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

#### Significant accounting policies

##### (a) Basis of accounting

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

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

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

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

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

- the fair value of land, buildings, infrastructure, plant and equipment (refer to Note 6.2)
- 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)
- the determination, in accordance with *AASB 16 Leases*, of the lease term, the estimation of the discount rate when not implicit in the lease and whether an arrangement is in substance short-term or low value (refer to Note 5.8)
- whether or not *AASB 1059 Service Concession Arrangements: Grantors* is applicable
- other areas requiring judgements

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

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

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.

## Notes to the Financial Report For the Year Ended 30 June 2022

### Note 2.1 Performance against budget

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

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

#### 2.1.1 Income and expenditure

	Budget 2022 \$'000	Actual 2022 \$'000	Variance \$'000	Variance %	Ref
<b>Income</b>					
Rates and charges	21,800	22,085	285	1%	
Statutory fees and fines	556	639	83	15%	1
User fees	6,207	5,686	(521)	-8%	
Grants - operating	8,695	14,279	5,584	64%	2
Grants - capital	4,162	4,094	(68)	-2%	
Contributions - monetary	-	508	508	100%	3
Contributions - non monetary	-	214	214	100%	4
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	-	352	352	100%	5
Fair value adjustments for investment property	-	50	50	100%	6
Share of net profits/(losses) of associates and joint ventures	-	-	-	-	
Other income	665	1,012	347	52%	7
<b>Total income</b>	<b>42,085</b>	<b>48,919</b>	<b>6,834</b>	<b>16%</b>	
<b>Expenses</b>					
Employee costs	19,096	20,346	(1,250)	-7%	
Materials and services	10,053	10,843	(790)	-8%	
Depreciation	10,907	11,835	(928)	-9%	
Bad and doubtful debts	-	3	(3)	100%	
Borrowing costs	99	98	1	1%	
Other expenses	4,164	3,788	376	9%	
<b>Total expenses</b>	<b>44,319</b>	<b>46,913</b>	<b>(2,594)</b>	<b>-6%</b>	
<b>Surplus/(deficit) for the year</b>	<b>(2,234)</b>	<b>2,006</b>	<b>4,240</b>	<b>-190%</b>	

#### (i) Explanation of material variations

- 1 Statutory fees and fines - higher fees electon fines 16k, Statutory Planning 36k, building fees 22k, animal rego 16k
- 2 Grants - operating - was higher due to prepayment of 6.3m of the 22-23 Victorian Grants Commission
- 3 Contributions - monetary - contributions to joint projects 329k, PAC creative neighbourhood contribution 150k
- 4 Contributions - non monetary - volunteer contributions 135k, Donated Artworks 79k.
- 5 Net gain on disposal of fleet vehicles due to higher than anticipated resale value.
- 6 Fair value adjustments for quarry on annual revaluation.
- 7 Other income volunteers 145k, traineeships 107k and insurance claims 119k.

Notes to the Financial Report  
For the Year Ended 30 June 2022

2.1.2 Capital works

	Budget 2022 \$'000	Actual 2022 \$'000	Variance \$'000	Variance %	Ref
<b>Property</b>					
Land	-	1,314	1,314	100%	1
Land improvements	1,210	904	(306)	-25%	2
<b>Total land</b>	1,210	2,218	1,008	83%	
Buildings	2,548	1,601	(947)	-37%	
<b>Total buildings</b>	2,548	1,601	(947)	-37%	
<b>Total property</b>	3,758	3,819	61	2%	
<b>Plant and equipment</b>					
Plant, machinery and equipment	1,797	750	(1,047)	-58%	3
Fixtures, fittings and furniture	136	-	(136)	-100%	4
Library books	70	52	(18)	-26%	5
<b>Total plant and equipment</b>	2,003	802	(1,201)	-60%	
<b>Infrastructure</b>					
Roads	7,755	5,784	(1,971)	-25%	6
Bridges	800	555	(245)	-31%	7
Footpaths and cycleways	51	160	109	214%	8
Drainage	-	-	-	-	
Recreational, leisure and community facilities	4,362	1,559	(2,803)	-64%	9
Waste management	-	686	686	100%	10
Parks, open space and streetscapes	20	1,464	1,444	7220%	11
Other infrastructure	3,805	199	(3,606)	-95%	12
<b>Total infrastructure</b>	16,793	10,407	(6,386)	-38%	
<b>Total capital works expenditure</b>	22,554	15,028	(7,526)	-33%	
<b>Represented by:</b>					
New asset expenditure	5,697	3,937	(1,760)	-31%	
Asset renewal expenditure	16,073	7,718	(8,355)	-52%	
Asset expansion expenditure	-	15	15	-	
Asset upgrade expenditure	784	3,448	2,664	340%	
<b>Total capital works expenditure</b>	22,554	15,118	(7,436)	-33%	

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Land	Purchase Lonsdale St land was a Council resolution post budget adoption.
2	Land improvements	Delays to Hamilton Industrial Estate has pushed works into 22-23.
3	Plant, machinery and equipment	COVID supply chain issues with purchasing heavy plant & passenger vehicles.
4	Fixtures, fittings and furniture	Contract Software 50k & HILAC F&E projects 72k delayed to 22-23.
5	Library books	Reduced expenditure to match interest income used to fund some purchases.
6	Roads	Road projects under budget or incomplete include Flood Works 1m, Heavy Vehicle Bypass 500k expensed, Agrilinks Road Upgrade 460k.
7	Bridges	Bridge works contract partially complete, remainder of works in 22-23.
8	Footpaths and cycleways	Dunkeld-Mount Sturgeon Loop Walk Project expenditure c/fwd from 20-21.
9	Recreational, leisure and community facilities	Melville Oval project 2.3m, Soccer Drainage 450k works to start in 22-23.
10	Waste management	Grant funding received after budget adoption allowed project delivery.
11	Parks, open space and streetscapes	Cox St Project budgeted in infrastructure 3.4m delivered 1.25m in streetscapes
12	Other infrastructure	Cox St Project budgeted in infrastructure 3.4m.

