

Annual Financial Report

For the year ended
30 June 2021

**Strathogie 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 1989*, the *Local Government (Planning and Reporting) Regulations 2014*, the Australian Accounting Standards and other mandatory professional reporting requirements.

Upul Sathurusinghe CPA
Principal Accounting Officer

Date : <Date>

Euroa

In our opinion the accompanying financial statements present fairly the financial transactions of the <Council name> for the year ended 30 June 2021 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 2014* to certify the financial statements in their final form.

Chris Raeburn
Councillor

Date : <Date>

Euroa

Paul Murray
Councillor

Date : <Date>

Euroa

Julie Salomon
Chief Executive Officer

Date : <Date>

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Comprehensive Income Statement For the Year Ended 30 June 2021

	Note	2021 \$	2020 \$
Income			
Rates and charges	3.1	20,085,572	19,824,720
Statutory fees and fines	3.2	661,449	401,657
User fees	3.3	747,079	663,298
Grants - operating	3.4	7,714,366	7,405,568
Grants - capital	3.4	5,785,233	4,174,796
Contributions - monetary	3.5	311,706	355,983
Contributions - Non-monetary	3.5	1,363,611	-
Net gain (or loss) on disposal of property, infrastructure, plant and equipment	3.6	143,869	99,764
Share of net profits (or loss) of associates and joint ventures	6.3	28,141	8,714
Other income	3.7	483,808	474,943
Total income		37,324,834	33,409,443
Expenses			
Employee costs	4.1	12,078,311	10,334,811
Materials and services	4.2	11,812,354	11,318,010
Depreciation	4.3	6,253,090	6,030,978
Amortisation - intangible assets	4.4	64,669	59,845
Amortisation - right of use assets	4.5	236,078	199,732
Bad and doubtful debts	4.6	13,430	50,233
Borrowing costs	4.7	20,556	25,783
Finance costs - leases	4.8	21,744	21,467
Other expenses	4.9	459,546	505,109
Total expenses		30,959,778	28,545,968
Surplus/(deficit) for the year		6,365,056	4,863,475
Other comprehensive income			
Items that will not be reclassified to surplus or deficit in future periods			
Net asset revaluation increment/(decrement)	6.2	(4,110,458)	(17,565,870)
Items that may be reclassified to surplus or deficit in future periods			
Total comprehensive result		2,254,598	(12,702,395)

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

Balance Sheet As at 30 June 2021

	Note	2021 \$	2020 \$
Assets			
Current assets			
Cash and cash equivalents	5.1	5,550,069	2,873,672
Trade and other receivables	5.1	2,588,020	3,118,075
Other financial assets	5.1	17,350,000	13,704,764
Non-current assets classified as held for sale	6.1	417,384	690,384
Other assets	5.2	590,030	762,932
Total current assets		26,495,503	21,149,827
Non-current assets			
Trade and other receivables	5.1	43,096	57,513
Other financial assets	5.1	2,032	2,032
Investments in associates, joint arrangements and subsidiaries	6.3	255,287	227,146
Property, infrastructure, plant and equipment	6.2	282,027,083	280,818,278
Right-of-use assets	5.8	636,453	872,530
Intangible assets	5.2	79,167	106,703
Total non-current assets		283,043,118	282,084,203
Total assets		309,538,621	303,234,030
Liabilities			
Current liabilities			
Trade and other payables	5.3	3,179,808	2,154,303
Trust funds and deposits	5.3	500,056	381,474
Unearned income	5.3	3,706,727	1,441,712
Provisions	5.5	4,584,145	3,695,814
Interest-bearing liabilities	5.4	91,000	86,116
Lease liabilities	5.8	178,337	230,029
Total current liabilities		12,240,073	7,989,448
Non-current liabilities			
Trust funds and deposits	5.3	55,166	64,203
Provisions	5.5	4,830,380	4,752,639
Interest-bearing liabilities	5.4	191,425	282,425
Lease liabilities	5.8	474,083	652,421
Total non-current liabilities		5,551,054	5,751,688
Total liabilities		17,791,127	13,741,137
Net assets		291,747,494	289,492,893
Equity			
Accumulated surplus		104,541,524	98,252,685
Reserves	9.1	187,205,970	191,240,208
Total Equity		291,747,494	289,492,893

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

Statement of Changes in Equity For the Year Ended 30 June 2021

2021	Note	Total \$	Accumulated Surplus \$	Revaluation Reserve \$	Other Reserves \$
Balance at beginning of the financial year		289,492,892	98,252,684	190,381,250	858,958
Adjusted Opening balance		289,492,892	98,252,684	190,381,250	858,958
Surplus/(deficit) for the year		6,365,056	6,365,056	-	-
Net asset revaluation increment/(decrement)	6.2	(4,110,458)	-	(4,110,458)	-
Transfers to other reserves	9.1	-	(76,220)	-	76,220
		291,747,490	104,541,520	186,270,792	935,178
Balance at end of the financial year		291,747,490	104,541,520	186,270,792	935,178

2020		Total \$	Accumulated Surplus \$	Revaluation Reserve \$	Other Reserves \$
Balance at beginning of the financial year		295,750,650	93,389,208	201,502,484	858,958
Adjusted Opening balance		295,750,650	93,389,208	201,502,484	858,958
Surplus/(deficit) for the year		4,863,476	4,863,476	-	-
Net asset revaluation increment/(decrement)	6.2	(17,565,870)	-	(17,565,870)	-
Assets recognised first time	6.2	6,444,636	-	6,444,636	-
		289,492,892	98,252,684	190,381,250	858,958
Balance at end of the financial year		289,492,892	98,252,684	190,381,250	858,958

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 2021

	Note	2021 Inflows/ (Outflows) \$	2020 Inflows/ (Outflows) \$
Cash flows from operating activities			
Rates and charges		20,077,132	19,149,820
Statutory fees and fines		661,449	401,657
User fees		775,129	527,310
Grants - operating		7,112,385	9,091,084
Grants - capital		9,396,850	5,595,329
Contributions - monetary		308,524	359,165
Interest received		107,922	179,278
Trust funds and deposits taken		2,030,176	1,703,481
Other receipts		405,025	459,685
Net GST refund/payment		1,779,939	1,781,544
Employee costs		(11,112,240)	(10,209,745)
Materials and services		(12,601,893)	(13,843,090)
Trust funds and deposits repaid		(1,920,631)	(1,985,486)
Other payments		(446,896)	(334,169)
Net cash provided by/(used in) operating activities		<u>16,572,871</u>	<u>12,875,863</u>
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment	6.2	(10,398,956)	(6,770,973)
Payments for intangible assets	5.2 (b)	(37,132)	(31,629)
Proceeds from sale of property, infrastructure, plant and equipment		543,296	262,134
Payments for investments - Other Financial Assets		(3,645,236)	(13,704,764)
Net cash provided by/(used in) investing activities		<u>(13,538,028)</u>	<u>(20,245,232)</u>
Cash flows from financing activities			
Finance costs		(20,556)	(25,783)
Repayment of borrowings		(86,116)	(136,373)
Repayment of lease liabilities		(251,774)	(211,279)
Net cash provided by/(used in) financing activities		<u>(358,446)</u>	<u>(373,435)</u>
Net increase (decrease) in cash and cash equivalents		2,676,397	(7,742,804)
Cash and cash equivalents at the beginning of the financial year		2,873,672	10,616,477
Cash and cash equivalents at the end of the financial year		<u>5,550,069</u>	<u>2,873,672</u>
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 2021**

	2021	2020
	\$	\$
Property		
Buildings	564,676	1,104,510
Total property	564,676	1,104,510
Plant and equipment		
Heritage plant and equipment		
Plant, machinery and equipment	905,373	353,183
Fixtures, fittings and furniture	242,289	223,985
Intangible Assets	37,132	31,629
Total plant and equipment	1,184,794	608,796
Infrastructure		
Roads	5,163,945	3,219,159
Bridges and culverts	299,308	206,434
Footpaths and cycleways	246,431	317,817
Drainage	1,221,609	132,183
Recreational, leisure and community facilities	1,155,029	-
Parks, open space and streetscapes	600,296	1,213,703
Total infrastructure	8,686,618	5,089,297
Total capital works expenditure	10,436,089	6,802,602
Represented by:		
New asset expenditure	1,500,807	340,246
Asset renewal expenditure	4,395,768	4,863,710
Asset expansion expenditure	918,884	-
Asset upgrade expenditure	3,620,630	1,598,646
Total capital works expenditure	10,436,089	6,802,602

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

OVERVIEW

Introduction

The Strathbogje Shire Council was established by an Order of the Governor in Council on 18 November 1994 and is a body corporate. The Council's main office is located at the corner of Binney and Bury Streets, Euroa, Victoria 3666.

