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Audit Committee Meeting

13 February 2023

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## Auditor General

### INDEPENDENT AUDITOR'S REPORT 2022

#### Shire of Victoria Plains

#### To the Councillors of the Shire of Victoria Plains

#### Opinion

I have audited the financial report of the Shire of Victoria Plains (Shire) which comprises:

- the Statement of Financial Position at 30 June 2022, the Statement of Comprehensive Income by Nature or Type, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year then ended
- Notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial report is:

- based on proper accounts and records
- presents fairly, in all material respects, the results of the operations of the Shire for the year ended 30 June 2022 and its financial position at the end of that period
- in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

#### Basis for opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial report section below.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Other information

The Chief Executive Officer (CEO) is responsible for the preparation and the Council for overseeing the other information. The other information is the information in the entity's annual report for the year ended 30 June 2022, but not the financial report and my auditor's report.

My opinion on the financial report does not cover the other information and, accordingly, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

### **Responsibilities of the Chief Executive Officer and Council for the financial report**

The Chief Executive Officer of the Shire is responsible for:

- preparation and fair presentation of the financial report in accordance with the requirements of the Act, the Regulations and Australian Accounting Standards
- managing internal control as required by the CEO to ensure the financial report is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the CEO is responsible for:

- assessing the Shire's ability to continue as a going concern
- disclosing, as applicable, matters related to going concern
- using the going concern basis of accounting unless the State Government has made decisions affecting the continued existence of the Shire.

The Council is responsible for overseeing the Shire's financial reporting process.

### **Auditor's responsibilities for the audit of the financial report**

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial report. The objectives of my audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

A further description of my responsibilities for the audit of the financial report is located on the Auditing and Assurance Standards Board website. This description forms part of my auditor's report and can be found at [https://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf).

### **My independence and quality control relating to the report on the financial report**

I have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. In accordance with ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements*, the Office of the Auditor General maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### **Matters relating to the electronic publication of the audited financial report**

This auditor's report relates to the financial report of the Shire of Victoria Plains for the year ended 30 June 2022 included in the annual report on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the financial report. It does not provide an opinion on any other information which may have been hyperlinked to/from the annual report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to contact the Shire to confirm the information contained in the website version.

Jordan Langford-Smith  
Senior Director Financial Audit  
Delegate of the Auditor General for Western Australia  
Perth, Western Australia  
16 December 2022

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## 7. Noncompliance with control procedures for grant acquittal reporting

### Finding

In the prior years we noted that the Shire had some control procedures in place to facilitate accurate reporting of amounts on grant acquittals. Invoices were stamped with codes that identified the relevant grant and project it related to. Staff included codes in their time sheets which identified the project and grant the work they performed related to. The timesheets and the invoices were classified accordingly in the accounting system.

In this financial year due to staff turnover there was a change in the Shire's management team. The control procedures noted above were not strictly adhered to. The Shire reconciled grant spending retrospectively and the acquittals were submitted on a timely basis. The acquittals were audited and no material misstatements were noted.

### Rating: Minor

### Implication

Misstatement in amounts reported as spent on acquittals

### Recommendation

We recommend that the Shire adhere to the control procedures they had in place previously. The control procedures were recommended practice and they facilitate accurate reporting.

### Management comment

*Management accepts the finding and recommendation but this is related more to staff turnover in which case this may not ever be mitigated against.*

*Whilst there maybe an argument that previous processes were better, there were no material misstatements so technically not sure what the management report qualification is for except to argue an opinion on best practice.*

*Currently there are better controls in reporting where this is provided monthly to management and therefore errors, anomalies are timely revealed. Progress in terms of the grant expenditure is also provided monthly, a different method to what may have occurred in previous years but equally effective accurate reporting.*

**Responsible person:** Colin Ashe  
**Completion date:** 7/12/22

**SHIRE OF VICTORIA PLAINS**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2022**

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Our Vision Statement is an expression of what we aspire to ensure the Shire of Victoria Plains is like for people who live here in the future:

*The Shire of Victoria Plains*  
*Many Localities*  
*One Perfect Lifestyle*  
*A Place to Grow*

Principal place of business:  
28 Cavell Street  
Calingiri, WA 6569

**SHIRE OF VICTORIA PLAINS  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022**

The attached financial report of the Shire of Victoria Plains for the financial year ended 30 June 2022 is based on proper accounts and records to present fairly the financial position of the Shire of Victoria Plains at 30 June 2022 and the results of the operations for the financial year then ended in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the 13<sup>th</sup> day of DECEMBER 2022



Acting Chief Executive Officer

Sean Fletcher

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**SHIRE OF VICTORIA PLAINS**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY NATURE OR TYPE**  
**FOR THE YEAR ENDED 30 JUNE 2022**

	NOTE	2022 Actual	2022 Budget	2021 Actual
		\$	\$	\$
<b>Revenue</b>				
Rates	28(a),2(a)	3,055,775	2,966,007	2,777,989
Operating grants, subsidies and contributions	2(a)	2,050,614	797,274	1,428,127
Fees and charges	27(c),2(a)	229,478	197,400	209,802
Interest earnings	2(a)	26,428	30,482	25,643
Other revenue	2(a)	255,639	221,309	112,977
		5,617,934	4,212,472	4,554,538
<b>Expenses</b>				
Employee costs		(1,697,752)	(1,560,592)	(1,352,580)
Materials and contracts		(3,080,963)	(2,277,970)	(1,757,364)
Utility charges		(124,017)	(108,968)	(97,610)
Depreciation	10(a)	(4,055,604)	(3,920,654)	(3,922,601)
Finance costs	2(b)	(9,616)	(15,887)	(11,056)
Insurance		(179,698)	(169,123)	(142,398)
Other expenditure	2(b)	(87,139)	(86,655)	(73,036)
		(9,234,789)	(8,139,849)	(7,356,645)
		(3,616,855)	(3,927,377)	(2,802,107)
Capital grants, subsidies and contributions	2(a)	1,445,581	4,561,136	1,879,646
Profit on asset disposals	10(d)	-	-	28,055
Fair value adjustments to financial assets at fair value through profit or loss		4,937	-	-
		1,450,518	4,561,136	1,907,701
<b>Net result for the period</b>	27(b)	<b>(2,166,337)</b>	<b>633,759</b>	<b>(894,406)</b>
<b>Other comprehensive income for the period</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	15	2,433,727	-	-
<b>Total other comprehensive income for the period</b>	15	<b>2,433,727</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>		<b>267,390</b>	<b>633,759</b>	<b>(894,406)</b>

This statement is to be read in conjunction with the accompanying notes.



William Buck Audit (WA) Pty Ltd



**SHIRE OF VICTORIA PLAINS  
STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2022**

	NOTE	2022 \$	2021 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	1,264,859	2,281,843
Trade and other receivables	5	654,211	87,641
Other financial assets	4(a)	132,836	20,762
Inventories	6	32,305	31,155
Other assets	7	106,769	129,472
<b>TOTAL CURRENT ASSETS</b>		<b>2,190,980</b>	<b>2,550,873</b>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables	5	12,856	12,856
Other financial assets	4(b)	199,184	215,906
Property, plant and equipment	8	12,031,877	9,695,536
Infrastructure	9	112,586,964	113,723,936
<b>TOTAL NON-CURRENT ASSETS</b>		<b>124,830,881</b>	<b>123,648,234</b>
<b>TOTAL ASSETS</b>		<b>127,021,861</b>	<b>126,199,107</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	317,388	707,520
Other liabilities	12	1,029,682	234,327
Borrowings	13	79,701	59,932
Employee related provisions	14	166,023	155,729
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,592,794</b>	<b>1,157,508</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	13	347,947	246,615
Employee related provisions	14	60,708	41,962
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>408,655</b>	<b>288,577</b>
<b>TOTAL LIABILITIES</b>		<b>2,001,449</b>	<b>1,446,085</b>
<b>NET ASSETS</b>		<b>125,020,412</b>	<b>124,753,022</b>
<b>EQUITY</b>			
Retained surplus		16,043,175	18,210,163
Reserve accounts	31	539,517	538,866
Revaluation surplus	15	108,437,720	106,003,993
<b>TOTAL EQUITY</b>		<b>125,020,412</b>	<b>124,753,022</b>

This statement is to be read in conjunction with the accompanying notes.



**William Buck Audit (WA) Pty Ltd**

**SHIRE OF VICTORIA PLAINS  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2022**

	<b>NOTE</b>	<b>RETAINED SURPLUS \$</b>	<b>RESERVE ACCOUNTS \$</b>	<b>REVALUATION SURPLUS \$</b>	<b>TOTAL EQUITY \$</b>
<b>Balance as at 1 July 2020</b>		<b>19,078,456</b>	<b>564,979</b>	<b>106,003,993</b>	<b>125,647,428</b>
Comprehensive income for the period					
Net result for the period		(894,406)	-	-	(894,406)
Total comprehensive income for the period		(894,406)	-	-	(894,406)
Transfers from reserves	31	27,604	(27,604)	-	-
Transfers to reserves	31	(1,491)	1,491	-	-
<b>Balance as at 30 June 2021</b>		<b>18,210,163</b>	<b>538,866</b>	<b>106,003,993</b>	<b>124,753,022</b>
Comprehensive income for the period					
Net result for the period		(2,166,337)	-	-	(2,166,337)
Other comprehensive income for the period	15	-	-	2,433,727	2,433,727
Total comprehensive income for the period		(2,166,337)	-	2,433,727	267,390
Transfers from reserves	31	-	-	-	-
Transfers to reserves	31	(651)	651	-	-
<b>Balance as at 30 June 2022</b>		<b>16,043,175</b>	<b>539,517</b>	<b>108,437,720</b>	<b>125,020,412</b>

This statement is to be read in conjunction with the accompanying notes.

**SHIRE OF VICTORIA PLAINS  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2022**

NOTE	2022 Actual \$	2022 Budget \$	2021 Actual \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Rates	2,965,855	2,966,007	2,746,255
Operating grants, subsidies and contributions	2,382,146	797,274	1,480,948
Fees and charges	232,050	197,400	80,968
Interest received	26,428	30,482	25,643
Goods and services tax received	-	-	7,745
Other revenue	255,639	221,309	112,977
	<u>5,862,118</u>	<u>4,212,472</u>	<u>4,454,536</u>
<b>Payments</b>			
Employee costs	(1,674,877)	(1,560,592)	(1,385,387)
Materials and contracts	(3,461,230)	(2,277,970)	(1,483,712)
Utility charges	(124,017)	(108,968)	(97,610)
Finance costs	(9,616)	(15,887)	(12,109)
Insurance paid	(179,698)	(169,123)	(142,398)
Other expenditure	(84,686)	(86,655)	(73,036)
	<u>(5,534,124)</u>	<u>(4,219,195)</u>	<u>(3,194,252)</u>
<b>Net cash provided by (used in) operating activities</b>	16(b) 327,994	(6,723)	1,260,284
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for financial assets at amortised cost	(111,505)	-	-
Payments for purchase of property, plant & equipment	8(a) (298,609)	(351,253)	(293,902)
Payments for construction of infrastructure	9(a) (2,522,637)	(5,210,685)	(2,079,559)
Non-operating grants, subsidies and contributions	1,445,581	4,561,136	1,879,646
Proceeds from financial assets at amortised cost - self supporting loans	21,091	20,579	20,300
Proceeds from sale of property, plant & equipment	10(d) -	-	77,864
	<u>(1,466,079)</u>	<u>(980,223)</u>	<u>(395,651)</u>
<b>Net cash provided by (used in) investing activities</b>			
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of borrowings	30(a) (78,899)	(92,619)	(57,021)
Proceeds from new borrowings	30(a) 200,000	200,000	-
	<u>121,101</u>	<u>107,381</u>	<u>(57,021)</u>
<b>Net cash provided by (used in) financing activities</b>			
<b>Net increase (decrease) in cash held</b>	(1,016,984)	(879,565)	807,612
Cash at beginning of year	2,281,843	2,281,603	1,474,231
<b>Cash and cash equivalents at the end of the year</b>	16(a) <u>1,264,859</u>	<u>1,402,038</u>	<u>2,281,843</u>

This statement is to be read in conjunction with the accompanying notes.