## Notes to the Financial Report For the Year Ended 30 June 2022

### Note 2.2 Analysis of Council results by program

Council delivers its functions and activities through the following programs.

#### 2.2.1 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.

Notes to the Financial Report  
For the Year Ended 30 June 2022

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

	Income	Expenses	Surplus/( Deficit)	Grants included in income	Total assets
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2022</b>					
Supporting the Community	(2,340)	4,097	1,757	(357)	62,268
Developing the regional economy and businesses	(4,411)	17,957	13,546	(3,184)	9,022
Planning for our built environment & infrastructure	(2,534)	5,083	2,550	(428)	342,145
Promoting our natural environment	(33,161)	4,768	(28,394)	(10,980)	4,780
Providing Governance and Leadership	(6,473)	15,008	8,535	(3,423)	39,859
	<b>(48,919)</b>	<b>46,913</b>	<b>(2,006)</b>	<b>(18,372)</b>	<b>458,074</b>

	Income	Expenses	Surplus/( Deficit)	Grants included in income	Total assets
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2021</b>					
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
	<b>(50,657)</b>	<b>47,624</b>	<b>(3,033)</b>	<b>19,087</b>	<b>417,097</b>

Notes to the Financial Report  
For the Year Ended 30 June 2022

Note 3 Funding for the delivery of our services	2022	2021
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.

General rates	17,590	17,272
Municipal charge	1,973	1,922
Waste management charge	2,332	2,558
Special rates and charges	4	4
Revenue in lieu of rates	186	190
<b>Total rates and charges</b>	<b>22,085</b>	<b>21,946</b>

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

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

**3.2 Statutory fees and fines**

Infringements and costs	69	80
Court recoveries	1	5
Town planning fees	237	281
Land information certificates	32	40
Registrations	127	122
Permits	173	166
<b>Total statutory fees and fines</b>	<b>639</b>	<b>694</b>

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	1,803	1,770
Waste management services	953	998
Hamilton Indoor Leisure & Aquatic Centre	815	642
Home & Community Care Services	807	685
Property, Recreation & Infrastructure Facilities	234	217
Cinema Operations	139	77
Meals Services	254	279
Quarry Operations	251	401
Family Day Care	148	143
Parking	104	120
Performing Arts Centre	88	24
Other fees and charges	85	138
Old Hamilton Reservoir	5	4
<b>Total user fees</b>	<b>5,686</b>	<b>5,498</b>
<b>User fees by timing of revenue recognition</b>		
User fees recognised over time	5,686	5,498
<b>Total user fees</b>	<b>5,686</b>	<b>5,498</b>

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

Notes to the Financial Report  
For the Year Ended 30 June 2022

3.4 Funding from other levels of government

Grants were received in respect of the following :

	2022	2021
<b>Summary of grants</b>	<b>\$'000</b>	<b>\$'000</b>
Commonwealth funded grants	14,654	14,388
State funded grants	3,720	4,699
<b>Total grants received</b>	<b>18,374</b>	<b>19,087</b>

(a) Operating Grants

**Recurrent - Commonwealth Government**

Financial Assistance Grants	10,443	7,938
Family day care	351	370
General home care	1,031	1,013
Other	97	108

**Recurrent - State Government**

Childrens Services	542	473
Aged care	347	334
Libraries	176	168
Art Gallery	211	120
Cultural Services	165	80
Community Safety	73	73
Other	-	16
<b>Total recurrent operating grants</b>	<b>13,436</b>	<b>10,693</b>

**Non-recurrent - Commonwealth Government**

Other	57	168
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**Non-recurrent - State Government**

Community Health & Wellbeing	28	1,470
Community Planning & Support	387	518
Environmental Management	106	83
Recreation	50	10
Cultural Services	34	107
Local Infrastructure	100	156
Family & Children	81	63
<b>Total non-recurrent operating grants</b>	<b>843</b>	<b>2,575</b>

**Total operating grants**

<b>14,279</b>	<b>13,268</b>
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(b) Capital Grants

**Recurrent - Commonwealth Government**

Roads to recovery	2,006	1,970
Local Roads & Community Infrastructure	444	2,236
<b>Total recurrent capital grants</b>	<b>2,450</b>	<b>4,206</b>

**Non-recurrent - Commonwealth Government**

Other Infrastructure	223	155
Livestock Exchange	-	430

**Non-recurrent - State Government**

Buildings	50	980
Other Infrastructure	1,361	48
Flood Recovery	9	-
<b>Total non-recurrent capital grants</b>	<b>1,644</b>	<b>1,613</b>

**Total capital grants**

<b>4,094</b>	<b>5,819</b>
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Notes to the Financial Report  
For the Year Ended 30 June 2022

(c) Unspent grants received on condition that they be spent in a specific manner	2022	2021
<i>Operating</i>	\$'000	\$'000
Balance at start of year	410	1,528
Received during the financial year and remained unspent at balance date	243	410
Received in prior years and spent during the financial year	(201)	(1,528)
Balance at year end	<u>452</u>	<u>410</u>
<i>Capital</i>		
Balance at start of year	2,632	662
Received during the financial year and remained unspent at balance date	-	2,018
Received in prior years and spent during the financial year	(1,362)	(48)
Balance at year end	<u>1,270</u>	<u>2,632</u>

**(d) Recognition of grant income**

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

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

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

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

**3.5 Contributions**

Monetary	508	165
Non-monetary	214	132
<b>Total contributions</b>	<u>722</u>	<u>297</u>

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

Art Gallery - Gifted works of Art	79	43
Meals on Wheels Service - Value of volunteer labour donated to Council	72	50
Visitor Information Centres - Value of volunteer labour donated to Council	63	39
<b>Total non-monetary contributions</b>	<u>214</u>	<u>132</u>

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

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

Proceeds of sale	826	518
Written down value of assets disposed	(474)	(443)
<b>Total net gain/(loss) on disposal of property, infrastructure, plant and equipment</b>	<u>352</u>	<u>75</u>

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

**3.7 Other income**

Interest	173	208
User Reimbursements	29	-
Donations	3	-
Insurance Reimbursements	118	100
Vicroads	55	-
Other	634	33
<b>Total other income</b>	<u>1,012</u>	<u>341</u>

Interest is recognised as it is earned.