Statement of compliance

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

Significant accounting policies

(a) Basis of accounting

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

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

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

- the fair value of land, buildings, infrastructure, plant and equipment (refer to Note 6.2)
- the determination of depreciation for buildings, infrastructure, plant and equipment (refer to Note 6.2)
- the determination of employee provisions (refer to Note 5.5)
- the determination of landfill provisions (refer to Note 5.5)
- the determination of whether performance obligations are sufficiently specific so as to determine whether an arrangement is within the scope of *AASB 15 Revenue from Contracts with Customers* or *AASB 1058 Income of Not-for-Profit Entities* (refer to Note 3)
- the determination, in accordance with *AASB 16 Leases*, of the lease term, the estimation of the discount rate when not implicit in the lease and whether an arrangement is in substance short-term or low value (refer to Note 5.8)
- other areas requiring judgements

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

(b) Impact of Covid-19

On 16 March 2020 a state of emergency was declared in Victoria due to the global pandemic COVID-19 virus, known as coronavirus. A state of disaster was subsequently declared on 2 August 2020. While the impacts of the pandemic have abated somewhat through the 2020-21 year, Council has noted the following significant impacts on its financial operations:

Council received additional \$756K capital grant from Federal Government under RLCIP for roads constructions. Also received non recurrent capital grants totalling \$1.08 million for various initiatives for economic support. Part of this is an additional 33 parttime staffing positions for Working for Victoria grant funding of \$1.40 million and received over two financial years (2019/20 and 20/21).

Council has refunded \$43K food/health registration fees. Council also applied zero percent rate increase for 20/21 financial year. There are no noticeable impact for asset revaluation due to Covid 19. There was a positive impact to delivery of large capital works due to additional grant fundings and additional staffing from Working for Victoria grant. Customer service and other possible services were moved to online environment. There were no other business disruptions during the year. overall impact to the council's operations during the last year has been immaterial even with the considerable impact to service that comes with having to be closed to the public.

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

Note 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 2014* 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 1989* and the *Local Government (Planning and Reporting) Regulations 2014*.

1.1 Income and expenditure

	Budget 2021 \$	Actual 2021 \$	Variance 2021 \$	Variance 2021 %	Ref
Income					
Rates and charges	19,942,000	20,085,572	143,572	1%	1
Statutory fees and fines	494,000	661,449	167,449	34%	2
User fees	602,000	747,079	145,079	24%	3
Grants - operating	8,416,000	7,714,366	(701,634)	-8%	4
Grants - capital	5,214,000	5,785,233	571,233	11%	5
Contributions - monetary	275,000	311,706	36,706	13%	6
Contributions - non- monetary	-	1,363,611	1,363,611	100%	7
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	(839,000)	143,869	982,869	-117%	8
Share of net profits/(losses) of associates and joint ventures	-	28,141	28,141	100%	
Other income	424,000	483,808	59,808	14%	9
Total income	34,528,000	37,324,834	2,796,834	8%	
Expenses					
Employee costs	12,167,000	12,078,311	88,689	1%	
Materials and services	12,581,000	11,812,354	768,646	6%	10
Depreciation	5,835,000	6,253,090	(418,090)	-7%	11
Amortisation - Intangible assets	-	64,669	(64,669)	100%	
Amortisation - Right of use assets	227,000	236,078	(9,078)	-4%	
Bad and doubtful debts	1,000	13,430	(12,430)	-1243%	12
Borrowing costs	20,000	20,556	(556)	-3%	
Finance costs - Leases	26,000	21,744	4,256	16%	
Other expenses	303,000	459,546	(156,546)	-52%	14
Total expenses	31,160,000	30,959,778	200,222	1%	
Surplus/(deficit) for the year	3,368,000	6,365,056	2,997,056	87%	

(i) Explanation of material variations

Income

1	Rates and charges	Increase in rates income due to supplementary rates from new subdivisions.
2	Statutory fees and fines	Favourable variance due to increase in subdivision fees (\$108K), planning application fees (\$36k) and health registration fees (\$27k).
3	User fees	Favourable variance due to increased income from tip fees (\$66k), saleyard fees (\$34k) and lease income (\$33k).
4	Grants - operating	Less than budgeted operating grant received is mainly due to underutilised working for Victoria grant (\$1,374k) which partly offset with unbudgeted grants; local government outdoor eating & entertainment (\$250k), community connector program (\$124k), business concierge & hospitality support (\$60k), women building surveyors program grant (\$75k), greening Euroa (\$65k), GoFish Nagambie (\$30k) and additional grants receipt for municipal emergency management (\$73k).
5	Grants - capital	Increase in capital grant income is mainly due to receipt of fixing country roads grants (\$1,364k) which was originally budgeted in 2019/20 year. This partly offset by grants not yet received local road and community infrastructure funding grants (\$683k) and drought funding grants (\$200k). The balance amount offset by un-earned income carried forward.
6	Contributions-monetary	More than budgeted due to increased developer contributions (\$19k) and maintenance contribution received (\$18k).
7	Contributions -non-monetary	Greater than budget by \$1,364k due to greater than anticipated Developer Gifted Assets received such as Vickers Road estate (\$790k) and Vineyard estate (\$523k).
8	Gain on disposal of Assets	Gain on sale of assets is mainly due to better price received on disposal of vehicles at secondhand market and better price received from sale of plant and equipments at auctions.
9	Other income	More than budgeted mainly due more than budgeted income protection insurance income (\$95k) which partly offset by decrease in miscellaneous income.

Expenses

10	Materials and services	Materials and services less than budgeted due to savings in assets maintenance expenses (\$277k), savings in external contractor expenses (\$804k), savings in utility expenditure (\$128k) and savings in training and development expense (\$100k). This partly offset by increase in landfill provision (\$538K).
11	Depreciation/Amortisation	Due to increased depreciation expenditure in buildings (\$160k) and infrastructure assets (\$284k).
12	Bad and doubtful debts	Increase in bad and doubtful debts is mainly due to write off of long outstanding unrecoverable debtor balances which include infringement/penalty charges, Health/Food registration fees and hiring income.
14	Other expenses	Due to election expenses (\$111k) and councillor conference and training expenses (\$33k) which were originally budgeted under materials and services.

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

Capital works

	Budget 2021 \$	Actual 2021 \$	Variance \$	Variance %	Ref
Property					
Buildings	978,000	564,676	(413,324)	-42%	
Total property	978,000	564,676	(413,324)	-42%	
Plant and equipment					
Plant, machinery and equipment	1,262,000	942,505	(319,495)	-25%	1
Fixtures, fittings and furniture	570,000	242,289	(327,711)	-57%	2
Total plant and equipment	1,832,000	1,184,794	(647,206)	-35%	
Infrastructure					
Roads	6,613,000	5,163,945	(1,449,055)	-22%	3
Bridges	513,000	299,308	(213,692)	-42%	4
Footpaths and cycleways	378,000	246,431	(131,569)	-35%	5
Drainage	1,031,000	1,221,609	190,609	18%	6
Recreational, Leisure & Community Facilities	1,332,000	1,155,029	(176,971)	-13%	7
Parks, open space and streetscapes	2,827,000	600,296	(2,226,704)	-79%	8
Total infrastructure	12,694,000	8,686,618	(4,007,382)	-32%	
Total capital works expenditure	15,504,000	10,436,089	(5,067,911)	-33%	
Represented by:					
New asset expenditure	2,296,000	1,500,807	(795,193)	-35%	
Asset renewal expenditure	9,559,000	4,395,768	(5,163,232)	-54%	
Asset expansion expenditure	2,507,000	918,884	(1,588,116)	-63%	
Asset upgrade expenditure	1,142,000	3,620,630	2,478,630	217%	
Total capital works expenditure	15,504,000	10,436,089	(5,067,911)	-33%	