**SHIRE OF VICTORIA PLAINS  
RATE SETTING STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2022**

	NOTE	2022 Actual \$	2022 Budget \$	2021 Actual \$
<b>NET CURRENT ASSETS - At start of financial year - surplus/(deficit)</b>	29(b)	893,669	940,474	191,710
<b>OPERATING ACTIVITIES</b>				
<b>Revenue from operating activities (excluding general rate)</b>				
Rates (excluding general rate)	28(b)	170,339	80,571	80,571
Operating grants, subsidies and contributions		2,050,614	797,274	1,428,127
Fees and charges		229,478	197,400	209,802
Interest earnings		26,428	30,482	25,643
Other revenue		255,639	221,309	112,977
Profit on asset disposals	10(d)	-	-	28,055
Fair value adjustments to financial assets at fair value through profit or loss		4,937	-	-
		2,737,435	1,327,036	1,885,175
<b>Expenditure from operating activities</b>				
Employee costs		(1,697,752)	(1,560,592)	(1,352,580)
Materials and contracts		(3,080,963)	(2,277,970)	(1,757,364)
Utility charges		(124,017)	(108,968)	(97,610)
Depreciation		(4,055,604)	(3,920,654)	(3,922,601)
Finance costs		(9,616)	(15,887)	(11,056)
Insurance		(179,698)	(169,123)	(142,398)
Other expenditure		(87,139)	(86,655)	(73,036)
		(9,234,789)	(8,139,849)	(7,356,645)
Non-cash amounts excluded from operating activities	29(a)	4,069,412	3,920,654	3,902,570
<b>Amount attributable to operating activities</b>		(2,427,942)	(2,892,159)	(1,568,900)
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions		1,445,581	4,561,136	1,879,646
Proceeds from disposal of assets	10(d)	-	-	77,864
Proceeds from financial assets at amortised cost - self supporting loans	30(a)	21,091	20,579	20,300
Purchase of property, plant and equipment	8(a)	(298,609)	(351,253)	(293,902)
Purchase and construction of infrastructure	9(a)	(2,522,637)	(5,210,685)	(2,079,559)
		(1,354,574)	(980,223)	(395,651)
<b>Amount attributable to investing activities</b>		(1,354,574)	(980,223)	(395,651)
<b>FINANCING ACTIVITIES</b>				
Repayment of borrowings	30(a)	(78,899)	(92,619)	(57,021)
Proceeds from borrowings	30(a)	200,000	200,000	-
Transfers to reserves (restricted assets)	31	(651)	(76,408)	(1,491)
Transfers from reserves (restricted assets)	31	-	12,000	27,604
<b>Amount attributable to financing activities</b>		120,450	42,973	(30,908)
<b>Surplus/(deficit) before imposition of general rates</b>		(2,768,397)	(2,888,935)	(1,803,749)
<b>Total amount raised from general rates</b>	28(a)	2,885,436	2,885,436	2,697,418
<b>Surplus/(deficit) after imposition of general rates</b>	29(b)	117,039	(3,500)	893,669

This statement is to be read in conjunction with the accompanying notes.

**SHIRE OF VICTORIA PLAINS  
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FOR THE YEAR ENDED 30 JUNE 2022**

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**SHIRE OF VICTORIA PLAINS  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022**

**1. BASIS OF PREPARATION**

**Basis of preparation**

The financial report comprises general purpose financial statements which have been prepared in accordance with the *Local Government Act 1995* and accompanying regulations.

**Local Government Act 1995 requirements**

Section 6.4(2) of the *Local Government Act 1995* read with the *Local Government (Financial Management) Regulations 1996* prescribe that the financial report be prepared in accordance with the *Local Government Act 1995* and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards. The Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and Interpretations of the Australian Accounting Standards Board were applied where no inconsistencies exist.

The *Local Government (Financial Management) Regulations 1996* specify that vested land is a right-of-use asset to be measured at cost, and is considered a zero cost concessionary lease. All right-of-use assets under zero cost concessionary leases are measured at zero cost rather than at fair value, except for vested improvements on concessionary land leases such as roads, buildings and other infrastructure which continue to be reported at fair value, as opposed to the vested land which is measured at zero cost. The measurement of vested improvements at fair value is a departure from AASB 16 which would have required the Shire to measure any vested improvements at zero cost. Accounting policies which have been adopted in the preparation of this financial report have been consistently applied unless stated otherwise. Except for cash flow and rate setting information, the financial report has been prepared on the accrual basis and is based on historical costs, modified where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

**The local government reporting entity**

All funds through which the Shire controls resources to carry on its functions have been included in the financial statements forming part of this financial report.

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 19 of the financial report.

**Judgements and estimates**

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances; the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The balances, transactions and disclosures impacted by accounting estimates are as follows:

- estimated fair value of certain financial assets.
- impairment of financial assets.
- estimation of fair values of land and buildings, and infrastructure.
- employee provisions.
- depreciation of property plant and equipment and infrastructure.

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**SHIRE OF VICTORIA PLAINS  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022**

**2. REVENUE AND EXPENSES**

**(a) Revenue**

**Contracts with customers**

Recognition of revenue is dependant on the source of revenue and the associated terms and conditions associated with each source of revenue and recognised as follows:

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Timing of revenue recognition
Rates	General rates.	Over time.	Payment dates adopted by Council during the year.	None.	When rates notice is issued.
Grant contracts with customers	Community events, minor facilities, research, design, planning evaluation and services.	Over time.	Fixed terms transfer of funds based on agreed milestones and reporting.	Contract obligation if project not complete.	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared.
Grants, subsidies or contributions for the construction of non-financial assets	Construction or acquisition of recognisable non-financial assets to be controlled by the local government.	Over time .	Fixed terms transfer of funds based on agreed milestones and reporting.	Contract obligation if project not complete.	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared.
Grants with no contract commitments	General appropriations and contributions with no reciprocal commitment.	No obligations.	Not applicable.	Not applicable.	When assets are controlled.
Licences/ Registrations/ Approvals	Building, planning, development and animal management, having the same nature as a licence regardless of naming.	Single point in time.	Full payment prior to issue.	None.	On payment and issue of the licence, registration or approval.
Pool inspections	Compliance safety check.	Single point in time.	Equal proportion based on an equal annually fee.	None.	After inspection complete based on a 4 year cycle.
Other inspections	Regulatory Food, Health and Safety.	Single point in time.	Full payment prior to inspection.	None.	Revenue recognised after inspection event occurs.
Waste management collection	Kerbside collection service.	Over time.	Payment on an annual basis in advance.	None.	Output method based on regular weekly and fortnightly period as proportionate to collection service.
Waste management entry fees	Waste treatment, recycling and disposal service at disposal sites.	Single point in time.	Payment in advance at gate or on normal trading terms if credit provided.	None.	On entry to facility.
Property hire and entry	Use of halls and facilities.	Single point in time.	In full in advance.	Refund if event cancelled within 7 days.	On entry or at conclusion of hire.
Memberships	Gym and pool membership.	Over time.	Payment in full in advance.	Refund for unused portion on application.	Output method Over 12 months matched to access right.
Fees and charges for other goods and services	Cemetery services, library fees, reinstatements and private works.	Single point in time.	Payment in full in advance.	None.	Output method based on provision of service or completion of works.
Commissions	Commissions on licencing and ticket sales.	Over time.	Payment in full on sale.	None.	When assets are controlled.
Reimbursements	Insurance claims.	Single point in time.	Payment in arrears for claimable event.	None.	When claim is agreed.

Consideration from contracts with customers is included in the transaction price.

**SHIRE OF VICTORIA PLAINS  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022**

**2. REVENUE AND EXPENSES (Continued)**

**(a) Revenue (Continued)**

**Revenue Recognition**

Revenue recognised during the year under each basis of recognition by nature or types of goods or services is provided in the table below:

**For the year ended 30 June 2022**

Nature or type	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	-	-	3,055,775	-	3,055,775
Operating grants, subsidies and contributions	2,050,614	-	-	-	2,050,614
Fees and charges	229,478	-	-	-	229,478
Interest earnings	-	-	20,079	6,349	26,428
Other revenue	255,639	-	-	-	255,639
Capital grants, subsidies and contributions	-	1,445,581	-	-	1,445,581
<b>Total</b>	<b>2,535,731</b>	<b>1,445,581</b>	<b>3,075,854</b>	<b>6,349</b>	<b>7,063,515</b>

**Budget For the year ended 30 June 2022**

Nature or type	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	-	-	2,966,007	-	2,966,007
Operating grants, subsidies and contributions	797,274	-	-	-	797,274
Fees and charges	197,400	-	-	-	197,400
Interest earnings	-	-	15,130	15,352	30,482
Other revenue	221,309	-	-	-	221,309
Capital grants, subsidies and contributions	-	4,561,136	-	-	4,561,136
<b>Total</b>	<b>1,215,983</b>	<b>4,561,136</b>	<b>2,981,137</b>	<b>15,352</b>	<b>8,773,608</b>

**For the year ended 30 June 2021**

Nature or type	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	-	-	2,777,989	-	2,777,989
Operating grants, subsidies and contributions	1,428,127	-	-	-	1,428,127
Fees and charges	209,802	-	-	-	209,802
Interest earnings	-	-	14,828	10,815	25,643
Other revenue	76,547	-	-	36,430	112,977
Non-operating grants, subsidies and contributions	-	1,879,646	-	-	1,879,646
<b>Total</b>	<b>1,714,476</b>	<b>1,879,646</b>	<b>2,792,817</b>	<b>47,245</b>	<b>6,434,184</b>

**Assets and services acquired below fair value**

Note	2022 Actual	2022 Budget	2021 Actual
	\$	\$	\$
Contributed assets	-	-	-
Recognised volunteer services	-	-	-

**Interest earnings**

Note	2022 Actual	2022 Budget	2021 Actual
	\$	\$	\$
Financial assets at amortised cost - self supporting loans	5,133	-	4,957
Interest on reserve funds	557	2,770	1,077
Rates instalment and penalty interest (refer Note 28(f))	20,388	15,130	14,828
Other interest earnings	350	12,582	4,781
	<b>26,428</b>	<b>30,482</b>	<b>25,643</b>

**(b) Expenses**

**Auditors remuneration**

Note	2022 Actual	2022 Budget	2021 Actual
	\$	\$	\$
- Audit of the Annual Financial Report	30,800	30,000	27,500
- Other services	3,000	-	-
	<b>33,800</b>	<b>30,000</b>	<b>27,500</b>

**Finance costs**

Note	2022 Actual	2022 Budget	2021 Actual
	\$	\$	\$
Borrowings	9,616	15,887	9,853
Overdraft	-	-	1,203
	<b>9,616</b>	<b>15,887</b>	<b>11,056</b>

**Other expenditure**

Note	2022 Actual	2022 Budget	2021 Actual
	\$	\$	\$
Impairment losses on rates receivables	119	-	1,077
Impairment losses / writeback) on receivables from contracts with customers	2,453	-	(644)
Sundry expenses	84,567	86,655	72,603
	<b>87,139</b>	<b>86,655</b>	<b>73,036</b>



**SHIRE OF VICTORIA PLAINS  
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**3. CASH AND CASH EQUIVALENTS**

Note	2022 \$	2021 \$
Cash at bank and on hand	763,398	1,669,760
Term deposits	501,461	612,083
<b>Total cash and cash equivalents</b>	<b>1,264,859</b>	<b>2,281,843</b>
Held as		
- Unrestricted cash and cash equivalents	(214,424)	1,481,524
- Restricted cash and cash equivalents	1,479,283	800,319
	<b>1,264,859</b>	<b>2,281,843</b>

**SIGNIFICANT ACCOUNTING POLICIES**

**Cash and cash equivalents**

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank overdrafts are reported as short term borrowings in current liabilities in the statement of financial position.