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

Notes to the Financial Report  
For the Year Ended 30 June 2022

	2022 \$'000	2021 \$'000
<b>Note 4 The cost of delivering services</b>		
<b>4.1 (a) Employee costs</b>		
Wages and salaries	14,925	16,041
Leave - Annual, Long Service & Sick	1,835	2,129
WorkCover	1,192	526
Superannuation	1,963	1,797
Travelling	160	132
Conference & Training	165	195
Fringe benefits tax	101	106
Corporate Image	5	5
<b>Total employee costs</b>	<b>20,346</b>	<b>20,931</b>
<b>(b) Superannuation</b>		
Council made contributions to the following funds:		
<b>Defined benefit fund</b>		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	51	45
	<b>51</b>	<b>45</b>
<b>Accumulation funds</b>		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	1,301	1,023
Employer contributions - other funds	611	724
	<b>1,912</b>	<b>1,747</b>
Refer to note 9.3 for further information relating to Council's superannuation obligations.		
<b>4.2 Materials and services</b>		
Contract payments	5,268	5,285
General maintenance	2,392	2,316
Consultants	728	738
Utilities	864	814
Insurance	671	668
Information technology	485	457
Building maintenance	272	371
Office administration	163	156
<b>Total materials and services</b>	<b>10,843</b>	<b>10,805</b>
Expenses are recognised as they are incurred and reported in the financial year to which they relate.		
<b>4.3 Depreciation</b>		
Property	1,211	1,209
Plant and equipment	1,178	1,274
Infrastructure	9,446	9,055
<b>Total depreciation</b>	<b>11,835</b>	<b>11,538</b>
Refer to note 5.2(c), 5.8 and 6.2 for a more detailed breakdown of depreciation and amortisation charges and accounting policy.		
<b>4.4 Bad and doubtful debts</b>		
Caravan parks	-	6
Domestic Care Services	3	3
Other debtors	-	1
<b>Total bad and doubtful debts</b>	<b>3</b>	<b>10</b>
<b>Movement in provisions for doubtful debts</b>		
Balance at the beginning of the year	15	5
New provisions recognised during the year	3	10
Amounts already provided for and written off as uncollectible	(5)	-
Amounts provided for but recovered during the year	(1)	-
Balance at end of year	<b>12</b>	<b>15</b>
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.		

Notes to the Financial Report  
For the Year Ended 30 June 2022

4.5 Borrowing costs	2022 \$'000	2021 \$'000
Interest - Borrowings	98	127
Less capitalised borrowing costs on qualifying assets	-	-
<b>Total borrowing costs</b>	<b>98</b>	<b>127</b>

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

4.6 Waste Disposal Costs		
Waste Disposal Costs	656	1,331
<b>Total Waste Disposal Costs</b>	<b>656</b>	<b>1,331</b>

4.7 Other expenses		
Advertising	308	223
Auditors' remuneration - Internal Audit	50	42
Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	32	44
Community Grants	405	424
Councillors' allowances	214	189
Discount on Rates	185	175
Food and Catering	108	65
Legal Expenses	113	75
Phone, Internet & Other Communication Charges	211	263
Software Licences	346	342
Stock Adjustments/Write Offs	108	168
Subscriptions, Memberships & Licences	164	93
Value of Volunteer service	135	89
Others	753	690
<b>Total other expenses</b>	<b>3,132</b>	<b>2,882</b>

**Note 5 Our financial position**

**5.1 Financial assets**

**(a) Cash and cash equivalents**

Cash on hand	4	4
Cash at bank	8,537	6,903
<b>Total cash and cash equivalents</b>	<b>8,541</b>	<b>6,907</b>

**(b) Other financial assets**

Term deposits - current	14,531	19,813
<b>Total other financial assets</b>	<b>14,531</b>	<b>19,813</b>
<b>Total financial assets</b>	<b>23,072</b>	<b>26,720</b>

Councils cash and cash equivalents are subject to external restrictions that limit amounts available for discretionary use. These include:

- Trust funds and deposits (Note 5.3)	450	373
<b>Total restricted funds</b>	<b>450</b>	<b>373</b>
<b>Total unrestricted cash and cash equivalents</b>	<b>8,091</b>	<b>6,534</b>

**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	886	1,017
- cash held for Sir Irving Benson Bequest	659	657
- cash held for unspent grants	1,723	3,042
- cash held for unexpected capital works	1,270	970
<b>Total funds subject to intended allocations</b>	<b>4,538</b>	<b>5,686</b>

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

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

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

Notes to the Financial Report  
For the Year Ended 30 June 2022

Note 5 Our financial position	2022	2021
(c) Trade and other receivables	\$'000	\$'000
<b>Current</b>		
<i>Statutory receivables</i>		
Rates debtors	2,336	2,134
Net GST receivable	174	194
Infringement debtors	75	49
Provision for doubtful debts - other debtors	(12)	(15)
Special rate assessment	-	-
<i>Non statutory receivables</i>		
Loans and advances to community organisations	-	-
Other debtors	849	883
Provision for doubtful debts - other debtors	-	-
Total current trade and other receivables	<b>3,422</b>	<b>3,245</b>
<b>Non-current</b>		
<i>Statutory receivables</i>		
Special rate scheme	37	40
<i>Non statutory receivables</i>		
Loans and advances to community organisations	-	-
Total non-current trade and other receivables	<b>37</b>	<b>40</b>
<b>Total trade and other receivables</b>	<b>3,459</b>	<b>3,285</b>

Short term receivables are carried at invoice amount. A provision for doubtful debts is recognised when there is objective evidence that an impairment has occurred. 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)	694	452
Past due by up to 30 days	42	360
Past due between 31 and 60 days	12	28
Past due between 61 and 90 days	10	2
Past due by more than 90 days	91	41
Past due between 31 and 180 days	-	-
Past due between 181 and 365 days	-	-
Past due by more than 1 year	-	-
Total trade and other receivables	<b>849</b>	<b>883</b>

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

At balance date, other debtors representing financial assets with a nominal value of \$12k (2021: \$15k) were impaired. The amount of the provision raised against these debtors was \$3k (2021: \$10k). They individually have been impaired as a result of their doubtful collection. Many of the long outstanding past due amounts have been lodged with Council's debt collectors or are on payment arrangements.