(i) Explanation of material variations

Ref	Item	Explanation
1	Plant, machinery and equipment	Surplus due to delayed replacement of grader (\$230k) and large loader (\$104k).
2	Fixtures, fittings and furniture	Cinema seating replacement delayed to 21/22 (\$130k) and other IT replacement (\$150k).
3	Roads	Savings in reseal (\$461k), zero class (\$143k), rehabilitation (\$87k), re-sheet (\$63k) and kerb & channel (\$36k) programs. Reclassification of general budget allocation (\$259k). Work in progress projects that need to be carried forward; Creek Junction Road (\$401k) and Harrys Creek/Bonnie Doon Road (\$346k) intersection realignments and Nagambie Industrial Estate Drainage (\$53k). Partly offset by increased expenditure in fixing Country Roads - Mullers Road, Nagambie (\$440k).
4	Bridges	Not proceed with bridges & major culverts program (\$450k) due to tenders received were too high. Partly offset by Harrys Creek Road Major Culvert work (\$236k) part of which originally budgeted under roads.
5	Footpaths and cycleways	Savings in footpath renewal (\$41) and tracks & trails (\$28k) programs. Work in progress project Rockies Pedestrian Footbridge (\$48k) and projects not undertaken due to heritage vegetation overlay Strathbogrie township footpaths (\$25k).
6	Drainage	Increased expenditure in Euroa - Augment Castle Creek Levee \$313k which partly offset by savings in drought funding projects (\$118k).
7	Recreational, Leisure & Community Facilities	Work in progress project Strathbogrie recreation reserve clubhouse pavilion (\$246k) and Nagambie Recreation Reserve netball court/carpark (\$52k) which partly offset by increased expenditure in Violet town skate park (\$80k) and Violet town market infrastructure (\$31k).
8	Parks, open space and streetscapes	Work in progress projects drought funding (236k), Nagambie foreshore walk (677k), streetscapes renewal (\$599k), Nagambie active space (\$70k), Nagambie splash park (\$43k). Projects not started or not progressed (\$195k) and project management expenses which were allocated among projects (\$400k).

Note 2 Analysis of Council results by program

Council delivers its functions and activities through the following programs.

2 (a) Community & Planning

Community & Planning provides high quality community focused programs. Service areas include maternal and child health, youth, seniors, community grants, arts and culture, tourism and economic development programs. It also includes strategic and statutory land use planning.

Corporate Leadership

Corporate Leadership provides effective governance, policy development, communication and human resources.

Corporate Operations

Corporate Operations provides strategic and financial management of the organisation. Service areas include regulatory services, local laws, financial management, emergency management, assets management, operations and emergency management.

Mayor & Councillors

Mayor & Councillors provides services for mayor and elected members.

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

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

	Income	Expenses	Surplus/(Deficit)	Grants included in income	Total assets
	\$	\$	\$	\$	\$
2021					
Community & Planning	3,579,189	(4,817,662)	(1,238,472)	3,044,230	47,596,608
Corporate Leadership	97,646	(3,143,282)	(3,045,636)	-	31,054,393
Corporate Operations	34,012,921	(22,957,311)	11,055,610	10,455,369	226,809,234
Mayor & Councillors	6,363	(412,809)	(406,445)	-	4,078,386
	37,696,120	(31,331,063)	6,365,056	13,499,599	309,538,621

	Income	Expenses	Surplus/(Deficit)	Grants included in income	Total assets
	\$	\$	\$	\$	\$
2020					
Community & Planning	6,289,656	(5,243,401)	1,046,255	5,571,814	64,321,760
Corporate Leadership	96,144	(2,049,727)	(1,953,583)	-	25,144,377
Corporate Operations	25,152,026	(17,502,713)	7,649,313	7,145,516	214,644,629
Mayor & Councillors	4,015	(351,091)	(347,076)	-	4,306,898
	31,541,841	(25,146,932)	6,394,909	12,717,330	308,417,664

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	2021	2020
	\$	\$

Note 3 Funding for the delivery of our services

3.1 Rates and charges

Council uses Capital Improved Value (CIV) as the basis of valuation of all properties within the municipal district. The CIV of a property is the valuation of the land and all improvements on the land.

The valuation base used to calculate general rates for 2020/21 was \$3.689 million (2019/20 \$3.514 million).

General rates	17,266,867	16,220,930
Municipal charge	-	913,057
Waste management charge	2,818,705	2,689,797
Special rates and charges	-	936
Total rates and charges	20,085,572	19,824,720

The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2020, and the valuation will be first applied in the rating year commencing 1 July 2020.

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

Building fees	119,489	66,113
Planning fees	395,119	217,164
Health registrations	27,463	14,212
Animal registrations	98,088	83,824
Land information certificates	20,762	16,983
Fire Prevention Notice Infringements	528	3,361
Total statutory fees and fines	661,449	401,657

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

Tip fees	190,006	148,373
Nagambie Lakes events	11,910	20,320
Saleyard operations revenue	253,464	231,965
Swimming pools revenue	3,148	10,193
Rent/lease Charges	118,323	93,337
Euroa Cinema	23,687	54,520
Septic tank fees	20,234	14,787
Other user charges and contributions	126,307	89,803
Total user fees	747,079	663,298

User fees by timing of revenue recognition

User fees recognised at a point in time	747,079	663,298
Total user fees	747,079	663,298

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

3.4 Funding from other levels of government

Grants were received in respect of the following :

Summary of grants

Commonwealth funded grants	9,640,626	8,659,624
State funded grants	3,858,973	2,920,740
Total grants received	13,499,599	11,580,364

	2021	2020
	\$	\$
(a) Operating Grants		
<i>Recurrent - Commonwealth Government</i>		
Financial Assistance Grants	5,773,874	5,592,672
Senior Citizens Grants	-	2,600
<i>Recurrent - State Government</i>		
Maternal & Child Health	221,404	196,893
Community Safety	18,673	9,763
Youth	76,658	94,167
Pests and Plants Program	60,231	60,231
Municipal Emergency Resource Programme	133,200	60,000
Supported Playgroup	60,638	34,981
Vulnerable Persons Register	18,216	17,947
Boat Ramp Maintenance	170	8,500
School Crossing Supervision	30,205	24,696
Other	25,241	4,960
Total recurrent operating grants	6,418,510	6,107,410
<i>Non-recurrent - Commonwealth Government</i>		
Environmental planning	-	5,000
Tourism & Events	51,100	-
<i>Non-recurrent - State Government</i>		
LGA Small Scale Infrastructure Grant	-	10,395
Economic Development	60,000	-
Greening Euroa	65,350	-
Environment	10,000	-
Tourism & Events	250,000	-
Emergency & Disaster Management	121,006	378,861
Working for Victoria	645,899	751,631
Planning and Business Case	2,500	59,271
Creative Victoria-Youth	-	25,000
Water/Waterways Management	-	28,000
Rural Council Victoria Summit	-	40,000
Other	90,000	-
Total non-recurrent operating grants	1,295,856	1,298,158
Total operating grants	7,714,366	7,405,568
(b) Capital Grants		
<i>Recurrent - Commonwealth Government</i>		
Roads to recovery	2,159,352	2,159,352
Total recurrent capital grants	2,159,352	2,159,352
<i>Non-recurrent - Commonwealth Government</i>		
Drought Funding	900,000	900,000
Infrastructure Funding Grant	756,300	-

	2021	2020
	\$	\$
Non-recurrent - State Government		
Roads and Bridges	1,503,668	886,194
Buildings	99,633	175,000
Recreation	325,000	59,300
Footpaths	-	33,000
Pick My Project	-	9,950
Other Flood Recovery Grants	41,280	18,720
Flood Event 12/2017-Capital *	-	(127,125)
Environment - Capital	-	60,406
Total non-recurrent capital grants	3,625,881	2,015,444
Total capital grants	5,785,233	4,174,796
(c) Unspent grants received on condition that they be spent in a specific manner		
Operating		
Balance at start of year	273,582	30,000
Received during the financial year and remained unspent at balance date	160,800	273,582
Received in prior years and spent during the financial year	(129,210)	(30,000)
Balance at year end	305,172	273,582
Capital		
Balance at start of year	1,164,948	0
Received during the financial year and remained unspent at balance date	3,401,555	1,164,948
Received in prior years and spent during the financial year	(1,164,948)	0
Balance at year end	3,401,555	1,164,948

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

* 2020 - Debit balance in grant income is due to reversal of excess income accrued in 2018/19 which include flood event grant \$112,125 and Southern Aurora Memorial Garden grant \$15,000.