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable with 24 hours notice with no loss of interest.

**Restricted financial assets**

Restricted financial asset balances are not available for general use by the local government due to externally imposed restrictions. Restrictions are specified in an agreement, contract or legislation. This applies to reserves, unspent grants, subsidies and contributions and unspent loans that have not been fully expended in the manner specified by the contributor, legislation or loan agreement.

Details of restrictions on financial assets can be found at Note 16.

**4. OTHER FINANCIAL ASSETS**

**(a) Current assets**

Financial assets at amortised cost

**Other financial assets at amortised cost**

Self supporting loans receivable  
Term deposits

Held as

- Unrestricted other financial assets at amortised cost  
- Restricted other financial assets at amortised cost

**(b) Non-current assets**

Financial assets at amortised cost  
Financial assets at fair value through profit and loss

**Financial assets at amortised cost**

Self supporting loans receivable

**Financial assets at fair value through profit and loss**

Units in Local Government House Trust

	2022 \$	2021 \$
Financial assets at amortised cost	132,836	20,762
	132,836	20,762
Other financial assets at amortised cost		
Self supporting loans receivable	21,331	20,762
Term deposits	111,505	-
	132,836	20,762
Held as		
- Unrestricted other financial assets at amortised cost	21,331	20,762
- Restricted other financial assets at amortised cost	111,505	-
	132,836	20,762
Financial assets at fair value through profit and loss		
Financial assets at amortised cost	140,831	162,491
Financial assets at fair value through profit and loss	58,353	53,415
	199,184	215,906
Financial assets at amortised cost		
Self supporting loans receivable	140,831	162,491
	140,831	162,491
Financial assets at fair value through profit and loss		
Units in Local Government House Trust	58,353	53,415
	58,353	53,415

Loans receivable from clubs have the same terms and conditions as the related borrowing disclosed in Note 30(a) as self supporting loans. Fair value of financial assets at fair value through profit and loss is determined from the net asset value of the units held in the Trust at balance date as compiled by WALGA.

**SIGNIFICANT ACCOUNTING POLICIES**

**Other financial assets at amortised cost**

The Shire classifies financial assets at amortised cost if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cashflows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Fair values of financial assets at amortised cost are not materially different to their carrying amounts, since the interest receivable on those assets is either close to current market rates or the assets are of a short term nature. Non-current financial assets at amortised cost fair values are based on discounted cash flows using a current market rates. They are classified as level 2 fair values in the fair value hierarchy (see Note 26 (i)) due to the observable market rates.

Interest received is presented under cashflows from operating activities in the Statement of Cash Flows where it is earned from financial assets that are held for cash management purposes.

**Financial assets at fair value through profit and loss**

The Shire classifies the following financial assets at fair value through profit and loss:

- debt investments which do not qualify for measurement at either amortised cost or fair value through other comprehensive income.
- equity investments which the Shire has not elected to recognise fair value gains and losses through other comprehensive income.

**Impairment and risk**

Information regarding impairment and exposure to risk can be found at Note 25.

**SHIRE OF VICTORIA PLAINS  
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**5. TRADE AND OTHER RECEIVABLES**

	Note	2022 \$	2021 \$
<b>Current</b>			
Rates receivable		153,390	45,618
Trade and other receivables		450,008	23,244
ATO Receivable		48,880	20,850
Allowance for impairment of receivables	25(b)	(2,685)	(232)
Allowance for credit losses of rates receivables	25(b)	(1,958)	(1,839)
Receivables for employee related provisions	14	6,576	-
		654,211	87,641
<b>Non-current</b>			
Pensioner's rates and ESL deferred		12,856	12,856
		12,856	12,856
<b>Rates outstanding</b>			
Past due and not impaired		151,432	43,779
Impaired		1,958	1,839
		153,390	45,618
Allowance for impairment of receivables		1,839	762
Movement in allowance for the impairment of receivables		119	1,077
Carrying amount at 30 June		1,958	1,839
<b>Sundry debtors</b>			
Past due and not impaired		447,323	23,012
Impaired		2,685	232
		450,008	23,244
Allowance for impairment of receivables		232	876
Movement in allowance for the impairment of receivables		2,453	(644)
Carrying amount at 30 June		2,685	232
<b>Allowance for impairment of receivables</b>			
Rates receivable		1,958	1,839
Sundry receivables		2,685	232
		4,643	2,071

**SIGNIFICANT ACCOUNTING POLICIES**

**Trade and other receivables**

Trade and other receivables include amounts due from ratepayers for unpaid rates and service charges and other amounts due from third parties for grants, contributions, reimbursements, and goods sold and services performed in the ordinary course of business.

Trade and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value.

**Impairment and risk exposure**

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 25.

**Classification and subsequent measurement**

Receivables which are generally due for settlement within 30 days except rates receivables which are expected to be collected within 12 months are classified as current assets. All other receivables such as, deferred pensioner rates receivable after the end of the reporting period are classified as non-current assets.

Trade and other receivables are held with the objective to collect the contractual cashflows and therefore the Shire measures them subsequently at amortised cost using the effective interest rate method.

Due to the short term nature of current receivables, their carrying amount is considered to be the same as their fair value. Non-current receivables are indexed to inflation, any difference between the face value and fair value is considered immaterial.

**SHIRE OF VICTORIA PLAINS  
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**6. INVENTORIES**

Note	2022	2021
	\$	\$
<b>Current</b>		
Fuel and materials	32,305	31,155
	32,305	31,155

The following movements in inventories occurred during the year:

<b>Balance at beginning of year</b>	31,155	21,331
Inventories expensed during the year	(206,693)	(142,652)
Additions to inventory	207,843	152,476
<b>Balance at end of year</b>	32,305	31,155

**SIGNIFICANT ACCOUNTING POLICIES**

**General**

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

**7. OTHER ASSETS**

	2022	2021
	\$	\$
<b>Other assets - current</b>		
Accrued income - interest receivable	-	205
Contract assets	67,839	129,267
Accrued Income	38,930	-
	106,769	129,472

**SIGNIFICANT ACCOUNTING POLICIES**

**Contract assets**

Contract assets primarily relate to the Shire's right to consideration for work completed but not billed at the end of the period.

Impairment of assets associated with contracts with customers are detailed at note 2 (b).

**SHIRE OF VICTORIA PLAINS**  
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**8. PROPERTY, PLANT AND EQUIPMENT**

**(a) Movements in Balances**

Movement in the balances of each class of property, plant and equipment between the beginning and the end of the current financial year.

Note	Land	Buildings - non-specialised	Buildings - specialised	Total land and buildings	Furniture and equipment	Plant and equipment	Motor vehicles	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2020</b>	1,024,500	845,409	5,774,829	7,644,738	91,460	1,098,844	991,079	9,826,121
Additions	-	3,682	33,239	36,921	85,744	-	171,237	293,902
Disposals	-	-	-	-	-	-	(49,809)	(49,809)
Depreciation	10(a)	(18,057)	(123,029)	(141,086)	(21,780)	(120,469)	(91,343)	(374,678)
<b>Balance at 30 June 2021</b>	1,024,500	831,034	5,685,039	7,540,573	155,424	978,375	1,021,164	9,695,536
<b>Comprises:</b>								
Gross balance amount at 30 June 2021	1,024,500	906,537	6,144,595	8,075,632	200,053	1,226,212	1,172,187	10,674,084
Accumulated depreciation at 30 June 2021	-	(75,503)	(459,556)	(535,059)	(44,629)	(247,837)	(151,023)	(978,548)
<b>Balance at 30 June 2021</b>	1,024,500	831,034	5,685,039	7,540,573	155,424	978,375	1,021,164	9,695,536
Additions	-	4,511	512	5,023	15,041	201,545	77,000	298,609
Revaluation increments / (decrements) transferred to revaluation surplus	38,000	593,162	1,802,565	2,433,727	-	-	-	2,433,727
Depreciation	10(a)	(18,510)	(123,116)	(141,626)	(27,810)	(121,556)	(105,003)	(395,995)
<b>Balance at 30 June 2022</b>	1,062,500	1,410,197	7,365,000	9,837,697	142,655	1,058,364	993,161	12,031,877
<b>Comprises:</b>								
Gross balance amount at 30 June 2022	1,062,500	1,410,197	7,365,400	9,838,097	215,094	1,427,757	1,249,187	12,730,135
Accumulated depreciation at 30 June 2022	-	-	(400)	(400)	(72,439)	(369,393)	(256,026)	(698,258)
<b>Balance at 30 June 2022</b>	1,062,500	1,410,197	7,365,000	9,837,697	142,655	1,058,364	993,161	12,031,877

**SHIRE OF VICTORIA PLAINS**  
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**FOR THE YEAR ENDED 30 JUNE 2022**

**8. PROPERTY, PLANT AND EQUIPMENT (Continued)**

**(b) Carrying Value Measurements**

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
<b>(i) Fair Value</b>					
<b>Land and buildings</b>					
Land - freehold land	2	Sales comparison approach and cost approach	Independent registered valuer	2022	Price per hectare
Land - freehold land	3	Improvements to land valued using cost approach using depreciated replacement cost	Independent registered valuer	2022	Improvement to land using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Buildings - non-specialised	2	Market approach using recent observable market data for similar properties	Independent registered valuer	2022	Price per square metre
Buildings - specialised	3	Cost approach using depreciated replacement cost	Independent registered valuer	2022	Construction costs and current condition, residual values and remaining useful life assessments inputs

Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower fair value measurement.

During the period there were no changes in the valuation techniques used by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs.

<b>(ii) Cost</b>					
<b>Furniture and equipment</b>					
		Cost	Cost		Purchase cost
<b>Plant and equipment</b>					
		Cost	Cost		Purchase cost
<b>Motor vehicles</b>					
		Cost	Cost		Purchase cost

**SHIRE OF VICTORIA PLAINS**  
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**9. INFRASTRUCTURE**

**(a) Movements in Balances**

Movement in the balances of each class of infrastructure between the beginning and the end of the current financial year.