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

Current (not yet due)	-	-
Past due by up to 30 days	-	-
Past due between 31 and 180 days	2	7
Past due between 181 and 365 days	1	2
Past due by more than 1 year	9	6
Total trade & other receivables	<b>12</b>	<b>15</b>

Notes to the Financial Report  
For the Year Ended 30 June 2022

5.2 Non-financial assets	2022	2021
(a) Inventories	\$'000	\$'000
Inventories held for distribution	403	421
Land held for Inventory	135	135
<b>Total inventories</b>	<b>538</b>	<b>556</b>

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

**(b) Other assets**

Prepayments	460	466
Accrued income	23	5
Other	-	-
<b>Total other assets</b>	<b>483</b>	<b>471</b>

5.3 Payables, trust funds and deposits and unearned income/revenue	2022	2021
(a) Trade and other payables	\$'000	\$'000
<i>Non-statutory payables</i>		
Trade payables	1,391	1,321
Rate Revenue received in Advance	495	441
Employee Costs	935	643
Fire Services Levy	269	232
Accrued expenses	252	62
<i>Statutory payables</i>		
Net GST payable	(76)	-
<b>Total trade and other payables</b>	<b>3,266</b>	<b>2,699</b>

**(b) Trust funds and deposits**

Refundable deposits	21	21
Fire services levy	-	-
Retention amounts	182	351
Other refundable deposits	247	-
<b>Total trust funds and deposits</b>	<b>450</b>	<b>372</b>

**(c) Unearned income/revenue**

Grants received in advance - operating	452	410
Grants received in advance - capital	1,270	2,632
Other	73	72
<b>Total unearned income/revenue</b>	<b>1,795</b>	<b>3,114</b>

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

**Purpose and nature of items**

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

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

Notes to the Financial Report  
For the Year Ended 30 June 2022

5.4 Interest-bearing liabilities	2022 \$'000	2021 \$'000
<b>Current</b>		
Bank overdraft	-	-
Borrowings - secured	556	529
Treasury Corporation of Victoria borrowings - secured	-	-
	<u>556</u>	<u>529</u>
<b>Non-current</b>		
Treasury Corporation of Victoria borrowings - secured	-	-
Borrowings - secured	1,828	2,385
	<u>1,828</u>	<u>2,385</u>
<b>Total</b>	<u>2,384</u>	<u>2,914</u>

Borrowings are secured by (insert security details)

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

Not later than one year	556	529
Later than one year and not later than five years	1,190	1,540
Later than five years	638	845
	<u>2,384</u>	<u>2,914</u>

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	Other	Total
	\$ '000	\$ '000	\$ '000	\$ '000
<b>2022</b>				
Balance at beginning of the financial year	5,996	1,709	-	7,705
Additional provisions	1,611	-	-	1,611.00
Amounts used	(1,722)	(146)	-	(1,868)
Adjustment to provision	(157)	-	-	(157)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	(659)	(464)	-	(1,123)
Balance at the end of the financial year	<u>5,069</u>	<u>1,100</u>	-	<u>6,169</u>
<b>2021</b>				
Balance at beginning of the financial year	5,880	4,746	-	10,626
Additional provisions	-	-	-	-
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	<u>5,996</u>	<u>1,709</u>	-	<u>7,705</u>

Notes to the Financial Report  
For the Year Ended 30 June 2022

	2022	2021
	\$'000	\$'000
<b>(a) Employee provisions</b>		
<b>Current provisions expected to be wholly settled within 12</b>		
Annual leave	164	1,033
Long service leave	263	125
Time in Lieu	136	153
	<b>563</b>	<b>1,311</b>
<b>Current provisions expected to be wholly settled after 12</b>		
Annual leave	1,800	1,091
Long service leave	2,267	2,976
	<b>4,067</b>	<b>4,067</b>
Total current employee provisions	<b>4,630</b>	<b>5,378</b>
<b>Non-current</b>		
Long service leave	439	618
Annual leave	-	-
Total non-current employee provisions	<b>439</b>	<b>618</b>
Aggregate carrying amount of employee provisions:		
Current	4,630	5,378
Non-current	439	618
Total aggregate carrying amount of employee provisions	<b>5,069</b>	<b>5,996</b>

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

*Annual leave*

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

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

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

*Long service leave*

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

Key assumptions:	<b>2022</b>	<b>2021</b>
- discount rate	2.427%	0.150%
- index rate	2.500%	2.950%
	<b>2022</b>	<b>2021</b>
<b>(b) Landfill restoration</b>	<b>\$'000</b>	<b>\$'000</b>
Current	180	276
Non-current	920	1,433
	<b>1,100</b>	<b>1,709</b>

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:	<b>2022</b>	<b>2021</b>
- discount rate	3.610%	0.180%
- index rate	2.000%	2.000%

Notes to the Financial Report  
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5.6 Financing arrangements

The Council has the following funding arrangements in place as at 20 June 2022.

Bank overdraft	1,000	1,000
Credit card facilities	250	250
Treasury Corporation of Victoria facilities	-	-
Other facilities	2,384	2,914
Total facilities	3,634	4,164
Used facilities	(2,450)	(2,914)
Unused facilities	1,184	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.