3.5 Contributions

Monetary	311,706	355,983
Non-monetary	1,363,611	-
Total contributions	1,675,317	355,983

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

Roads	330,009	-
Kerb & Channel	102,560	-
Footpath	278,450	-
Drainage	601,892	-
Land under roads	50,700	-
Total non-monetary contributions	1,363,611	-

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

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

Proceeds of sale	543,296	262,134
Written down value of assets disposed	(399,427)	(162,370)
Total net gain/(loss) on disposal of property, infrastructure, plant and equipment	143,869	99,764

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

	2021	2020
	\$	\$
3.7 Other income		
Interest	105,520	182,861
Interest on rates	122,904	101,606
Diesel rebate	65,917	64,318
Insurance recoveries	95,576	22,586
Other	93,891	103,572
Total other income	483,808	474,943

Interest is recognised as it is earned.

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

Note 4 The cost of delivering services

4.1 (a) Employee costs

Wages and salaries	10,592,117	8,981,109
WorkCover	190,742	173,593
Superannuation	954,747	828,063
Fringe benefits tax	84,695	134,925
Other	256,010	217,121
Total employee costs	12,078,311	10,334,811

(b) Superannuation

Council made contributions to the following funds:

Defined benefit fund

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	59,242	61,144
Employer contributions - other funds	-	-
	59,242	61,144
Employer contributions payable at reporting date.	-	-

Accumulation funds

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	449,024	422,704
Employer contributions - other funds	428,532	326,921
	877,556	749,625
Employer contributions payable at reporting date.	17,949	17,294

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

4.2 Materials and services

Building maintenance	648,836	441,156
General maintenance	4,205,400	4,108,108
Utilities	297,979	267,025
Office administration	1,555,734	1,493,265
Information technology	760,836	687,652
Insurance	374,095	326,537
Consultants	1,055,114	1,235,190
Legal fees	140,411	134,774
Emergency Expense	21,389	434,399
Waste Management	2,752,560	2,189,904
Total materials and services	11,812,354	11,318,010

	2021	2020
	\$	\$
4.3 Depreciation		
Property	1,030,464	985,866
Plant and equipment	444,487	442,201
Furniture and Equipment	187,672	161,768
Infrastructure	4,590,467	4,441,143
Total depreciation	6,253,090	6,030,978

Refer to note 5.2(c), 5.8 and 6.2 for a more detailed breakdown of depreciation and amortisation charges and accounting policy.

4.4 Amortisation - Intangible assets

Software	64,669	59,845
Total Amortisation - Intangible assets	64,669	59,845

4.5 Amortisation - Right of use assets

Property	9,206	9,206
Plant and equipment	226,872	190,526
Total Amortisation - Right of use assets	236,078	199,732

4.6 Bad and doubtful debts

Rates debtors	-	429
Other debtors	13,430	49,804
Total bad and doubtful debts	13,430	50,233

Movement in provisions for doubtful debts

Balance at the beginning of the year	35,831	7,025
New provisions recognised during the year	7,436	28,806
Amounts already provided for and written off as uncollectible	(31,710)	-
Amounts provided for but recovered during the year	(1,984)	-
Balance at end of year	9,573	35,831

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.

4.7 Borrowing costs

Interest - Borrowings	20,556	25,783
Total borrowing costs	20,556	25,783

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

4.8 Finance Costs - Leases

Interest - Lease Liabilities	21,744	21,467
Total finance costs	21,744	21,467

	2021	2020
	\$	\$
4.9 Other expenses		
Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	41,600	48,400
Auditors' remuneration - Internal	57,743	50,890
Councillors' allowances	193,618	196,479
Other Councillor expenses	43,388	11,724
WDV of Infrastructure Assets Renewed	12,650	170,940
Election Expenses	110,547	26,676
Total other expenses	459,546	505,109

Note 5 Our financial position

5.1 Financial assets

(a) Cash and cash equivalents

Cash on hand	1,293	1,827
Cash at bank	2,948,776	1,621,845
Term deposits	2,600,000	1,250,000
Total cash and cash equivalents	5,550,069	2,873,672

(b) Other financial assets

Share in MAV Purchasing Scheme	2,032	2,032
Term deposits - current	17,350,000	13,704,764
Total other financial assets	17,352,032	13,706,796
Total financial assets	22,902,101	16,580,468

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)	555,222	445,677
Total restricted funds	555,222	445,677
Total unrestricted cash and cash equivalents	4,994,847	2,427,995

Intended allocations

Although not externally restricted the following amounts have been allocated for specific future purposes by Council:

- Cash held to fund carried forward capital works	3,198,000	3,498,000
- Open space reserve	185,178	108,958
- Caravan Park (operating and capital expense)	112,391	73,289
Total funds subject to intended allocations	3,495,569	3,680,247

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.

	2021	2020
	\$	\$
(c) Trade and other receivables		
Current		
Rates debtors	2,157,164	2,134,307
Special rate assessment	11,886	9,184
Net GST Receivable	142,794	212,575
Other debtors	285,749	797,840
Provision for doubtful debts - other debtors	(9,573)	(35,831)
Total current trade and other receivables	<u>2,588,020</u>	<u>3,118,075</u>
Non-current		
<i>Statutory receivables</i>		
Special rate scheme	43,096	57,513
Total non-current trade and other receivables	<u>43,096</u>	<u>57,513</u>
Total trade and other receivables	<u>2,631,116</u>	<u>3,175,588</u>

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)	23,618	504,879
Past due by up to 30 days	72,204	2,454
Past due between 31 and 180 days	46,350	163,932
Past due between 181 and 365 days	128,910	43,255
Past due by more than 1 year	14,667	83,320
Total trade and other receivables	<u>285,749</u>	<u>797,840</u>

5.2 Non-financial assets	2021	2020
(a) Other assets	\$	\$
Prepayments	407,803	255,819
Accrued income	172,897	501,824
Inventories	9,330	5,289
Total other assets	590,030	762,932
(b) Intangible assets		
Software	79,167	106,703
Total intangible assets	79,167	106,703
	Software	Total
Gross carrying amount		
Balance at 1 July 2020	920,048	920,048
Other additions	37,132	37,132
Balance at 1 July 2021	957,180	957,180
Accumulated amortisation and impairment		
Balance at 1 July 2020	813,344	813,344
Amortisation expense	64,669	64,669
Balance at 1 July 2021	878,013	878,013
Net book value at 30 June 2020	106,704	106,704
Net book value at 30 June 2021	79,167	79,167

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

5.3 Payables

(a) Trade and other payables

Trade payables	2,642,774	1,646,384
Accrued expenses	537,034	507,919
Total trade and other payables	3,179,808	2,154,303

(b) Trust funds and deposits

Current

Fire services levy	67,292	114,670
Retention amounts	185,683	133,432
Other refundable deposits	247,081	133,372
Total Current trust funds and deposits	500,056	381,474

Non-current

Trust funds bequested	55,166	64,203
Total Non-Current trust funds and deposits	55,166	64,203

Total trust funds and deposits

555,222	445,677
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(c) Unearned income

Grants received in advance - operating	305,172	273,582
Grants received in advance - capital	3,401,555	1,164,948
Other	-	3,182
Total unearned income	3,706,727	1,441,712

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.

5.4 Interest-bearing liabilities	2021	2020
	\$	\$
Current		
Borrowings - secured	91,000	86,116
	<u>91,000</u>	<u>86,116</u>
Non-current		
Borrowings - secured	191,425	282,425
	<u>191,425</u>	<u>282,425</u>
Total	<u>282,425</u>	<u>368,541</u>

Borrowings are secured by a registered charge over the council rates on the Personal Property Security Register.