Note	Infrastructure - roads	Infrastructure - footpaths	Infrastructure - other	Infrastructure - bridges	Work in progress	Total Infrastructure
	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2020</b>	108,979,815	641,330	2,608,688	2,215,900	746,567	115,192,300
Additions	1,956,978	97,058	25,163	360	-	2,079,559
Depreciation	10(a) (3,201,059)	(11,400)	(216,337)	(119,127)	-	(3,547,923)
Transfers	746,567	-	-	-	(746,567)	-
<b>Balance at 30 June 2021</b>	108,482,301	726,988	2,417,514	2,097,133	-	113,723,936
<b>Comprises:</b>						
Gross balance at 30 June 2021	156,742,718	996,299	6,271,259	7,176,434	-	171,186,710
Accumulated depreciation at 30 June 2021	(48,260,417)	(269,311)	(3,853,745)	(5,079,301)	-	(57,462,774)
<b>Balance at 30 June 2021</b>	108,482,301	726,988	2,417,514	2,097,133	-	113,723,936
Additions	2,371,956	37,342	113,339	-	-	2,522,637
Depreciation	10(a) (3,306,570)	(13,431)	(220,476)	(119,132)	-	(3,659,609)
<b>Balance at 30 June 2022</b>	107,547,687	750,899	2,310,377	1,978,001	-	112,586,964
<b>Comprises:</b>						
Gross balance at 30 June 2022	159,114,674	1,033,642	6,384,598	7,176,434	-	173,709,348
Accumulated depreciation at 30 June 2022	(51,566,987)	(282,743)	(4,074,221)	(5,198,433)	-	(61,122,384)
<b>Balance at 30 June 2022</b>	107,547,687	750,899	2,310,377	1,978,001	-	112,586,964

Shire of Victoria Plains  
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**9. INFRASTRUCTURE (Continued)**

**(b) Carrying Value Measurements**

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
<b>(i) Fair Value</b>					
Infrastructure - roads	3	Cost approach using depreciated replacement cost	Management valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - footpaths	3	Cost approach using depreciated replacement cost	Management valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - other	3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - bridges	3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower fair value measurement.

During the period there were no changes in the valuation techniques used to determine the fair value of infrastructure using level 3 inputs.

**SHIRE OF VICTORIA PLAINS  
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**10. FIXED ASSETS**

**(a) Depreciation**

	Note	2022 Actual \$	2022 Budget \$	2021 Actual \$
Buildings - non-specialised	8(a)	18,510	18,057	18,057
Buildings - specialised	8(a)	123,116	123,029	123,029
Furniture and equipment	8(a)	27,810	21,584	21,780
Plant and equipment	8(a)	121,556	119,964	120,469
Motor vehicles	8(a)	105,003	91,342	91,343
Infrastructure - roads	9(a)	3,306,570	3,199,824	3,201,059
Infrastructure - footpaths	9(a)	13,431	11,241	11,400
Infrastructure - other	9(a)	220,476	216,486	216,337
Infrastructure - bridges	9(a)	119,132	119,127	119,127
		4,055,604	3,920,654	3,922,601

**Depreciation rates**

Typical estimated useful lives for the different asset classes for the current and prior years are included in the table below:

Asset Class	Useful life
Buildings	30 to 50 years
Furniture and equipment	4 to 10 years
Plant and equipment	5 to 15 years
Other infrastructure	15 to 80 years
Sealed roads and streets formation	not depreciated
pavement	100 years
Seal	
bituminous seals	15 to 20 years
asphalt surfaces	20 years
Gravel roads	
formation	not depreciated
pavement	50 years
Formed roads (unsealed)	
formation	not depreciated
pavement	50 years
Footpaths - slab	40 to 60 years
Sewerage piping	80 years
Water supply piping and drainage systems	17 to 90 years
Bridges	60 years

**(b) Temporarily Idle or retired from use assets**

The Shire did not hold any temporarily idle or retired assets not classified as for sale at balance date.

**(c) Fully Depreciated Assets in Use**

The gross carrying value of assets held by the Shire which are currently in use yet fully depreciated are shown in the table below.

	2022 \$	2021 \$
Furniture and equipment	3,200	-
Infrastructure - other	245,000	10,500
	248,200	10,500



SHIRE OF VICTORIA PLAINS  
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10. FIXED ASSETS (Continued)

(d) Disposals of assets

	2022 Actual Net Book Value \$	2022 Actual Sale Proceeds \$	2022 Actual Profit \$	2022 Actual Loss \$	2022 Budget Net Book Value \$	2022 Budget Sale Proceeds \$	2022 Budget Profit \$	2022 Budget Loss \$	2021 Actual Net Book Value \$	2021 Actual Sale Proceeds \$	2021 Actual Profit \$	2021 Actual Loss \$
Motor vehicles	-	-	-	-	-	-	-	-	49,809	77,864	28,055	-
	-	-	-	-	-	-	-	-	49,809	77,864	28,055	-

PUBLIC ATTACHMENTSS

**SHIRE OF VICTORIA PLAINS  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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**10. FIXED ASSETS (Continued)**

**SIGNIFICANT ACCOUNTING POLICIES**

**Fixed assets**

Each class of fixed assets within either property, plant and equipment or infrastructure, is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

**Initial recognition and measurement for assets held at cost**

Plant and equipment including furniture and equipment is recognised at cost on acquisition in accordance with *Financial Management Regulation 17A*. Where acquired at no cost the asset is initially recognised at fair value. Assets held at cost are depreciated and assessed for indicators of impairment annually.

**Initial recognition and measurement between mandatory revaluation dates for assets held at fair value**

Assets for which the fair value as at the date of acquisition is under \$5,000 are not recognised as an asset in accordance with *Financial Management Regulation 17A (5)*. These assets are expensed immediately.

Where multiple individual low value assets are purchased together as part of a larger asset or collectively forming a larger asset exceeding the threshold, the individual assets are recognised as one asset and capitalised.

In relation to this initial measurement, cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at zero cost or otherwise significantly less than fair value, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the Shire includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

Individual assets that are land, buildings, infrastructure and investment properties acquired between scheduled revaluation dates of the asset class in accordance with the mandatory measurement framework, are recognised at cost and disclosed as being at fair value as management believes cost approximates fair value. They are subject to subsequent revaluation at the next revaluation date in accordance with the mandatory measurement framework.

**Revaluation**

The fair value of land, buildings, infrastructure and investment properties is determined at least every five years in accordance with the regulatory framework. This includes buildings and infrastructure items which were pre-existing improvements (i.e. vested improvements) on vested land acquired by the Shire.

At the end of each period the carrying amount for each asset class is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires land, buildings, infrastructure, investment properties and vested improvements to be shown at fair value.

**Revaluation (continued)**

For property, plant and equipment and infrastructure, increases in the carrying amount arising on revaluation of assets are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same class of asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss. Subsequent increases are then recognised in profit or loss to the extent they reverse a net revaluation decrease previously recognised in profit or loss for the same class of asset.

**Depreciation**

The depreciable amount of all property, plant and equipment and infrastructure, are depreciated on a straight-line basis over the individual asset's useful life from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of the improvements.

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income in the period in which they arise.

**Depreciation on revaluation**

When an item of property, plant and equipment and infrastructure is revalued, any accumulated depreciation at the date of the revaluation is treated in one of the following ways:

- (i) The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. For example, the gross carrying amount may be restated by reference to observable market data or it may be restated proportionately to the change in the carrying amount. The accumulated depreciation at the date of the revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses; or
- (ii) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

**Amortisation**

All intangible assets with a finite useful life, are amortised on a straight-line basis over the individual asset's useful life from the time the asset is held ready for use.

The residual value of intangible assets is considered to be zero and the useful life and amortisation method are reviewed at the end of each financial year.

Amortisation is included within depreciation in the Statement of Comprehensive Income and in Note 10(26).

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**11. TRADE AND OTHER PAYABLES**

**Current**

Sundry creditors  
Prepaid rates  
Accrued payroll liabilities  
ATO liabilities  
Bonds and deposits held  
Accrued expenditure

	2022	2021
	\$	\$
Sundry creditors	188,463	588,045
Prepaid rates	43,506	25,654
Accrued payroll liabilities	33,030	23,384
ATO liabilities	-	15,811
Bonds and deposits held	21,589	27,126
Accrued expenditure	30,800	27,500
	<b>317,388</b>	<b>707,520</b>

**SIGNIFICANT ACCOUNTING POLICIES**

**Financial liabilities**

Financial liabilities are initially recognised at fair value when the Shire becomes a party to the contractual provisions of the instrument.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of the consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

**Trade and other payables**

Trade and other payables represent liabilities for goods and services provided to the Shire prior to the end of the financial year that are unpaid and arise when the Shire becomes obliged to make future payments in respect of the purchase of these goods and services.

The amounts are unsecured, are recognised as a current liability and are usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

**Prepaid rates**

Prepaid rates are, until the taxable event has occurred (start of the next financial year), refundable at the request of the ratepayer. Rates received in advance are initially recognised as a financial liability. When the taxable event occurs, the financial liability is extinguished and the Shire recognises revenue for the prepaid rates that have not been refunded.

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**12. OTHER LIABILITIES**

**Current**

Contract liabilities

	2022	2021
	\$	\$
Contract liabilities	1,029,682	234,327
	1,029,682	234,327
<b>Reconciliation of changes in capital grant/contribution liabilities</b>		
Opening balance	234,327	209,544
Additions	1,029,682	234,327
Revenue from contracts with customers included as a contract liability at the start of the period	(234,327)	(209,544)
	1,029,682	234,327

The Shire expects to satisfy the performance obligations from contracts with customers unsatisfied at the end of the reporting period to be satisfied within the next 12 months.

Performance obligations in relation to capital grant/contribution liabilities are satisfied as project milestones are met or completion of construction or acquisition of the asset.

**SIGNIFICANT ACCOUNTING POLICIES**

**Contract liabilities**

Contract liabilities represent the Shire's obligation to transfer goods or services to a customer for which the Shire has received consideration from the customer.

Contract liabilities represent obligations which are not yet satisfied. Contract liabilities are recognised as revenue when the performance obligations in the contract are satisfied.

**Capital grant/contribution liabilities**

Capital grant/contribution liabilities represent the Shire's obligations to construct recognisable non-financial assets to identified specifications to be controlled the Shire which are yet to be satisfied. Capital grant/contribution liabilities are recognised as revenue when the obligations in the contract are satisfied.

Non-current capital grant/contribution liabilities fair values are based on discounted cash flows of expected cashflows to satisfy the obligations using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 26(i)) due to the unobservable inputs, including own credit risk.

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**13. BORROWINGS**

	Note	2022			2021		
		Current	Non-current	Total	Current	Non-current	Total
<b>Secured</b>		\$	\$	\$	\$	\$	\$
Loans		79,701	347,947	427,648	59,932	246,615	306,547
<b>Total secured borrowings</b>	30(a)	79,701	347,947	427,648	59,932	246,615	306,547

**Secured liabilities and assets pledged as security**

Bank overdrafts and bank loans are secured by a floating charge over the assets of the Shire of Victoria Plains.