(a) Commitments for expenditure

2022	Not later than 1	Later than 1	Later than 2	Later than 5	Total
	year	year and not	years and not	years	
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Operating</b>					
Corporate Administration	195	132	33	-	360
Infrastructure	23	-	-	-	23
Meals for delivery	284	-	-	-	284
Waste Management	1,387	-	-	-	1,387
Planning & Development	25	-	-	-	25
Total	1,914	132	33	-	2,079
<b>Capital</b>					
Buildings	1,027	-	-	-	1,027
Roads	550	-	-	-	550
Drainage	303	-	-	-	303
Total	1,880	-	-	-	1,880
	3,794	132	33	-	3,959
2021	Not later than 1	Later than 1	Later than 2	Later than 5	Total
	year	year and not	years and not	years	
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Operating</b>					
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
<b>Capital</b>					
Infrastructure	1,027	-	-	-	1,027
Recreation	550	-	-	-	550
Waste Management	303	-	-	-	303
Total	1,880	-	-	-	1,880

6.2 Property, infrastructure, plant and equipment

Summary of property, infrastructure, plant and equipment

	Carrying amount 30 June 2021	Additions	Contributions	Revaluation	Depreciation	Disposal	Write-off	Transfers	Carrying amount 30 June 2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Property	57,930	3,783	-	41,711	(1,273)	-	-	2,846	104,997
Plant and equipment	25,781	813	79	-	(1,175)	(203)	(87)	(175)	25,033
Infrastructure	292,441	8,622	-	-	(9,387)	(270)	-	(2,671)	288,735
Work in progress	6,663	1,821	-	-	-	-	(27)	-	8,457
	<b>382,815</b>	<b>15,039</b>	<b>79</b>	<b>41,711</b>	<b>(11,835)</b>	<b>(473)</b>	<b>(114)</b>	<b>-</b>	<b>427,222</b>

Summary of Work in Progress

	Opening WIP	Additions	Write-off	Transfers	Closing WIP
	\$'000	\$'000	\$'000	\$'000	\$'000
Property	3,763	1,209	-	(197)	4,775
Plant and equipment	-	-	-	-	-
Infrastructure	2,900	2,090	(27)	(1,281)	3,682
Total	<b>6,663</b>	<b>3,299</b>	<b>(27)</b>	<b>(1,478)</b>	<b>8,457</b>

Notes to the Financial Report  
For the Year Ended 30 June 2022

(a) Property

	Land - specialised	Land - non specialised	Land improvements	Total Land & Land Improvements	Heritage buildings	Buildings - specialised	Buildings - non specialised	Building improvements	Leasehold improvements	Total Buildings	Work In Progress	Total Property
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2021	13,260	179	583	14,022	-	75,561	-	-	-	75,561	3,763	93,346
Accumulated depreciation at 1 July 2021	-	-	(150)	(150)	-	(31,503)	-	-	-	(31,503)	-	(31,653)
	13,260	179	433	13,872	-	44,058	-	-	-	44,058	3,763	61,693
<b>Movements in fair value</b>												
Additions	1,311	-	-	1,311	-	2,471	-	-	-	2,471	1,209	4,991
Contributions	-	-	-	-	-	-	-	-	-	-	-	-
Revaluation	-	-	42,498	42,498	-	-	-	-	-	-	-	42,498
Disposal	-	-	-	-	-	-	-	-	-	-	-	-
Write-off	-	-	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	225	225	-	2,744	-	-	-	2,744	-	2,969
Impairment losses recognised in operating result	-	-	-	-	-	-	-	-	-	-	-	-
	1,311	-	42,723	44,034	-	5,215	-	-	-	5,215	1,209	50,458
<b>Movements in accumulated depreciation</b>												
Depreciation and amortisation	-	-	(11)	(11)	-	(1,262)	-	-	-	(1,262)	-	(1,273)
Accumulated depreciation of disposals	-	-	-	-	-	-	-	-	-	-	-	-
Revaluation	-	-	(787)	(787)	-	-	-	-	-	-	-	(787)
Impairment losses recognised in operating result	-	-	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	(122)	-	-	-	(122)	(197)	(319)
	-	-	(798)	(798)	-	(1,384)	-	-	-	(1,384)	(197)	(2,379)
At fair value 30 June 2022	14,571	179	43,306	58,056	-	80,776	-	-	-	80,776	4,775	143,607
Accumulated depreciation at 30 June 2022	-	-	(948)	(948)	-	(32,887)	-	-	-	(32,887)	-	(33,835)
Carrying amount	14,571	179	42,358	57,108	-	47,889	-	-	-	47,889	4,775	109,772

(b) Plant and Equipment

	Heritage plant and equipment \$'000	Plant machinery and equipment \$'000	Fixtures fittings and furniture \$'000	Art Collection \$'000	Computers and telecomms \$'000	Library books \$'000	Total plant and equipment \$'000
At fair value 1 July 2021	-	16,349	4,003	17,167	-	465	37,984
Accumulated depreciation at 1 July 2021	-	(9,198)	(3,005)	-	-	-	(12,203)
	-	7,151	998	17,167	-	465	25,781
<b>Movements in fair value</b>							
Additions	-	750	-	90	-	52	892
Contributions	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-
Disposal	-	(1,992)	-	-	-	-	(1,992)
Write-off	-	-	-	-	-	(87)	(87)
Transfers	-	-	(1,931)	-	1,683	-	(248)
Impairment losses recognised in operating result	-	-	-	-	-	-	-
	-	(1,242)	(1,931)	90	1,683	(35)	(1,435)
<b>Movements in accumulated depreciation</b>							
Depreciation and amortisation	-	(1,025)	(27)	-	(123)	-	(1,175)
Accumulated depreciation of disposals	-	1,789	-	-	-	-	1,789
Impairment losses recognised in operating result	-	-	-	-	-	-	-
Transfers	-	-	1,195	-	(1,122)	-	73
	-	764	1,168	-	(1,245)	-	687
At fair value 30 June 2022	-	15,107	2,072	17,257	1,683	430	36,549
Accumulated depreciation at 30 June 2022	-	(8,434)	(1,837)	-	(1,245)	-	(11,516)
Carrying amount	-	6,673	235	17,257	438	430	25,033