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

Not later than one year	91,000	86,116
Later than one year and not later than five years	191,425	282,425
Later than five years	-	-
	<u>282,425</u>	<u>368,541</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	Total
	\$	\$	\$
2021			
Balance at beginning of the financial year	2,850,990	5,597,463	8,448,453
Additional provisions	1,248,695	-	1,248,695
Amounts used	(756,028)	-	(756,028)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	(64,630)	538,034	473,404
Balance at the end of the financial year	<u>3,279,027</u>	<u>6,135,497</u>	<u>9,414,524</u>
2020			
Balance at beginning of the financial year	2,746,190	5,577,198	8,323,388
Additional provisions	1,030,226	-	1,030,226
Amounts used	(888,515)	-	(888,515)
Change in the discounted amount arising because of time and the effect of any change in the discount rate	(36,911)	20,265	(16,646)
Balance at the end of the financial year	<u>2,850,990</u>	<u>5,597,463</u>	<u>8,448,453</u>

Notes to the Financial Report
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	2021	2020
	\$	\$
(a) Employee provisions		
Current provisions expected to be wholly settled within 12		
Annual leave	745,568	415,968
Long service leave	203,181	34,103
Other	31,444	31,444
	980,193	481,515
Current provisions expected to be wholly settled after 12		
Annual leave	571,070	578,246
Long service leave	1,410,446	1,551,652
	1,981,516	2,129,898
Total current employee provisions	2,961,709	2,611,413
Non-current		
Long service leave	317,318	239,577
Total non-current employee provisions	317,318	239,577
Aggregate carrying amount of employee provisions:		
Current	2,961,709	2,611,413
Non-current	317,318	239,577
Total aggregate carrying amount of employee provisions	3,279,027	2,850,990

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

Wages and salaries and annual leave

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

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

Long service leave

Liability for long service leave (LSL) is recognised in the provision for employee benefits. LSL is measured at present value. Unconditional LSL is disclosed as a current liability. Conditional LSL that has been accrued, where an employee is yet to reach a qualifying term of employment, is disclosed as a non-current liability.

	2021	2020
	%	%
Key assumptions:		
- discount rate	0.88%	0.87%
- index rate	1.70%	1.60%
(b) Landfill restoration	\$	\$
Current	1,622,436	1,084,402
Non-current	4,513,062	4,513,062
	6,135,498	5,597,464

Council is obligated to restore [landfill] site 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.

	2021	2020
	%	%
Key assumptions:		
- discount rate	0.88%	0.87%
- index rate	1.90%	1.25%

5.6 Financing arrangements

The Council has the following funding arrangements in place as at 30th June 2021.

Bank overdraft	1,145,000	2,290,000
Loan facilities	282,424	368,541
Credit card facilities	100,000	100,000
Total facilities	1,527,424	2,758,541
Used facilities	(290,214)	(376,363)
Unused facilities	1,237,210	2,382,178

5.7 Commitments

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

	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 5 years	Later than 5 years	Total
	\$	\$	\$	\$	\$
2021					
Operating					
Open space management	93,251	158,849	-	-	252,100
Consultancies	13,992	13,992	-	-	27,985
Home care services	49,008	49,008	-	-	98,016
Cleaning contracts for council buildings	346,940	-	(29,493)	-	317,447
Emergency	161,878	-	-	-	161,878
Assets	4,242	-	-	-	4,242
Environment & Waste	43,598	-	43,598	43,598	130,793
Total	712,908	221,850	14,105	43,598	992,460
Capital					
Buildings	-	-	-	-	-
Roads	1,890,621	-	-	-	1,890,621
Drainage	-	-	-	-	-
Total	1,890,621	-	-	-	1,890,621
2020					
Operating					
Open space management	219,391	-	-	-	219,391
Governance	90,497	-	-	-	90,497
Home care services	13,992	13,609	-	-	27,601
Cleaning contracts for council buildings	44,553	44,553	122	-	89,228
Total	368,433	58,162	122	-	426,717
Capital					
Buildings	-	-	-	-	-
Roads	-	-	-	-	-
Drainage	-	-	-	-	-
Total	-	-	-	-	-

5.8 Leases

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

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

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

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

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

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

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

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

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

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

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

Right-of-Use Assets

	Property	Plant & Equipment	Total
	\$	\$	\$
Balance at 1 July 2019	36,822	644,775	681,597
Additions	-	390,665	390,665
Amortisation charge	(9,206)	(190,526)	(199,732)
Balance at 30 June 2020	27,616	844,914	872,530
Balance at 1 July 2020	27,616	844,914	872,530
Additions	-	-	-
Amortisation charge	(9,206)	(226,871)	(236,077)
Balance at 30 June 2021	18,410	618,043	636,453

Lease Liabilities

	2021	2020
	\$	\$
Maturity analysis - contractual undiscounted cash flows		
Less than one year	194,393	250,791
One to five years	492,559	690,556
More than five years	-	-
Total undiscounted lease liabilities as at 30 June:	686,952	941,347

Lease liabilities included in the Balance Sheet at 30 June:

Current	178,337	230,029
Non-current	474,083	652,421
Total lease liabilities	652,420	882,450

Short-term and low value leases

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

	2021	2020
	\$	\$
Expenses relating to:		
Short-term leases	16,490	16,564
Leases of low value assets	-	-
Total	16,490	16,564
Variable lease payments (not included in measurement of lease liabilities)	-	-

Note 6 Assets we manage

6.1 Non current assets classified as held for sale

	2021	2020
	\$	\$
Cost of acquisition	417,384	690,384
Total non current assets classified as held for sale	417,384	690,384

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

6.2 Property, infrastructure, plant and equipment

Summary of property, infrastructure, plant and equipment

	At Fair Value 30 June 2020	Additions	Contributions	Revaluation	Depreciation	Disposal	Write-off	Transfers/ Reclassification	At Fair Value 30 June 2021
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Property	62,053,057	1,518,292	50,700	(4,452,184)	(1,030,463)	-	-	66,839	58,206,241
Plant and equipment	4,553,083	1,147,662	-	-	(632,159)	(126,427)	(892)	-	4,941,267
Infrastructure	213,027,957	4,226,006	1,312,911	341,726	(4,590,467)	(12,650)	-	402,341	214,707,824
Work in progress	1,184,182	3,507,016	-	-	-	-	(50,266)	(469,180)	4,171,752
Total	280,818,278	10,398,976	1,363,611	(4,110,458)	(6,253,089)	(139,077)	(51,158)	-	282,027,083

Summary of Work in Progress

	Opening WIP	Additions	Write-off	Transfers/ Reclassification	Closing WIP
	\$	\$	\$	\$	\$
Property	267,896	48,409	(41,366)	(211,060)	63,879
Plant and equipment	-	-	-	-	-
Infrastructure	916,286	3,458,607	(8,900)	(258,120)	4,107,873
Total	1,184,182	3,507,016	(50,266)	(469,180)	4,171,752

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For the Year Ended 30 June 2021

(a) Property

	Land - specialised	Land - non specialised	Land under roads	Total Land	Buildings - specialised	Buildings - non specialised	Total Buildings	Cultural and heritage assets	Work In Progress	Total Property
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
At fair value 1 July 2020	26,172,407	5,861,777	214,065	32,248,249	60,872,450	3,305,676	64,178,127	2,298,900	267,896	98,993,172
Accumulated depreciation at 1 July 2020	-	-	-	-	(35,705,541)	(1,093,144)	(36,798,685)	-	-	(36,798,685)
	26,172,407	5,861,777	214,065	32,248,249	25,166,910	2,212,532	27,379,442	2,298,900	267,896	62,194,487
Movements in fair value										
Additions	-	-	-	-	1,518,292	-	1,518,292	-	48,409	1,566,701
Contributions	-	-	50,700	50,700	-	-	-	-	-	50,700
Reclassification	(26,172,407)	26,172,407	-	-	-	-	-	-	(17,755)	(17,755)
Revaluation	-	(4,337,184)	-	(4,337,184)	-	-	-	-	-	(4,337,184)
Disposal	-	-	-	-	-	-	-	-	-	-
Write-off	-	-	-	-	-	-	-	-	(41,366)	(41,366)
Prior year revaluation adjustment	-	-	-	-	(715,000)	-	(715,000)	-	-	(715,000)
Transfers	-	-	-	-	193,305	-	193,305	-	(193,305)	-
	(26,172,407)	21,835,223	50,700	(4,286,484)	996,597	-	996,597	-	(204,017)	(3,493,904)
Movements in accumulated depreciation										
Depreciation and amortisation	-	-	-	-	(1,030,463)	-	(1,030,463)	-	-	(1,030,463)
Accumulated depreciation of disposals	-	-	-	-	-	-	-	-	-	-
Prior year revaluation adjustment	-	-	-	-	600,000	-	600,000	-	-	600,000
Transfers	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	(430,463)	-	(430,463)	-	-	(430,463)
At fair value 30 June 2021	-	27,697,000	264,765	27,961,765	61,869,047	3,305,676	65,174,723	2,298,900	63,879	95,499,268
Accumulated depreciation at 30 June 2021	-	-	-	-	(36,136,003)	(1,093,144)	(37,229,148)	-	-	(37,229,148)
	-	27,697,000	264,765	27,961,765	25,733,044	2,212,532	27,945,576	2,298,900	63,879	58,270,120