The Shire of Victoria Plains has complied with the financial covenants of its borrowing facilities during the 2022 and 2021 years.

**SIGNIFICANT ACCOUNTING POLICIES**

**Borrowing costs**

Borrowing costs are recognised as an expense when incurred except where they are directly attributable to the acquisition, construction or production of a qualifying asset. Where this is the case, they are capitalised as part of the cost of the particular asset until such time as the asset is substantially ready for its intended use or sale.

Fair values of borrowings are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short term nature.

Borrowings fair values are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 26(i)) due to the unobservable inputs, including own credit risk.

**Risk**

Information regarding exposure to risk can be found at Note 25.

Details of individual borrowings required by regulations are provided at Note 30(a).

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**14. EMPLOYEE RELATED PROVISIONS**

**Employee Related Provisions**

	2022	2021
	\$	\$
<b>Current provisions</b>		
<b>Employee benefit provisions</b>		
Annual Leave	159,233	118,685
Long Service Leave	6,790	37,044
	166,023	155,729
<b>Non-current provisions</b>		
Long Service Leave	60,708	41,962
	60,708	41,962
	226,731	197,691

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave and associated on costs for services rendered up to the reporting date and recorded as an expense during the period the services are delivered.

Annual leave liabilities are classified as current, as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

**Amounts are expected to be settled on the following basis:**

	Note	2022	2021
		\$	\$
Less than 12 months after the reporting date		233,307	205,522
More than 12 months from reporting date		(6,576)	(7,831)
		226,731	197,691
Expected reimbursements of employee related provisions from other WA local governments included within other receivables	5	(6,576)	(7,831)

**SIGNIFICANT ACCOUNTING POLICIES**

**Employee benefits**

The Shire's obligations for employees' annual leave, long service leave and other employee leave entitlements are recognised as employee related provisions in the Statement of Financial Position.

**Short-term employee benefits**

Provision is made for the Shire's obligations for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Shire's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position.

**Other long-term employee benefits**

Long-term employee benefits provisions are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Shire's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Shire does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

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**15. REVALUATION SURPLUS**

	2022 Opening Balance	2022 Revaluation Increment	2022 Revaluation (Decrement)	Total Movement on Revaluation	2022 Closing Balance	2021 Opening Balance	2021 Revaluation Increment	2021 Revaluation (Decrement)	Total Movement on Revaluation	2021 Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land and buildings	4,648,657	2,433,727	-	2,433,727	7,082,384	4,648,657	-	-	-	4,648,657
Roads	96,047,491	-	-	-	96,047,491	96,047,491	-	-	-	96,047,491
Footpaths	418,387	-	-	-	418,387	418,387	-	-	-	418,387
Other	3,530,935	-	-	-	3,530,935	3,530,935	-	-	-	3,530,935
Bridges	1,358,523	-	-	-	1,358,523	1,358,523	-	-	-	1,358,523
	106,003,993	2,433,727	-	2,433,727	108,437,720	106,003,993	-	-	-	106,003,993

Movements on revaluation of property, plant and equipment (including infrastructure) are not able to be reliably attributed to a program as the assets were revalued by class as provided for by AASB 116 Aus 40.1.

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**16. NOTES TO THE STATEMENT OF CASH FLOWS**

**(a) Reconciliation of Cash**

For the purposes of the Statement of Cash Flows, cash includes cash and cash equivalents, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the Statement of Financial Position as follows:

	Note	2022 Actual \$	2022 Budget \$	2021 Actual \$
Cash and cash equivalents	3	1,264,859	1,402,038	2,281,843
<b>Restrictions</b>				
The following classes of financial assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:				
- Cash and cash equivalents	3	1,479,283	603,233	800,319
- Financial assets at amortised cost	4	111,505	-	-
		1,590,788	603,233	800,319
The restricted financial assets are a result of the following specific purposes to which the assets may be used:				
Restricted reserve accounts	31	539,517	603,233	538,866
Contract liabilities from contracts with customers		1,029,682	-	234,327
Bonds and deposits held		21,589	-	27,126
<b>Total restricted financial assets</b>		1,590,788	603,233	800,319

**(b) Reconciliation of Net Result to Net Cash Provided  
By Operating Activities**

Net result		(2,166,337)	633,759	(894,406)
Non-cash items:				
Adjustments to fair value of financial assets at fair value through profit and loss		(4,937)	-	-
Depreciation/amortisation		4,055,604	3,920,654	3,922,601
(Profit)/loss on sale of asset		-	-	(28,055)
Changes in assets and liabilities:				
(Increase)/decrease in trade and other receivables		(566,571)	-	12,042
(Increase)/decrease in other assets		22,703	-	(115,624)
(Increase)/decrease in inventories		(1,150)	-	(9,824)
Increase/(decrease) in trade and other payables		(390,132)	-	282,855
Increase/(decrease) in employee related provisions		29,040	-	(53,389)
Increase/(decrease) in other liabilities		795,355	-	23,730
Non-operating grants, subsidies and contributions		(1,445,581)	(4,561,136)	(1,879,646)
Net cash provided by/(used in) operating activities		327,994	(6,723)	1,260,284

**(c) Undrawn Borrowing Facilities  
Credit Standby Arrangements**

Bank overdraft limit		300,000		300,000
Bank overdraft at balance date		-		-
Credit card limit		15,000		15,000
Credit card balance at balance date		-		(1,659)
<b>Total amount of credit unused</b>		315,000		313,341

**Loan facilities**

Loan facilities - current		79,701		59,932
Loan facilities - non-current		347,947		246,615
<b>Total facilities in use at balance date</b>		427,648		306,547

**Unused loan facilities at balance date**

NIL 32 NIL



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**17. CONTINGENT LIABILITIES**

The Shire operates three refuse sites:

Bolgart Refuse Site (Licence L6956/1997/11)

Calingiri Refuse Site Crown Reserve 34141 Calingiri-Goomalling Rd (Licence L6955/1997/11)

Mogumber Refuse Site Crown Reserve 8588 Bindoon-Moora Rd (Licence L7011/1997/11)

All three of the above sites are Category 64 Putrescible landfill sites (PLS).

The Shire may need to rehabilitate these refuse sites after closure. The rehabilitation cost will be determined once the post-closure rehabilitation plans are prepared.

**18. CAPITAL COMMITMENTS**

	2022	2021
	\$	\$
Contracted for:		
- capital expenditure projects	-	-
- plant & equipment purchases	-	-
Payable:		
- not later than one year	-	-

**19. TRUST FUNDS**

The Shire did not have any funds held at balance date over which it has no control.

**20. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD**

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Shire.

**21. MAJOR LAND TRANSACTIONS**

The Shire did not have any major land transactions during the financial year.

**22. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS**

The Shire was not involved in any trading undertakings or major trading undertakings during the financial year.

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**23. RELATED PARTY TRANSACTIONS**

**(a) Elected Member Remuneration**

Note	2022 Actual \$	2022 Budget \$	2021 Actual \$
<b>Cr. Pauline Bantock</b>			
President's annual allowance	6,500	10,000	6,500
Meeting attendance fees	7,500	7,500	7,500
Annual allowance for ICT expenses	1,000	1,000	1,000
Travel and accommodation expenses	-	783	-
	15,000	19,283	15,000
<b>Cr. Neville Clarke</b>			
Deputy President's annual allowance	1,625	1,625	-
Meeting attendance fees	7,500	7,500	7,500
Annual allowance for ICT expenses	1,000	1,000	1,000
Travel and accommodation expenses	-	783	-
	10,125	10,908	8,500
<b>Cr. David Lovelock</b>			
Deputy President's annual allowance	-	-	1,625
Meeting attendance fees	7,500	7,500	7,500
Annual allowance for ICT expenses	1,000	1,000	1,000
Travel and accommodation expenses	-	783	-
	8,500	9,283	10,125
<b>Cr. Stephanie Penn</b>			
Meeting attendance fees	7,500	7,500	7,500
Annual allowance for ICT expenses	1,000	1,000	1,000
Travel and accommodation expenses	-	783	-
	8,500	9,283	8,500
<b>Cr. Jim Kelly</b>			
Meeting attendance fees	7,500	7,500	7,500
Annual allowance for ICT expenses	1,000	1,000	1,000
Travel and accommodation expenses	-	783	191
	8,500	9,283	8,691
<b>Cr. Gary O'Brien</b>			
Meeting attendance fees	7,500	7,500	3,750
Annual allowance for ICT expenses	1,000	1,000	500
Travel and accommodation expenses	1,017	783	-
	9,517	9,283	4,250
<b>Cr. Suzanne Woods</b>			
Meeting attendance fees	5,000	-	-
Annual allowance for ICT expenses	750	-	-
	5,750	-	-
<b>Cr. Jacqueline Corless-Crowther</b>			
Meeting attendance fees	-	-	3,125
Annual allowance for ICT expenses	-	-	500
Travel and accommodation expenses	-	-	-
	-	-	3,625
<b>Cr. Jaymie King</b>			
Meeting attendance fees	1,875	7,500	7,500
Annual allowance for ICT expenses	250	1,000	1,000
Travel and accommodation expenses	-	783	-
	2,125	9,283	8,500
<b>Cr. Andrew Broadhurst</b>			
Meeting attendance fees	-	-	1,875
Annual allowance for ICT expenses	-	-	250
	-	-	2,125
	68,017	76,606	69,316

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**23. RELATED PARTY TRANSACTIONS (Continued)**

**(a) Elected Member Remuneration (Continued)**

Fees, expenses and allowances to be paid or reimbursed to elected council members.

Note	2022 Actual \$	2022 Budget \$	2021 Actual \$
President's annual allowance	6,500	10,000	6,500
Deputy President's annual allowance	1,625	1,625	1,625
Meeting attendance fees	51,875	52,500	53,750
Annual allowance for ICT expenses	7,000	7,000	7,250
Travel and accommodation expenses	1,017	5,481	191
23(b)	68,017	76,606	69,316

**(b) Key Management Personnel (KMP) Compensation**

The total of compensation paid to KMP of the Shire during the year are as follows:

Note	2022 Actual \$	2021 Actual \$
Short-term employee benefits	270,552	305,742
Post-employment benefits	36,975	43,521
Employee - other long-term benefits	11,302	15,514
Council member costs	68,017	69,316
23(a)	386,846	434,093

*Short-term employee benefits*

These amounts include all salary and fringe benefits awarded to KMP except for details in respect to fees and benefits paid to council members which may be separately found in the table above.

*Post-employment benefits*

These amounts are the current-year's cost of the Shire's superannuation contributions made during the year.

*Other long-term benefits*

These amounts represent annual leave and long service leave entitlements accruing during the year.

*Termination benefits*

These amounts represent termination benefits paid to KMP (Note: may or may not be applicable in any given year).

*Council member costs*

These amounts represent payments of member fees, expenses, allowances and reimbursements during the year.

**(c) Transactions with related parties**

Transactions between related parties and the Shire are on normal commercial terms and conditions, no more favourable than those available to other parties, unless otherwise stated.

No outstanding balances or provisions for doubtful debts or guarantees exist in relation to related parties at year end.