Notes to the Financial Report  
For the Year Ended 30 June 2022

(c) Infrastructure

	Roads	Bridges	Footpaths and cycleways	Drainage	Recreational, leisure and community facilities	Waste Management	Parks open space and streetscapes	Aerodromes	Off street car parks	Other Infrastructure	Work In Progress	Total Infrastructure
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At fair value 1 July 2021	331,944	82,587	18,585	23,635	-	-	-	4,813	845	44,223	2,900	509,532
Accumulated depreciation at 1 July 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
<b>Movements in fair value</b>												
Additions	5,424	540	391	-	1,567	445	86	-	-	169	2,090	10,712
Contributions	-	-	-	-	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-	-	-	-	-
Disposal	-	(636)	-	-	-	-	-	-	-	-	-	(636)
Write-off	-	-	-	-	-	-	-	-	-	-	(27)	(27)
Transfers	(574)	-	(18)	(102)	17,300	3,765	3,397	1,424	-	(28,411)	(1,281)	(4,500)
Impairment losses recognised in operating result	-	-	-	-	-	-	-	-	-	-	-	-
	4,850	(96)	373	(102)	18,867	4,210	3,483	1,424	-	(28,242)	782	5,549
<b>Movements in accumulated depreciation</b>												
Depreciation and amortisation	(6,866)	(834)	(331)	(235)	(401)	(131)	(84)	(180)	(38)	(287)	-	(9,387)
Accumulated depreciation of disposals	-	366	-	-	-	-	-	-	-	-	-	366
Impairment losses recognised in operating result	-	-	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	14	22	(11,933)	(1,302)	(1,881)	(488)	-	16,116	-	548
	(6,866)	(468)	(317)	(213)	(12,334)	(1,433)	(1,965)	(668)	(38)	15,829	-	(8,473)
At fair value 30 June 2022	336,794	82,491	18,958	23,533	18,867	4,210	3,483	6,237	845	15,981	3,682	515,081
Accumulated depreciation at 30 June 2022	(140,665)	(34,519)	(6,463)	(13,367)	(12,334)	(1,433)	(1,965)	(3,127)	(201)	(8,590)	-	(222,664)
Carrying amount	196,129	47,972	12,495	10,166	6,533	2,777	1,518	3,110	644	7,391	3,682	292,417

## Notes to the Financial Report For the Year Ended 30 June 2022

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

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

	Depreciation Period	Threshold Limit \$'000
<i>Asset recognition thresholds and depreciation periods</i>		
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		
Roads - pavements & substructures - Urban	115 years	10
Roads - pavements & substructures - All Others	60 years	10
Seals - All Others	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. At balance date, leasehold improvements are amortised over a <> to <> year period.

Notes to the Financial Report  
For the Year Ended 30 June 2022

**Valuation of land and buildings**

Valuation of land was undertaken by a qualified independent valuers, Opteon Property Group as at 1 January 2021. Valuation of buildings was undertaken by APV Valuers and Asset Management as at 1 January 2019. 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 2022 are as follows:

	Level 1	Level 2	Level 3	Date of Valuation
Land	-	179	-	1-Jan-21
Specialised land	-	-	14,571	1-Jan-21
Land Improvements	-	-	42,358	1-Jan-21
Buildings	-	-	47,889	1-Jan-19
<b>Total</b>	<b>-</b>	<b>179</b>	<b>104,818</b>	

**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

Details of the Council's infrastructure and information about the fair value hierarchy as at 30 June 2022 are as follows:

	Level 1	Level 2	Level 3	Date of Valuation
Roads	-	-	196,129	30-Sep-19
Bridges	-	-	47,972	1-Jan-21
Footpaths and cycleways	-	-	12,495	30-Sep-19
Drainage	-	-	10,166	1-Jan-21
Recreational, leisure and community facilities	-	-	6,533	1-Jan-21
Waste Management	-	-	2,777	1-Jan-21
Parks open space and streetscapes	-	-	1,518	1-Jan-21
Aerodromes	-	-	3,110	1-Jan-21
Off street car parks	-	-	644	1-Jan-21
Other infrastructure	-	-	7,391	1-Jan-21
<b>Total</b>	<b>-</b>	<b>-</b>	<b>288,735</b>	

Notes to the Financial Report  
For the Year Ended 30 June 2022

**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.

	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Reconciliation of specialised land</b>		
Land under roads	-	-
Parks and reserves	-	-
Community Services	745	731
Corporate & Governance	3,344	1,948
Infrastructure	4,191	4,225
Recreation & Open Space	6,471	6,357
<b>Total specialised land</b>	<b>14,751</b>	<b>13,261</b>

Notes to the Financial Report  
For the Year Ended 30 June 2022

	2022	2021
	2022	2021
6.3 Investment property	\$'000	\$'000
Balance at beginning of financial year	3,250	2,300
Additions	-	-
Disposals	-	-
Fair value adjustments	50	950
Balance at end of financial year	<u>3,300</u>	<u>3,250</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 Les Speed AAPI CPV 62337 of Preston Rowe Paterson 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.

Notes to the Financial Report  
For the Year Ended 30 June 2022

<b>Note 7 People and relationships</b>	<b>2022</b>	<b>2021</b>
<b>7.1 Council and key management remuneration</b>	<b>No.</b>	<b>No.</b>

**(a) Related Parties**

*Parent entity*

Southern Grampians is the parent entity is the parent entity.