(b) Plant and Equipment

	Plant machinery and equipment	Fixtures and furniture	Cultural and heritage assets - Arts & Monuments	Total plant and equipment
	\$	\$	\$	\$
At fair value 1 July 2020	4,844,549	3,843,365	2,146,950	10,834,864
Accumulated depreciation at 1 July 2020	(3,149,116)	(3,132,665)	-	(6,281,781)
	1,695,434	710,699	2,146,950	4,553,083
Movements in fair value				
Additions	942,505	205,157	-	1,147,662
Contributions	-	-	-	-
Revaluation	-	-	-	-
Disposal	(778,781)	-	-	(778,781)
Write-off	(892)	-	-	(892)
Transfer	888,419	(888,419)	-	-
	1,051,251	(683,262)	-	367,989
Movements in accumulated depreciation				
Depreciation and amortisation	(444,487)	(187,672)	-	(632,159)
Accumulated depreciation of disposals	652,353	-	-	652,353
Transfer	(813,344)	813,344	-	-
	(605,478)	625,672	-	20,194
At fair value 30 June 2021	5,895,800	3,160,103	2,146,950	11,202,853
Accumulated depreciation at 30 June 2021	(3,754,593)	(2,506,993)	-	(6,261,586)
	2,141,207	653,109	2,146,950	4,941,267

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

(c) Infrastructure

	Roads	Bridges	Footpaths and cycleways	Drainage	Kerb and channel	Parks open spaces and streetscapes	Cultural and heritage assets	Work In Progress	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$	\$	\$
At fair value 1 July 2020	195,330,942	62,743,426	4,906,219	16,378,089	6,597,907	22,012,886	2,288,263	916,286	311,174,020
Accumulated depreciation at 1 July 2020	(57,900,801)	(19,267,341)	(1,445,484)	(4,433,107)	(2,638,792)	(11,417,787)	-	-	(97,103,311)
	137,430,142	43,476,085	3,460,735	11,944,983	3,959,115	10,595,099	2,288,263	916,286	214,070,709
Movements in fair value									
Additions	1,951,242	930,302	224,197	827,281	64,286	228,698	-	3,458,607	7,684,613
Contributions	330,009	-	278,450	601,892	102,560	-	-	-	1,312,911
Reclassification	-	-	-	-	-	-	-	17,755	17,755
Revaluation	-	-	-	-	-	(1,368,419)	-	-	(1,368,419)
Disposal	-	(79,634)	-	-	-	-	-	-	(79,634)
Write-off	-	-	-	-	-	-	-	(8,900)	(8,900)
Transfers	9,541	103,288	19,081	114,978	-	28,988	-	(275,875)	-
	2,290,792	953,956	521,728	1,544,151	166,846	(1,110,733)	-	3,191,587	7,558,326
Movements in accumulated depreciation									
Depreciation and amortisation	(3,049,218)	(645,696)	(108,338)	(158,397)	(113,109)	(515,709)	-	-	(4,590,467)
Accumulated depreciation of disposals	-	66,984	-	-	-	-	-	-	66,984
Revaluation	-	-	-	-	-	1,710,145	-	-	1,710,145
Transfers	-	-	-	-	-	-	-	-	-
	(3,049,218)	(578,712)	(108,338)	(158,397)	(113,109)	1,194,436	-	-	(2,813,338)
At fair value 30 June 2021	197,621,734	63,697,382	5,427,948	17,922,240	6,764,753	20,902,153	2,288,263	4,107,873	318,732,346
Accumulated depreciation at 30 June 2021	(60,950,019)	(19,846,053)	(1,553,822)	(4,591,504)	(2,751,901)	(10,223,351)	-	-	(99,916,649)
	136,671,716	43,851,329	3,874,126	13,330,736	4,012,852	10,678,802	2,288,263	4,107,873	218,815,697

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 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
		\$
Asset recognition thresholds and depreciation periods		
Property		
land	-	10,000
Buildings		
buildings	10 to 100 years	5,000
Plant and Equipment		
plant, machinery and equipment	2 to 20 years	1,000
furniture and equipment	2 to 10 years	1,000
leased plant and equipment including right of use assets	3 to 5 years	5,000
Infrastructure		
road pavements - sealed	40 to 130 years	5,000
road pavements - unsealed	25 to 40 years	5,000
road seals	18 to 40 years	5,000
formation and earthworks	100 years	5,000
bridges deck	50 to 120 years	5,000
bridges substructure	60 to 250 years	5,000
culverts	60 to 250 years	5,000
footpaths	10 to 60 years	5,000
drainage	100 years	5,000
parks open spaces and streetscapes	15 to 100 years	5,000
kerb and channel	50 to 100 years	5,000
cultural and heritage assets	-	5,000

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, there are no leasehold improvements.

Valuation of land and buildings

Valuation of land were undertaken by a qualified independent valuer APV Valuers & Assets Management in June 2021. The valuation of land is at fair value, being market value based on highest and best use permitted by relevant land planning provisions. Depending upon the nature of the specific assets the valuation approach has included the adoption of a singular or multiple techniques; Market approach or Cost approach. 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. However, Level 2 inputs has been assumed by default for all land parcels, as there is observable market evidence.

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.

Land and building asset values disclosed in the financial statements are not expected to be materially impacted by COVID-19 as at 30 June 2021. A formal revaluation was undertaken for buildings and structures in June 2020 and land in June 2021.

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

	Level 1	Level2	Level 3	Date of Valuation
Land	-	27,697,000	-	Jun-21
Specialised land	-	-	-	Jun-21
Land under roads	-	-	264,765	Jun-18
Heritage Buildings	-	-	2,298,900	Jun-20
Buildings & site improvements	-	2,212,532	25,733,044	Jun-20
Total	-	29,909,532	28,296,709	

Level 1 Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Valuation of infrastructure

The valuation is at fair value as at 30 June 2020 plus all 2020/21 additions at cost and is based on replacement cost less accumulated depreciation as at the date of valuation. The base valuation of infrastructure assets conducted at 30 June 2020 was made by Uwe Paffrath, Certified Municipal Engineer.

Parks, open space and streetscapes were assessed as part of the 2020-2021 Open Spaces condition assessment contract by external Contractors Morphem Environmental (Bruce Stephens Level 3 Playground Assessor). Replacement unit rates have been applied to the asset condition to arrive at revaluation figure as at 30th June and reviewed by Uwe Paffrath, Certified Municipal Engineer.

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

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

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

	Level 1	Level2	Level 3	Date of Valuation
Roads	-	-	136,671,716	Jun-19
Bridges	-	-	43,851,329	Jun-19
Footpaths and cycleways	-	-	3,874,126	Jun-19
Drainage	-	-	13,330,736	Jun-19
Kerb and channel	-	-	4,012,852	Jun-19
Parks, open space and streetscapes	-	-	10,678,802	Jun-21
Total	-	-	212,419,561	

Description of significant unobservable inputs into level 3 valuations

Specialised land and land under roads is valued using a market based direct comparison technique. Significant unobservable inputs include the extent and impact of restriction of use and the market cost of land per square metre. The extent and impact of restrictions on use varies and results in a reduction to surrounding land values between 85% and 95%. The market value of land varies significantly depending on the location of the land and the current market conditions. Currently land values range between \$0.48 and \$565 per square metre.

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 and ranges from \$200 to \$700 per square metre. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary from 20 years to 120 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of buildings are sensitive to changes in expectations or requirements that could either shorten or extend the useful lives of buildings.

Infrastructure assets are valued based on the 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 from 18 years to 120 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of infrastructure are sensitive to changes in use, expectations or requirements that could either shorten or extend the useful lives of infrastructure assets.