In addition to KMP compensation above the following transactions occurred with related parties:

	2022 Actual \$	2021 Actual \$
Sale of goods and services	-	-
Purchase of goods and services	-	-
Short term employee benefits - other related parties	-	-
Payment of Council member costs	-	-

**(d) Related Parties**

**The Shire's main related parties are as follows:**

*i. Key management personnel*

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any council member, are considered key management personnel.

*ii. Other Related Parties*

An associate person of KMP was employed by the Shire under normal employment terms and conditions.

Any entity that is controlled by or over which KMP, or close family members of KMP, have authority and responsibility for planning, directing and controlling the activity of the entity, directly or indirectly, are considered related parties in relation to the Shire.

*iii. Entities subject to significant influence by the Shire*

An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity which holds significant influence.

Significant influence may be gained by share ownership, statute or agreement.

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**24. JOINT ARRANGEMENTS**

**Share of joint operations**

The following investments have been classified as Joint Operations.

**(i) Calingiri - Lot 23 and 24 Harrington Street**

The Shire entered into a Joint Arrangement with Homeswest on 17 December 1999. The purpose of the arrangement was for the construction of four aged persons units in Calingiri.

Financial Contributions	Shire \$	Homeswest \$	Total \$	Interests %
Land Contribution	26,318	-	26,318	18.98%
Construction Costs	80,273	455,097	535,370	81.02%
	106,591	455,097	561,688	100%

**(ii) Bolgart - Lot 184 and 191 George Street**

The Shire entered into a Joint Arrangement with Homeswest on 21 February 2006. The purpose of the arrangement was for the construction of two aged persons units in Bolgart.

Financial Contributions	Shire \$	Homeswest \$	Total \$	Interests %
Land Contribution	11,858	1,771	13,629	18.00%
Construction Costs	44,500	258,145	302,645	82.00%
	56,358	259,916	316,274	100%
Total Financial Contribution	<b>162,949</b>	<b>715,013</b>	<b>877,962</b>	

**Statement of Financial Position**

	2022 Actual \$	2021 Actual \$
Land and Buildings	253,015	242,500
Accumulated Depreciation	-	(21,547)
<b>Total assets</b>	<b>253,015</b>	<b>220,953</b>
<b>Total equity</b>	<b>253,015</b>	<b>242,500</b>

**Statement of Comprehensive Income**

	2022 Actual \$	2021 Actual \$
<b>Revenue</b>		
Fees and Charges	30,167	22,603
<b>Expenses</b>		
Employee Costs	(4,086)	(7,761)
Materials and Contracts	(25,993)	(9,193)
Insurance	(6,205)	(7,209)
Utilities	(11,793)	(11,032)
Depreciation	(4,300)	(4,300)
<b>Profit/(loss) for the period</b>	<b>(22,210)</b>	<b>(16,892)</b>
Other comprehensive income	80,351	-
<b>Total comprehensive income for the period</b>	<b>58,141</b>	<b>(16,892)</b>

**Statement of Cash Flows**

	2022 Actual \$	2021 Actual \$
<b>Receipts</b>		
Fees and charges	30,167	22,603
<b>Payments</b>		
Employee costs	(4,086)	(7,761)
Materials and contracts	(25,993)	(9,193)
Utility charges	(11,793)	(11,032)
Insurance paid	(6,205)	(7,209)
	(48,077)	(35,195)
<b>Net cash provided by (used in) operating activities</b>	<b>(17,910)</b>	<b>(12,592)</b>

**SIGNIFICANT ACCOUNTING POLICIES**

**Joint operations**

A joint operation is a joint arrangement where the Shire has joint control with another party to the joint arrangement. All parties to joint arrangement have rights to the assets, and obligations for the liabilities relating to the arrangement.

Assets, liabilities, revenues and expenses relating to the Shire's interest in the joint operation are accounted for in accordance with the relevant Australian Accounting Standard.

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**25. FINANCIAL RISK MANAGEMENT**

This note explains the Shire's exposure to financial risks and how these risks could affect the Shire's future financial performance.

Risk	Exposure arising from	Measurement	Management
<b>Market risk - interest rates</b>	Long term borrowings at variable rates	Sensitivity analysis	Utilise fixed interest rate borrowings
<b>Credit risk</b>	Cash and cash equivalents, trade receivables, financial assets and debt investments	Aging analysis Credit analysis	Diversification of bank deposits, credit limits. Investment policy
<b>Liquidity risk</b>	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

The Shire does not engage in transactions expressed in foreign currencies and is therefore not subject to foreign currency risk.

Financial risk management is carried out by the finance area under policies approved by the Council. The finance area identifies, evaluates and manages financial risks in close co-operation with the operating divisions. Council have approved the overall risk management policy and provide policies on specific areas such as investment policy.

**(a) Interest rate risk**

**Cash and cash equivalents**

The Shire's main interest rate risk arises from cash and cash equivalents with variable interest rates, which exposes the Shire to cash flow interest rate risk. Short term overdraft facilities also have variable interest rates however these are repaid within 12 months, reducing the risk level to minimal.

Excess cash and cash equivalents are invested in fixed interest rate term deposits which do not expose the Shire to cash flow interest rate risk. Cash and cash equivalents required for working capital are held in variable interest rate accounts and non-interest bearing accounts. Carrying amounts of cash and cash equivalents at the 30 June and the weighted average interest rate across all cash and cash equivalents, term deposits, and Treasury bonds held disclosed as financial assets at amortised cost are reflected in the table below.

	Weighted Average Interest Rate	Carrying Amounts	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
	%	\$	\$	\$	\$
<b>2022</b>					
Cash and cash equivalents	0.07%	1,264,859	501,461	762,808	590
Financial assets at amortised cost - term deposits	0.75%	111,505	111,505	-	-
<b>2021</b>					
Cash and cash equivalents	0.05%	2,281,843	612,083	1,669,170	590

**Sensitivity**

Profit or loss is sensitive to higher/lower interest income from cash and cash equivalents as a result of changes in interest rates.

	2022	2021
	\$	\$
Impact of a 1% movement in interest rates on profit and loss and equity*	7,628	16,692

\* Holding all other variables constant

**Borrowings**

Borrowings are subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs.

The Shire manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation. The Shire does not consider there to be any interest rate risk in relation to borrowings. Details of interest rates applicable to each borrowing may be found at Note 30(a).

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**25. FINANCIAL RISK MANAGEMENT (Continued)**

**(b) Credit risk**

**Trade and Other Receivables**

The Shire's major receivables comprise rates annual charges and user fees and charges. The major risk associated with these receivables is credit risk – the risk that the debts may not be repaid. The Shire manages this risk by monitoring outstanding debt and employing debt recovery policies. It also encourages ratepayers to pay rates by the due date through incentives.

Credit risk on rates and annual charges is minimised by the ability of the Shire to recover these debts as a secured charge over the land, that is, the land can be sold to recover the debt. The Shire is able to charge interest on overdue rates and annual charges at higher than market rates, which further encourages payment.

The level of outstanding receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance.

The Shire applies the AASB 9 simplified approach to measuring expected credit losses using a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, rates receivable are separated from other trade receivables due to the difference in payment terms and security for rates receivable.

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2021 or 1 July 2022 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment rates, and accordingly adjustments are made to the expected credit loss rate based on these factors.

The loss allowance as at 30 June 2022 and 30 June 2021 for rates receivable was determined as follows:

	Less than 1 year past due	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total	Note
<b>30 June 2022</b>						
Rates receivable						
Expected credit loss	1.27%	1.28%	1.28%	1.28%		
Gross carrying amount	58,809	73,365	6,386	14,730	153,290	
Loss allowance	748	939	82	189	1,958	5
<b>30 June 2021</b>						
Rates receivable						
Expected credit loss	4.03%	4.03%	4.03%	4.03%		
Gross carrying amount	13,799	9,766	7,237	14,816	45,618	
Loss allowance	556	394	292	596	1,838	5

The loss allowance as at 30 June 2022 and 30 June 2021 was determined as follows for trade receivables.

	Less than 1 year past due	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total	
<b>30 June 2022</b>						
Trade and other receivables						
Expected credit loss	0.00%	0.00%	0.00%	3.11%		
Gross carrying amount	319,069	-	44,707	86,232	450,008	
Loss allowance	-	-	-	2,685	2,685	5
<b>30 June 2021</b>						
Trade and other receivables						
Expected credit loss	1.00%	1.00%	1.00%	1.00%		
Gross carrying amount	9,645	598	40	12,961	23,244	
Loss allowance	97	6	-	130	233	5

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**25. FINANCIAL RISK MANAGEMENT (Continued)**

**(b) Credit risk (Continued)**

The loss allowances for trade receivables and contract assets as at 30 June reconcile to the opening loss allowances as follows:

	Rates receivable		Trade and other receivables	
	2022 Actual	2021 Actual	2022 Actual	2021 Actual
Opening loss allowance as at 1 July	\$ 1,839	\$ 762	\$ 232	\$ 876
Increase in loss allowance recognised in profit or loss during the year	119	1,077	2,453	-
Unused amount reversed	-	-	-	(644)
<b>Closing loss allowance at 30 June</b>	<b>1,958</b>	<b>1,839</b>	<b>2,685</b>	<b>232</b>

Trade receivables and contract assets are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Shire, and a failure to make contractual payments for a period of greater than 120 days past due.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

**Contract Assets**

The Shire's contract assets represent work completed, which have not been invoiced at year end. This is due to the Shire not having met all the performance obligations in the contract which give an unconditional right to receive consideration. The Shire applies the simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all contract assets. To measure the expected credit losses, contract assets have been grouped based on shared credit risk characteristics and the days past due. Contract assets have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Shire has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

**(c) Liquidity risk**

**Payables and borrowings**

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The Shire manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required and disclosed in Note 16(c).

The contractual undiscounted cash flows of the Shire's payables and borrowings are set out in the liquidity table below. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
<b>2022</b>					
Trade and other payables	317,388	-	-	317,388	317,388
Borrowings	86,352	340,536	25,758	452,646	427,648
Contract liabilities	1,029,682	-	-	1,029,682	1,029,682
	<b>1,433,422</b>	<b>340,536</b>	<b>25,758</b>	<b>1,799,716</b>	<b>1,774,718</b>
<b>2021</b>					
Trade and other payables	707,520	-	-	707,520	707,520
Borrowings	66,692	217,132	51,695	335,519	306,547
Contract liabilities	234,327	-	-	234,327	234,327
	<b>1,008,539</b>	<b>217,132</b>	<b>51,695</b>	<b>1,277,366</b>	<b>1,248,394</b>

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**26. OTHER SIGNIFICANT ACCOUNTING POLICIES**

**a) Goods and services tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows.

**b) Current and non-current classification**

The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Shire's operational cycle. In the case of liabilities where the Shire does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current or non-current based on the Shire's intentions to release for sale.

**c) Rounding off figures**

All figures shown in this annual financial report, other than a rate in the dollar, are rounded to the nearest dollar. Amounts are presented in Australian Dollars.

**d) Comparative figures**

Where required, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

When the Shire applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements that has a material effect on the statement of financial position, an additional (third) Statement of Financial Position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

**e) Budget comparative figures**

Unless otherwise stated, the budget comparative figures shown in this annual financial report relate to the original budget estimate for the relevant item of disclosure.

**f) Superannuation**

The Shire contributes to a number of Superannuation Funds on behalf of employees. All funds to which the Shire contributes are defined contribution plans.