**(b) Key Management Personnel**

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

Details of KMP at any time during the year are:

<b>Councillors</b>	Councillor B Colliton - Mayor
	Councillor D Robertson - Deputy Mayor
	Councillor MA Brown
	Councillor A Calvano
	Councillor H Henry
	Councillor G McAdam
	Councillor K Rainsford

**Chief Executive Officer and other Key Management Personnel**

Chief Executive Officer - Michael Tudball to 23/8/2021
Chief Executive Officer - Tony Doyle from 24/08/2021
Director - Community & Corporate Services - Evelyn M Arnold to 20/6/2022
Director - Community & Corporate Services - Belinda Johnson from 21/6/2022
Director - Planning & Development - Andrew Goodsell
Director - Shire Infrastructure - Marg Scanlon

**(c) Remuneration of Key Management Personnel**

Total remuneration of key management personnel was as follows:

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Short-term benefits	1,078	1,096
Long-term benefits	8	17
Post employment benefits	85	79
Termination benefits	46	33
<b>Total</b>	<b>1,217</b>	<b>1,225</b>

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

	<b>2022</b>	<b>2021</b>
	<b>No.</b>	<b>No.</b>
\$0 - \$9,999	1	2
\$10,000 - \$19,999	1	-
\$20,000 - \$29,999	5	8
\$30,000 - \$39,999	1	-
\$50,000 - \$59,999	-	1
\$70,000 - \$79,999	2	-
\$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	1
\$230,000 - \$239,999	1	-
\$240,000 - \$249,999	1	-
\$280,000 - \$289,999	-	1
<b>Total</b>	<b>14</b>	<b>16</b>

Notes to the Financial Report  
For the Year Ended 30 June 2022

**(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

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

	2022	2021
Income Range:	No.	No.
\$151,000 - \$159,999	4	4
\$160,000 - \$169,999	2	-
\$170,000 - \$179,999	-	-
	<b>6</b>	<b>4</b>

Total Remuneration for the reporting year for Senior Officers included above, amounted to:

961	624
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**7.2 Related party disclosure**

**(a) Transactions with related parties**

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

Nothing to Disclose

Dunkeld Community Centre Committee Inc (May-Ann Brown is Chairperson of DCCC)

3

SA & AJ McAdam T/A Tree Fella from Mooralla (Gregory McAdam's son & daughter-in-law)

144

**(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	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 are as follows:

Nothing to Disclose	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	Nothing to Disclose
---------------------	---------------------

Notes to the Financial Report  
For the Year Ended 30 June 2022

Note 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

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 follow:

	2022	2021
	\$'000	\$'000
Not Later than one year	573	464
Later than one year and not later than five years	540	1,101
Later than five years	109	121
	<u>1,222</u>	<u>1,686</u>

(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.

Landfill

Insurance claims

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

Legal matters

Council to include details of any major legal matters that could have a material impact on future operations.

Building cladding

Council should disclose any potential contingencies that may exist in relation to rectification works or other matters associated with building cladding that may have the potential to adversely impact on Council.

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 processes. Significant assets which are impaired will be adjusted, otherwise rectification works will occur through capital works programs or maintenance expenditure.

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 a liability will continue whether or not the participant remains a participant in future insurance years.

## Notes to the Financial Report For the Year Ended 30 June 2022

### 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, and such liability would continue whether or not the participant remained a participant in future insurance years. Any obligation is dependent upon the Authority's initial actuarial assessment of the tail claims liabilities of the 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 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.

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

The amount disclosed for financial guarantee in this note is the nominal amount of the underlying loan that is guaranteed by the Council, not the fair value of the financial guarantee.

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

## 8.2 Change in accounting standards

Certain new Australian Accounting Standards and interpretations have been published that are not mandatory for the 30 June 2022 reporting period. Council assesses the impact of these new standards. As at 30 June 2022 there were no new accounting standards or interpretations issued by the AASB which are applicable for the year ending 30 June 2023 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 2020*. Council manages interest rate risk by adopting an investment policy that ensures:

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

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

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

## Notes to the Financial Report For the Year Ended 30 June 2022

### (c) Credit risk

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

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

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

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

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

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

### (d) Liquidity risk

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

To help reduce these risks Council:

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

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

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

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

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

### (e) Sensitivity disclosure analysis

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

- A parallel shift of +1.5% and -1.5% in market interest rates (AUD) from year-end rates of 2.36%.

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

## Notes to the Financial Report For the Year Ended 30 June 2022

### 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 matters have occurred after balance date that require disclosure in the financial report.

Notes to the Financial Report  
For the Year Ended 30 June 2022

	Balance at beginning of reporting period \$'000	Increment (decrement) \$'000	Balance at end of reporting period \$'000
<b>9.1 Reserves</b>			
<b>(a) Asset revaluation reserves</b>			
<b>2022</b>			
<b>Property</b>			
Land and land improvements	5,174	41,710	46,884
Plant & Equipment	474	-	474
Buildings	28,539	-	28,539
	<b>34,187</b>	<b>41,710</b>	<b>75,897</b>
<b>Infrastructure</b>			
Roads	150,779	-	150,779
Bridges	43,433	-	43,433
Footpaths and cycleways	10,944	-	10,944
Drainage	10,512	-	10,512
Other infrastructure	3,240	-	3,240
	218,908	-	218,908
<b>Total asset revaluation reserves</b>	<b>253,095</b>	<b>41,710</b>	<b>294,805</b>
<b>2021</b>			
<b>Property</b>			
Land and land improvements	3,546	1,628	5,174
Plant & Equipment	474	-	474
Buildings	28,539	-	28,539
	<b>32,559</b>	<b>1,628</b>	<b>34,187</b>
<b>Infrastructure</b>			
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
<b>Total asset revaluation reserves</b>	<b>220,976</b>	<b>32,119</b>	<b>253,095</b>

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

	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>(b) Other reserves</b>				
<b>2022</b>				
Subdividers Contributions	326	20	-	346
Parking Development Reserve	98	-	-	98
Drainage Headworks Reserve	97	-	-	97
<b>Total Other reserves</b>	<b>521</b>	<b>20</b>	<b>-</b>	<b>541</b>
<b>2021</b>				
Subdividers Contributions	287	39	-	326
Parking Development Reserve	98	-	-	98
Drainage Headworks Reserve	97	-	-	97
<b>Total Other reserves</b>	<b>482</b>	<b>39</b>	<b>-</b>	<b>521</b>

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 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.