	2021	2020
	\$	\$
Reconciliation of specialised land		
Parks and reserves	-	19,287,996
Waste management	-	937,303
Civic centres	-	2,448,870
Council depts	-	673,883
Caravan parks	-	2,086,281
Pre schools	-	399,599
Saleyards	-	338,475
Total specialised land	-	26,172,407

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	2021	2020
	\$	\$
6.3 Investments in associates, joint arrangements and subsidiaries		
(a) Investments in associates		
- Goulburn Valley Regional Library Corporation	255,287	227,146
Goulburn Valley Regional Library Corporation		
Background		
<p>The Goulburn Valley Regional Library Corporation was formed under the provisions of section 196 of the Local Government Act 1989 on 15/09/2009 to provide library services within the local government area of Strathbogje Shire, Moira Shire and City of Greater Shepparton. Council holds 9.89% (2019/20 9.86%) of equity in the Corporation. Council has two directors on the board of nine. Council has the ability to influence rather than control its operations.</p>		
Fair value of Council's investment in Goulburn Valley Library Corporation	255,287	227,146
Council's share of accumulated surplus/(deficit)		
Council's share of accumulated surplus(deficit) at start of year	227,146	218,432
Reported surplus(deficit) for year	28,141	8,714
Council's share of accumulated surplus(deficit) at end of year	255,287	227,146
Movement in carrying value of specific investment		
Carrying value of investment at start of year	227,146	218,432
Share of surplus(deficit) for year	28,141	8,714
Share of asset revaluation	-	-
Distributions received	-	-
Carrying value of investment at end of year	255,287	227,146

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

Committees of management

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

Avenel Memorial Hall
Creighton's Creek Recreation Reserve
Euroa Band Hall
Euroa Friendlies Reserve
Goram Soldiers' Memorial Hall
Longwood Community Centre
Miepoll Public Hall
Moglonemby Hall
Nagambie Recreation Reserve
Ruffy Recreation Reserve
Strathbogje Memorial Hall
Strathbogje Recreation Reserve
Tableland Community Centre Committee (Ruffy)
Violet Town Recreation Reserve

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

Note 7 People and relationships	2021	2020
7.1 Council and key management remuneration	No.	No.
(a) Related Parties		
<i>Parent entity</i>		
Strathbogie Shire Council is the parent entity.		
<i>Subsidiaries and Associates</i>		
Interests in subsidiaries and associates are detailed in Note 6.3.		
(b) Key Management Personnel		
Details of persons holding the position of Councillor or other members of key management personnel at any time during the year are:		
Councillors		
Cr Chris Raeburn (from 1/7/2020 to 23/10/2020, and from 17/11/2020)		
Cr Melanie Likos (from 17/11/2020)		
Cr Kristy Hourigan (from 17/11/2020)		
Cr Laura Binks (from 17/11/2020)		
Cr Paul Murray (from 17/11/2020)		
Cr Reg Dickinson (from 17/11/2020)		
Cr Sally Hayes-Burke (from 17/11/2020)		
Amanda McClaren (from 1/7/2020 to 23/10/2020)		
John Mason (from 1/7/2020 to 23/10/2020)		
Malcolm Little (from 1/7/2020 to 23/10/2020)		
Alistair Thomson (from 1/7/2020 to 23/10/2020)		
Graeme (Mick) Williams (from 1/7/2020 to 23/10/2020)		
Robert 'Bob' Gardner (from 1/7/2020 to 23/10/2020)		
Chief Executive Officer		
Director - Corporate Operations *		
Acting Director - Community & Planning (from 5/10/2020 to 14/12/2020)		
Executive Manager People & Culture		
Executive Manager Governance & Customer Service		
Executive Manager Communications and Engagement		
Total Number of Councillors	13	9
Total of Chief Executive Officer and other Key Management Personnel	6	8
Total Number of Key Management Personnel*	<u>19</u>	<u>17</u>

*Director - Community & Planning role was filled by two individuals and an acting officer during the year.

(c) Remuneration of Key Management Personnel	2021	2020
	\$	\$
Total remuneration of key management personnel was as follows:		
Short-term benefits	1,314,972	1,071,634
Long-term benefits	12,459	92,910
Post employment benefits	129,963	68,187
Termination benefits	15,720	-
Total	<u>1,473,114</u>	<u>1,232,731</u>

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

	2021	2020
	No.	No.
\$1 - \$9,999	5	3
\$10,000 - \$19,999	6	1
\$30,000 - \$39,999	1	-
\$20,000 - \$29,999	1	5
\$30,000 - \$39,999	-	1
\$50,000 - \$59,999	1	-
\$60,000 - \$69,999	-	1
\$80,000 - \$89,999	1	1
\$100,000 - \$109,999	-	2
\$110,000 - \$119,999	1	-
\$180,000 - \$189,999	2	1
\$190,000 - \$199,999	1	-
\$200,000 - \$209,999	1	-
\$210,000 - \$219,999	-	1
\$260,000 - \$269,999	1	-
\$280,000 - \$289,999	-	1
Total*	<u>21</u>	<u>17</u>

*Director - Community & Planning role was filled by two individuals and an acting officer during the year.

(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:

Income Range:	2021 No.	2020 No.
\$150,000 - \$159,999	2	-
\$160,000 - \$169,999	1	-
\$170,000 - \$179,999	-	3
	3	3

Total Remuneration for the reporting year for Senior Officers included above, amounted to:	477,086	527,879
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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.

Other Related Party Expenses	12,852	47,940
Euroa Caravan Park - Operating and Capital Expenses *	55,095	-
Euroa Caravan Park - Lease Income *	68,629	-

(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

Euroa Caravan Park - Sundry Debtors (Lease) *	99,522	-
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(c) Loans to/from related parties

There are no loans in existence at balance date that have been made, guaranteed or secured by the council to a related party.

(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:

Euroa Caravan Park - Commitments to related parties - Amount allocated for specific purposes *	112,391	-
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* On 26 June 2013 Council entered into a lease agreement with a tenant for 21 years for Euroa Caravan park and subsequently the lease agreement was transferred to the new tenant Lilly Ann Pty Ltd on 27 February 2017. Councillor Kristy Hourigan is a director of Lilly Ann Pty Ltd and Kristy Hourigan became a Councillor from 17/11/2020. There has been no change to the terms and conditions of the lease agreement during the year.

Note 8 Managing uncertainties

8.1 Contingent assets and liabilities

(a) Contingent 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.

Superannuation

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

Future superannuation contributions

In addition to the disclosed contributions, Strathbogie Shire Council has paid no unfunded liability payments to Vision Super during the 2020/21 year (2019/20 \$0). There were no contributions outstanding and no loans issued from or to the above schemes as at 30 June 2021. The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2022 are \$0.

Landfill

Council do not have operational landfill. However council will have to carry out site rehabilitation works at Violet Town old landfill in the future. At balance date Council is unable to accurately assess the financial implications of such works. Contractor has been appointed to estimate the cost of such works. Currently council has a budget of \$5 million for the future works.

Insurance claims

There are no any major insurance claims that could have a material impact on future operations.

Legal matters

There are no any major legal matters that could have a material impact on future operations.

Building cladding

Council does not exposed to any potential contingents 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.

Liability Mutual Insurance

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

MAV Workcare

In November 2017, the Victorian WorkCover Authority (the Authority) granted the Municipal Association of Victoria (MAV) a three-year self-insurance licence allowing it to provide workers' compensation insurance to Victorian councils. When the MAV WorkCare Scheme commenced, there were 31 inaugural members, including the MAV.

In accordance with the Authority's decision not to renew the MAV's self-insurance licence, the MAV WorkCare Scheme ceased operation on 30 June 2021. The MAV is continuing to support the orderly transition of claims management responsibilities to the Authority.

Council was a participant of the MAV WorkCare Scheme.

The MAV WorkCare Scheme participation agreement stated that each participant would remain liable to make further contributions to the Scheme in respect of any insurance year in which it was a participant to the extent of its participant's share of any shortfall in the provision set aside in respect of that insurance year, and such liability would continue whether or not the participant remained a participant in future insurance years.

The net financial impact on Council as a result of the cessation of the MAV WorkCare Scheme for the 2020-21 financial year is yet to be determined. Any obligation is dependent upon the Authority's initial actuarial assessment of the tail claims liabilities of the MAV WorkCare Scheme.