**g) Fair value of assets and liabilities**

Fair value is the price that the Shire would receive to sell the asset or would have to pay to transfer a liability, in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

**h) Interest earnings**

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset measured at amortised cost except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

**i) Fair value hierarchy**

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurement into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

**Level 1**

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

**Level 2**

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

**Level 3**

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

**Valuation techniques**

The Shire selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Shire are consistent with one or more of the following valuation approaches:

**Market approach**

Valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

**Income approach**

Valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

**Cost approach**

Valuation techniques that reflect the current replacement cost of the service capacity of an asset.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Shire gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

**j) Impairment of assets**

In accordance with Australian Accounting Standards the Shire's cash generating non-specialised assets, other than inventories, are assessed at each reporting date to determine whether there is any indication they may be impaired.

Where such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount.

Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. AASB 116) whereby any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

For non-cash generating specialised assets that are measured under the revaluation model, such as roads, drains, public buildings and the like, no annual assessment of impairment is required. Rather AASB 116.31 applies and revaluations need only be made with sufficient regularity to ensure the carrying value does not differ materially from that which would be determined using fair value at the end of the reporting period.

**k) Initial application of accounting standards**

During the current year, no new or revised Australian Accounting Standards and Interpretations were compiled, became mandatory and were applicable to its operations.

**New accounting standards for application in future years**

The following new accounting standards will have application to local government in future years:

- AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current
- AASB 2020-3 Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments
- AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies or Definition of Accounting Estimates
- AASB 2021-7 Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections

It is not expected these standards will have an impact on the financial report.



**SHIRE OF VICTORIA PLAINS  
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**27. FUNCTION AND ACTIVITY**

**(a) Service objectives and descriptions**

Shire operations as disclosed in this financial report encompass the following service orientated functions and activities.

**Objective**

**Description**

**Governance**

To provide a decision making process for the efficient allocation of scarce resources.

Includes the activities of members of council and the administrative support available to the council for the provision of governance of the district. Other costs relate to the task of assisting elected members and rate payers on matters which do not concern specific council services.

**General purpose funding**

To collect revenue to allow for the provision of services.

Rates, general purpose government grants and interest revenue.

**Law, order, public safety**

To provide services to help ensure a safer and environmentally conscious community.

Supervision and enforcement of various local laws relating to fire prevention animal control and other aspects of public safety including emergency services.

**Health**

To provide an operational framework for environmental and community health.

Inspection of food outlets and their control, noise control and waste disposal compliance.

**Education and welfare**

To provide services to disadvantaged persons, the elderly, children and youth.

Maintenance of playgroup centre and support of school programs.

**Housing**

To provide and maintain housing.

Provide housing for staff. 'Provision and maintenance of elderly residents housing.

**Community amenities**

To provide services required by the community.

Rubbish collection services, operation of rubbish disposal sites, litter control, protection of the environment and administration of town planning schemes, cemetery and public conveniences.

**Recreation and culture**

To establish and effectively manage infrastructure and resources which will help the social well-being of the community.

Maintenance of public use buildings and areas including various sporting facilities. Provision and maintenance of parks, gardens and playgrounds. Operation of library, museum and other cultural facilities.

**Transport**

Facilitate safe, effective and efficient transport options for the community.

Construction and maintenance of roads, streets, footpaths, depots, cycle ways, parking facilities and traffic control. Cleaning of streets and maintenance of street trees, street lighting etc.

**Economic services**

To help promote the shire and its economic well-being.

Tourism and area promotion including the maintenance and operation of a caravan park. Provision of rural services including week control, vermin control and standpipes. Building Control.

**Other property and services**

To monitor and control council's overheads operating accounts.

Private works operation, plant repaired operation costs and engineering operation costs.

**SHIRE OF VICTORIA PLAINS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**27. FUNCTION AND ACTIVITY (Continued)**

**(b) Income and expenses**

	2022 Actual	2022 Budget	2021 Actual
	\$	\$	\$
<b>Income excluding grants, subsidies and contributions</b>			
Governance	4,858	6,348	30,000
General purpose funding	3,092,376	3,005,187	2,808,200
Law, order, public safety	95,120	142,066	4,405
Health	2,526	4,017	238
Education and welfare	-	100	-
Housing	65,226	92,622	62,076
Community amenities	123,966	90,854	99,537
Recreation and culture	88,710	16,789	12,506
Transport	8,200	5,713	68,173
Economic services	34,742	26,803	36,695
Other property and services	56,533	24,699	32,636
	3,572,257	3,415,198	3,154,466
<b>Grants, subsidies and contributions</b>			
General purpose funding	1,562,861	587,148	1,186,404
Law, order, public safety	307,408	71,590	83,098
Education and welfare	-	530	-
Recreation and culture	-	-	2,107
Transport	1,625,926	4,699,142	2,036,164
	3,496,195	5,358,410	3,307,773
<b>Total Income</b>	7,068,452	8,773,608	6,462,239
<b>Expenses</b>			
Governance	(555,417)	(585,805)	(533,903)
General purpose funding	(469,378)	(457,346)	(429,755)
Law, order, public safety	(672,105)	(488,108)	(288,669)
Health	(147,582)	(144,231)	(131,498)
Education and welfare	(2,602)	(14,863)	(4,211)
Housing	(265,078)	(281,508)	(229,065)
Community amenities	(498,406)	(664,841)	(543,885)
Recreation and culture	(841,230)	(687,881)	(641,019)
Transport	(5,505,705)	(4,545,490)	(4,324,630)
Economic services	(271,693)	(263,434)	(200,560)
Other property and services	(5,593)	(6,342)	(29,450)
<b>Total expenses</b>	(9,234,789)	(8,139,849)	(7,356,645)
<b>Net result for the period</b>	(2,166,337)	633,759	(894,406)

**SHIRE OF VICTORIA PLAINS  
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**27. FUNCTION AND ACTIVITY (Continued)**

	2022 Actual	2022 Budget	2021 Actual
	\$	\$	\$
<b>(c) Fees and Charges</b>			
Governance	1,281	3,190	2,849
General purpose funding	4,496	3,760	3,649
Law, order, public safety	8,147	2,890	2,819
Health	538	1,420	590
Education and welfare	-	100	-
Housing	63,856	78,280	59,023
Community amenities	113,449	85,800	99,802
Recreation and culture	3,599	6,450	6,637
Transport	327	-	15,549
Economic services	14,197	9,930	17,986
Other property and services	19,588	5,580	898
	<b>229,478</b>	<b>197,400</b>	<b>209,802</b>
<b>(d) Total Assets</b>			
Governance	164,288	58,679	
General purpose funding	1,882,911	2,332,839	
Law, order, public safety	893,889	803,070	
Education and welfare	5,493	6,320	
Housing	2,306,180	2,166,259	
Community amenities	2,240,330	2,281,647	
Recreation and culture	6,719,726	4,673,375	
Transport	111,457,463	112,314,191	
Economic services	92,498	177,944	
Other property and services	1,259,083	1,384,783	
	<b>127,021,861</b>	<b>126,199,107</b>	

PUBLIC ATTACHMENT

Shire of Victoria Plains  
**SHIRE OF VICTORIA PLAINS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**28. RATING INFORMATION**

(a) General Rates

RATE TYPE		2021/22	2021/22	2021/22	2021/22	2021/22	2021/22	2021/22	2021/22	2021/22	2020/21		
Rate Description	Basis of valuation	Rate in \$	Number of Properties	Actual Rateable Value *	Actual Rate Revenue	Actual Interim Rates	Actual Back Rates	Actual Total Revenue	Budget Rate Revenue	Budget Interim Rate	Budget Back Rate	Budget Total Revenue	Actual Total Revenue
		\$		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Gross rental valuations</b>													
General GRV	Gross rental valuation	0.117898	162	1,790,734	211,124	-	-	211,124	211,124	-	-	211,124	197,057
<b>Unimproved valuations</b>													
General UV	Unimproved valuation	0.007169	309	362,360,999	2,597,766	-	-	2,597,766	2,597,766	-	-	2,597,766	2,434,733
<b>Sub-Total</b>			471	364,151,733	2,808,890	-	-	2,808,890	2,808,890	-	-	2,808,890	2,631,790
<b>Minimum payment</b>													
<b>Gross rental valuations</b>													
General GRV	Gross rental valuation	485	66	93,146	32,010	-	-	32,010	32,010	-	-	32,010	29,964
<b>Unimproved valuations</b>													
General UV	Unimproved valuation	586	76	2,030,621	44,536	-	-	44,536	44,536	-	-	44,536	35,664
<b>Sub-Total</b>			142	2,123,767	76,546	-	-	76,546	76,546	-	-	76,546	65,628
<b>Exempt properties</b>													
<b>Unimproved valuation</b>													
General UV	Unimproved valuation		43	3,289	-	-	-	-	-	-	-	-	-
<b>Sub-Total</b>			43	3,289	-	-	-	-	-	-	-	-	-
			656	366,278,789	2,885,436	-	-	2,885,436	2,885,436	-	-	2,885,436	2,697,418
<b>Total amount raised from general rates</b>								2,885,436				2,885,436	2,697,418
* Rateable value is based on the value of properties at the time the rate is raised.													
<b>Ex-gratia Rates</b>													
Ex-gratia Rates					83,868	-	-	83,868	80,571	-	-	80,571	80,571
Interim and back rates					86,471	-	-	86,471	-	-	-	-	-
<b>Sub-Total</b>					170,339	-	-	170,339	80,571	-	-	80,571	80,571
Discounts on specified area and ex gratia rates (Refer note 28(e))								-				-	-
Concessions on specified area and ex gratia rates (Refer note 28(e))								-				-	-
<b>Total amount raised from rates (excluding general rates)</b>								170,339				80,571	80,571
<b>(b) Total Rates</b>								<b>3,055,775</b>				<b>2,966,007</b>	<b>2,777,989</b>

The entire balance of rates revenue has been recognised at a point in time in accordance with AASB 1058 *Income for not-for-profit entities*.

**28. RATING INFORMATION (Continued)**

**(c) Specified Area Rate**

The Shire did not impose any specified area rates during the 2021/22 financial year.

**(d) Service Charges**

The Shire did not impose any service charges during the 2021/22 financial year.

**(e) Discounts, Incentives, Concessions, & Write-offs**

The Shire did not grant any discounts, waivers or concessions during the 2021/22 financial year.