Notes to the Financial Report  
For the Year Ended 30 June 2022

9.2 Reconciliation of cash flows from operating activities to surplus/(deficit)	2022 \$'000	2021 \$'000
Surplus/(deficit) for the year	2,006	3,033
Depreciation/amortisation	11,835	11,538
Profit/(loss) on disposal of property, infrastructure, plant and equipment	(354)	(75)
Asset write-offs	114	1,639
Impairment losses	-	-
Fair value adjustments for investment property	(50)	(950)
Contributions - Non-monetary assets	(79)	(43)
Other	98	125
<i>Change in assets and liabilities:</i>		
(Increase)/decrease in trade and other receivables	(174)	1,209
(Increase)/decrease in prepayments	6	(94)
Increase/(decrease) in accrued income	(18)	5
Increase/(decrease) in trade and other payables	660	(274)
(Decrease)/increase in unearned income /revenue	(1,319)	2,417
(Decrease)/increase in other liabilities	-	-
(Increase)/decrease in inventories	18	78
(Decrease)/increase in provisions	(1,537)	(2,922)
(insert other relevant items)	-	-
Net cash provided by/(used in) operating activities	<b>11,206</b>	<b>15,686</b>

### 9.3 Superannuation

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

#### **Accumulation**

The Fund's accumulation category, Vision MySuper/Vision Super Saver, receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2022, this was 10.0% as required under Superannuation Guarantee (SG) legislation (2021: 9.5%)).

#### **Defined Benefit**

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

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

### **Funding arrangements**

Council makes employer contributions to the Defined Benefit category of the Fund at rates determined by the Trustee on the advice of the Fund Actuary.

As at 30 June 2021, an interim actuarial investigation was held as the Fund provides lifetime pensions in the Defined Benefit category.

The vested benefit index (VBI) of the Defined Benefit category of which Council is a contributing employer was 109.8%. The financial assumptions used to calculate the VBI were:

Net investment returns 4.75% pa

Salary information 2.75% pa

Price inflation (CPI) 2.25% pa.

As at 30 June 2022, an interim actuarial investigation is underway as the Fund provides lifetime pensions in the Defined Benefit category. It is expected to be completed by 31 October 2022.

Vision Super has advised that the VBI at 30 June 2022 was 102.2%. Council was notified of the 30 June 2022 VBI during August 2022 (2021: August 2021). The financial assumptions used to calculate this VBI were:

Net investment returns 5.5% pa

Salary information 2.5% pa to 30 June 2023, and 3.5% pa thereafter

Price inflation (CPI) 3.0% pa.

The VBI is used as the primary funding indicator. Because the VBI was above 100%, the 30 June 2021 actuarial investigation determined the Defined Benefit category was in a satisfactory financial position and that no change was necessary to the Defined Benefit category's funding arrangements from prior years.

### **Employer contributions**

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

On the basis of the results of the 2021 interim actuarial investigation conducted by the Fund Actuary, Council makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2022, this rate was 10.0% of members' salaries (9.5% in 2020/21). This rate is expected to increase in line with any increases in the SG contribution rate and was reviewed as part of the 30 June 2020 triennial valuation.

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

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

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

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

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

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

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

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

### The 2021 interim actuarial investigation surplus amounts

An actuarial investigation is conducted annually for the Defined Benefit category of which Council is a contributing employer. Generally, a full actuarial investigation is conducted every three years and interim actuarial investigations are conducted for each intervening year. An interim investigation was conducted as at 30 June 2021 and the last full investigation was conducted as at 30 June 2020.

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

	2021 (Interim) \$m	2020 (Triennial) \$m
- A VBI Surplus	214.7	100.0
- A total service liability surplus	270.3	200.0
- A discounted accrued benefits surplus	285.2	217.8

The VBI surplus means that the market value of the fund's assets supporting the defined benefit obligations exceed the vested benefits that the defined benefit members would have been entitled to if they had all exited on 30 June 2021.

The total service liability surplus means that the current value of the assets in the Fund's Defined Benefit category plus expected future contributions exceeds the value of expected future benefits and expenses as at 30 June 2021.

The discounted accrued benefit surplus means that the current value of the assets in the Fund's Defined Benefit category exceeds the value of benefits payable in the future but accrued in respect of service to 30 June 2021.

Council was notified of the 30 June 2021 VBI during August 2021 (2020: August 2020).

### The 2022 interim actuarial investigation

An interim actuarial investigation is being conducted for the Fund's position as at 30 June 2022 as the Fund provides lifetime pensions in the Defined Benefit category. It is anticipated that this actuarial investigation will be completed by October 2022. Council was notified of the 30 June 2022 VBI during August 2022 (2021: August 2021).

### Superannuation contributions

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

Scheme	Type of Scheme	Rate	2022 \$'000	2021 \$'000
Vision super	Defined benefits	10.0% (2021:9.5%)	51	45
Vision super	Accumulation	10.0% (2021:9.5%)	1,301	1,023
All other schemes	Accumulation	10.0% (2021:9.5%)	611	724

In addition to the above contributions, Council has paid unfunded liability payments to Vision Super totalling \$0 (2020/21 \$0).

There were \$0 contributions outstanding and \$0 loans issued from or to the above schemes as at 30 June 2022.

The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2023 is \$54k.

**Notes to the Financial Report**  
**For the Year Ended 30 June 2022**

**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 1059 Service Concession Arrangements: Grantors (AASB 1059) (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.

**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 - COVID 19**

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. The crisis and measures taken to mitigate it has impacted council operations in the following areas (but not limited) for the financial years ended 30 June 2020, 2021 and 2022. 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, June 2021 and June 2022 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 and ongoing financial years which accessed by a number of customers.