In accordance with the Workplace Injury Rehabilitation and Compensation Act 2013, there is a six- year liability period following the cessation of the MAV WorkCare Scheme. During the liability period, adjustment payments may be required (or received) by Council. The determination of any adjustment payments is dependent upon revised actuarial assessments of the Scheme's tail claims liabilities as undertaken by the Authority.

(c) Guarantees for loans to other entities

Council does not have any financial guarantees.

8.2 Change in accounting standards

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

8.3 Financial instruments

(a) Objectives and policies

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

(b) Market risk

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

Interest rate risk

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

Investment of surplus funds is made with approved financial institutions under the *Local Government Act 1989*. Council manages interest rate risk by adopting an investment policy that ensures:

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

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

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

(c) Credit risk

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

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

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

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

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

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

(d) Liquidity risk

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

To help reduce these risks Council:

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

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

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

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

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

(e) Sensitivity disclosure analysis

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

- A parallel shift of + 0.25% and - 0.25% in market interest rates (AUD) from year-end rates of 0.33%.

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.

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 2 to 5 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

Councillor Melanie Likos (Deputy Mayor) resigned as Councillor for the Lake Nagambie Ward on 17 August 2021. Under the Local Government Act 2020, a vacancy in the Lake Nagambie Ward now exists. A countback of votes will be undertaken for Lake Nagambie Ward and will be carried out by the Victorian Electoral Commission in accordance with Division 8 of the Act to appoint a new Councillor.

On 15 July 2021 the Victorian State Government in response to COVID-19 imposed stage 5 restrictions on Victoria from Friday 16 July 2021. No adjustments to balances are required as at 30 June 2021.

All receivables and payables balances along with actual impacts on revenue and expenses and asset values are not expected to be further impacted by these events.

Disclosures regarding COVID-19 have been made in the relevant notes to the statements.

Note 9 Other matters

9.1 Reserves

	Balance at beginning of reporting period	Increment (decrement)	Balance at end of reporting period
	\$	\$	\$
(a) Asset revaluation reserves			
2021			
Property			
Land and land improvements	27,268,862	(4,337,184)	22,931,678
Buildings	27,073,316	(115,000)	26,958,316
	54,342,178	(4,452,184)	49,889,994
Plant and Equipment			
Cultural and heritage assets	1,541,200		1,541,200
Infrastructure			
Roads	89,369,647	-	89,369,647
Bridges	30,085,240	-	30,085,240
Footpaths and cycleways	1,600,498		1,600,498
Drainage	4,026,118	-	4,026,118
Parks, open space and streetscapes	6,444,635	341,726	6,786,361
Kerb and Channel	2,954,641		2,954,641
Other infrastructure	17,093	-	17,093
	134,497,872	341,726	134,839,598
Total asset revaluation reserves	190,381,250	(4,110,458)	186,270,792
2020			
Property			
Land and land improvements	27,268,863	-	27,268,863
Buildings	46,180,386	(19,107,070)	27,073,316
	73,449,248	(19,107,070)	54,342,179
Plant and Equipment			
Cultural and heritage assets	-	1,541,200	1,541,200
Infrastructure			
Roads	89,369,647	-	89,369,647
Bridges	30,085,240	-	30,085,240
Footpaths and cycleways	1,600,498	-	1,600,498
Drainage	4,026,118	-	4,026,118
Parks, open space and streetscapes	-	6,444,635	6,444,635
Kerb and Channel	2,954,641	-	2,954,641
Other infrastructure	17,093	-	17,093
	128,053,237	6,444,635	134,497,872
Total asset revaluation reserves	201,502,485	(11,121,235)	190,381,250

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

	Balance at beginning of reporting period	Transfer from accumulated surplus	Transfer to accumulated surplus	Balance at end of reporting period
	\$	\$	\$	\$
(b) Other reserves				
2021				
Bridge replacement reserve	750,000	-	-	750,000
Open space reserve	108,958	76,220	-	185,178
Total Other reserves	858,958	76,220	-	935,178
2020				
Bridge replacement reserve	750,000	-	-	750,000
Open space reserve	108,958	-	-	108,958
Total Other reserves	858,958	-	-	858,958

	2021	2020
	\$	\$
9.2 Reconciliation of cash flows from operating activities to		
Surplus/(deficit) for the year	6,365,056	4,863,476
Depreciation/amortisation	6,553,837	6,290,556
Profit/(loss) on disposal of property, infrastructure, plant and equipment	(143,869)	(99,764)
Written down value of infrastructure assets replaced	12,650	170,940
Contributions - Non-monetary assets	(1,363,611)	-
Borrowing costs/Finance Cost	42,300	47,250
Trust funds and other deposits repaid	-	-
Share of net profits of associates	(28,141)	(8,714)
WIP expended 2016/17 - reclassified as operating expense 2017/18	-	-
Payments from Open Space Reserve	-	-
Other	51,140	67,490
Change in assets and liabilities:		
(Increase)/decrease in trade and other receivables	544,472	440,555
Trust funds and other deposits received (repaid)	109,545	(304,013)
(Increase)/decrease in prepayments	(151,984)	(16,713)
Increase/(decrease) in accrued income	328,927	784,221
Increase/(decrease) in trade and other payables	1,025,505	(934,717)
(Decrease)/increase in other liabilities	2,265,015	1,441,712
(Increase)/decrease in inventories	(4,041)	8,519
Increase/(decrease) in provisions	966,071	125,065
Net cash provided by/(used in) operating activities	16,572,871	12,875,863

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 Comprehensive Operating Statement when they are made or due.

Accumulation

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

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 Strathbogrie Shire Council in the Fund cannot be measured as a percentage compared with other participating employers. Therefore, the Fund Actuary is unable to allocate benefit liabilities, assets and costs between employers for the purposes of AASB 119 Employee Benefits.

Funding arrangements

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

A triennial actuarial review for the Defined Benefit category as at 30 June 2020 was conducted and completed by the due date of 31 December 2020. The vested benefit index (VBI) of the Defined Benefit category of which Council is a contributing employer was 104.6%. The financial assumptions used to calculate the VBI were:

- Net investment returns 5.6% pa
- Salary information 2.5% pa for two years and 2.75% pa thereafter
- Price inflation (CPI) 2.0% pa.

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

Vision Super has advised that the estimated VBI at 30th June 2021 was 109.7%.

The VBI is used as the primary funding indicator. Because the VBI was above 100%, the 30 June 2020 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

Regular contributions

On the basis of the results of the 2020 triennial 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 2021, this rate was 9.5% of members' salaries (9.5% in 2019/2020). 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.

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 2020 triennial 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. A 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:

	2020 (Triennial) \$m	2019 (Interim) \$m
- A VBI Surplus	100.0	151.3
- A total service liability surplus	200.0	233.4
- A discounted accrued benefits surplus	217.8	256.7

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 2020.

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 2020.

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 2020.

Council was notified of the 30 June 2020 VBI during August 2020 (2019: August 2019).

The 2021 interim actuarial investigation

An interim actuarial investigation is being conducted for the Fund's position as at 30 June 2021 as the Fund provides lifetime pensions in the Defined Benefit category. It is anticipated that this actuarial investigation will be completed by October 2021.

Superannuation contributions

Contributions by Council (excluding any unfunded liability payments) to the above superannuation plans for the financial year ended 30 June 2021 are detailed below:

Scheme	Type of Scheme	Rate	2021 \$	2020 \$
Vision super	Defined benefit	9.50%	59,242	61,144
Vision super	Accumulation fund	9.50%	428,532	422,704
Other funds	Accumulation fund	9.50%	452,098	326,921

Council hasn't paid any unfunded liability payments to Vision Super in 2019/20 or 2020/21. Council does not expect to pay to the Defined Benefit category of Vision Super for the year ending 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 2018-7 Amendments to Australian Accounting Standards - Definition of Material (applies 2020/21 for LG Sector)

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

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

Council has adopted AASB 2019-1 Amendments to Australian Accounting Standards - References to the Conceptual Framework from 1 July 2020. These financial statements present fairly the financial position, financial performance and cash flows of Council. There is a fair presentation of the effect 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.

It is not expected that these standards will have any significant impact on council.

Draft