**(f) Interest Charges & Instalments**

Instalment Options	Date Due	Instalment Plan	Instalment Plan	Unpaid Rates
		Admin Charge	Interest Rate	Interest Rate
		\$	%	%
<b>Option One</b>				
Single full payment	6/10/2021	-	-	7.00%
<b>Option Two</b>				
First instalment	6/10/2021	-	-	7.00%
Second instalment	8/12/2021	7.50	5.50%	7.00%
Third instalment	9/02/2022	7.50	5.50%	7.00%
Fourth instalment	13/04/2022	7.50	5.50%	7.00%

	2022 Actual	2022 Budget	2021 Actual
	\$	\$	\$
Interest on unpaid rates	8,693	5,080	4,744
Interest on instalment plan	11,386	10,050	10,084
Interest on ESL Penalty	309	-	149
Charges on instalment plan	2,140	2,400	2,436
	22,528	17,530	17,413

**SHIRE OF VICTORIA PLAINS  
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**29. RATE SETTING STATEMENT INFORMATION**

		2021/22 Budget	2021/22	2020/21
	2021/22 (30 June 2022 Carried Forward)	(30 June 2022 Carried Forward)	(1 July 2021 Brought Forward)	(30 June 2021 Carried Forward)
Note	\$	\$	\$	\$
<b>(a) Non-cash amounts excluded from operating activities</b>				
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .				
<b>Adjustments to operating activities</b>				
Less: Profit on asset disposals	10(d)	-	(28,055)	(28,055)
Less: Movement of accrued interest on borrowings		-	(1,053)	(1,053)
Less: Fair value adjustments to financial assets at fair value through profit and loss		(4,937)	-	-
Add: Depreciation	10(a)	4,055,604	3,920,654	3,922,601
Non-cash movements in non-current assets and liabilities:				
Employee benefit provisions		18,745	-	9,077
<b>Non-cash amounts excluded from operating activities</b>		4,069,412	3,920,654	3,902,570
<b>(b) Surplus/(deficit) after imposition of general rates</b>				
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.				
<b>Adjustments to net current assets</b>				
Less: Reserve accounts	31	(539,517)	(603,233)	(538,866)
Less: Financial assets at amortised cost - self supporting loans	4(a)	(21,331)	(20,595)	(20,762)
Add: Current liabilities not expected to be cleared at end of year - Current portion of borrowings	13	79,701	58,697	59,932
<b>Total adjustments to net current assets</b>		(481,147)	(565,131)	(499,696)
<b>Net current assets used in the Rate Setting Statement</b>				
Total current assets		2,190,980	1,512,173	2,550,873
Less: Total current liabilities		(1,592,794)	(950,542)	(1,157,508)
Less: Total adjustments to net current assets		(481,147)	(565,131)	(499,696)
<b>Net current assets used in the Rate Setting Statement</b>		117,039	(3,500)	893,669

Shire of Victoria Plains

SHIRE OF VICTORIA PLAINS  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022

30. BORROWING

(a) Borrowings

Purpose	Note	Actual						Budget										
		Principal at 1 July 2020	New Loans During 2020-21	Principal Repayments During 2020-21	Actual Interest Expense During 2020-21	Actual Interest Repayments During 2020-21	Principal at 30 June 2021	New Loans During 2021-22	Principal Repayments During 2021-22	Actual Interest Expense During 2021-22	Actual Interest Repayments During 2021-22	Principal at 30 June 2022	Principal at 1 July 2021	New Loans During 2021-22	Principal Repayments During 2021-22	Budget Interest Expense During 2021-22	Budget Interest Repayments During 2021-22	Principal at 30 June 2022
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Recreation and Culture</b>																		
Calingiri Sports Pavilion		40,508	-	(19,692)	1,731	(1,844)	20,703	-	(20,583)	807	(927)	-	20,584	-	(20,584)	1,158	(1,158)	-
<b>Economic Services</b>																		
Piawanning Water Supply		119,572	-	(17,029)	2,454	(3,052)	101,945	-	(17,456)	3,128	(3,121)	84,496	101,580	-	(17,456)	3,357	(3,357)	84,124
<b>Transport</b>																		
Grader and Roller		-	-	-	-	-	-	200,000	(19,623)	1,221	(1,181)	180,417	-	200,000	(34,000)	6,000	(6,000)	166,000
<b>Total</b>		160,080	-	(36,721)	4,185	(4,896)	122,648	200,000	(57,662)	5,156	(5,229)	264,913	122,164	200,000	(72,040)	10,515	(10,515)	250,124
<b>Self Supporting Loans</b>																		
<b>Recreation and Culture</b>																		
Calingiri Football Club		204,541	-	(20,300)	4,615	(4,957)	183,899	-	(21,091)	4,460	(4,533)	162,735	183,253	-	(20,579)	5,372	(5,372)	162,674
<b>Total Self Supporting Loans</b>		204,541	-	(20,300)	4,615	(4,957)	183,899	-	(21,091)	4,460	(4,533)	162,735	183,253	-	(20,579)	5,372	(5,372)	162,674
<b>Total Borrowings</b>	13	364,621	-	(57,021)	8,800	(9,853)	306,547	200,000	(78,753)	9,616	(9,762)	427,648	305,417	200,000	(92,619)	15,887	(15,887)	412,798

Principal repayments for the statement of cash flows and rate setting statement comprise the principal repayments plus movement in accrued interest:

(78,899)

\* WA Treasury Corporation

All loan repayments were financed by general purpose revenue.

Self supporting loans are financed by payments from third parties. These are shown in Note 4 as other financial assets at amortised cost.

All other loan repayments were financed by general purpose revenue.

(b) New Borrowings - 2021/22

Particulars/Purpose	Institution	Loan Type	Term Years	Interest Rate	Amount Borrowed		Amount (Used)		Total Interest & Charges	Actual Balance Unspent
					2022 Actual	2022 Budget	2022 Actual	2022 Budget		
Grader and Roller	WATC	Semi Annual	5	0.85%	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 4,689	\$ -
					200,000	200,000	200,000	200,000	4,689	-

\* WA Treasury Corporation

(c) Unspent Borrowings

Particulars	Institution	Date Borrowed	Unspent Balance 1 July 2021	Borrowed	Expended	Unspent
				During Year	During Year	Balance 30 June 2022
Grader and Roller	WATC	6/10/2021	\$ -	\$ 200,000	\$ (200,000)	\$ -
			-	200,000	(200,000)	-

\* WA Treasury Corporation

Shire of Victoria Plains  
**SHIRE OF VICTORIA PLAINS**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**31. RESERVE ACCOUNTS**

	2022 Actual Opening Balance	2022 Actual Transfer to	2022 Actual Transfer (from)	2022 Actual Closing Balance	2022 Budget Opening Balance	2022 Budget Transfer to	2022 Budget Transfer (from)	2022 Budget Closing Balance	2021 Actual Opening Balance	2021 Actual Transfer to	2021 Actual Transfer (from)	2021 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Restricted by council</b>												
(a) Long service leave	4,477	6	-	4,483	4,477	13	-	4,490	4,464	13	-	4,477
(b) Plant	66,275	81	-	66,356	66,272	75,120	-	141,392	66,111	164	-	66,275
(c) Housing	98,676	119	-	98,795	98,669	133	-	98,802	98,536	140	-	98,676
(d) Sewerage scheme - Calingiri	57,146	69	-	57,215	57,142	165	-	57,307	56,977	169	-	57,146
(e) Sewerage scheme - Yerecoin	21,137	25	-	21,162	21,135	61	-	21,196	21,074	63	-	21,137
(f) Refuse site maintenance	253,909	306	-	254,215	253,886	809	-	254,695	280,681	832	(27,604)	253,909
(g) Building maintenance	15,169	18	-	15,187	15,168	44	(12,000)	3,212	15,124	45	-	15,169
(h) Infrastructure	14,666	18	-	14,684	14,665	42	-	14,707	14,623	43	-	14,666
(i) Gymnasium	7,411	9	-	7,420	7,411	21	-	7,432	7,389	22	-	7,411
	538,866	651	-	539,517	538,825	76,408	(12,000)	603,233	564,979	1,491	(27,604)	538,866

All reserves are supported by cash and cash equivalents and financial assets at amortised cost and are restricted within equity as Reserves - cash/financial assets backed.

In accordance with Council resolutions or adopted budget in relation to each reserve account, the purpose for which the reserves are set aside and their anticipated date of use are as follows:

Name of Reserve	Anticipated date of use	Purpose of the reserve
(a) Long service leave	Ongoing	to be used to fund annual and long service leave requirements.
(b) Plant	Ongoing	to be used for the purchase of major plant.
(c) Housing	Ongoing	to be used for the procurement of staff housing.
(d) Sewerage scheme - Calingiri	Ongoing	to be used to maintain and improve the Calingiri sewerage scheme.
(e) Sewerage scheme - Yerecoin	Ongoing	to be used to maintain and improve the Yerecoin sewerage scheme.
(f) Refuse site maintenance	Ongoing	to be used to fund future refuse site development.
(g) Building maintenance	Ongoing	to be used for long term maintenance of Shire buildings.
(h) Infrastructure	Ongoing	to be used for future infrastructure development to ensure long term Shire sustainability.
(i) Gymnasium	Ongoing	to be used for future purchases and replacement of gymnasium equipment.





Audit Findings for the  
Financial Year Ended 30<sup>th</sup> June 2022

**Report on Significant Matter**

Assessment to determine whether its infrastructure assets  
represent fair value.

## Background

The Shire of Victoria Plains (Shire) is required to prepare an audited Annual Financial Report each year under the *Local Government Act 1995* (the Act).

The Shire's auditor is the Office of the Auditor General (OAG). The OAG's 30 June 2022 Audit Report for the Shire is attached at Appendix 1.

A key audit requirement is the responsibility of the Auditor to identify any adverse (significant) financial trends.

Regulation 17A 4 (a) requires 'A local government must revalue a non-financial asset of the local government referred to in sub regulation (2)(a) —

- (a) whenever the local government is of the opinion that the fair value of the asset is likely to be materially different from its carrying amount;

The Auditor General reported the following:

### **Fair value of infrastructure assets - frequency of valuations**

#### **Finding**

The Shire has not performed an assessment to determine whether its infrastructure assets represent fair value.

#### **Rating: Significant**

#### **Implication**

Without a robust assessment of fair value of the Shire's Infrastructure Assets there is a risk that the fair value of infrastructure assets may not have been assessed adequately and in compliance with *AASB 13 Fair Value Measurement*, as well as Regulation 17A(4)(b) of the Local Government (Financial Management) Regulations 1996 (the Regulations).

#### **Recommendation**

We recommend that the Shire consider implementing as part of the preparation of financial statements a formal robust process to determine whether indicators exist that would trigger a requirement to perform a formal revaluation of Infrastructure Assets. This process is to ensure that the Shire's infrastructure assets are recorded at fair value in compliance with *AASB 13 Fair Value Measurement* and the Regulations.

This may entail obtaining relevant input from an independent valuer as to whether or not they consider there are any prevailing market factors which may indicate that the fair value of relevant assets are likely to have been impacted to any significant / material extent from the prior year.

## Report per Section 7.12A(4)(a) of the Local Government Act 1995

S7.12A of the Act requires the following relating to significant matters raised in the audit report

(4) A local government must –

- (a) prepare a report addressing any matters identified as significant by the auditor in the audit report, and stating what action the local government has taken or intends to take with respect to each of those matters; and
- (b) give a copy of that report to the Minister within 3 months after the audit report is received by the local government.

Council considered a recommendation from the Shire Audit Committee and resolved on 13 February 2023 the following response in accordance with s7.12A(4)(a) of the Act.

## Purpose of Report

To report in compliance with s7.12A of the *Local Government Act 1995* relating to a significant matter raised in the 2022 audit report.

## Management Comment

Whilst acknowledging the finding of Auditor General the Shires management response should also have regard which was:

*'Management performed an assessment of impairment factors and fair value for all Property, Plant and Equipment and Infrastructure Asset Classes as at 30 June 2022 as documented in the Asset Valuation and Impairment Memo provided to your auditors. The main focus of this assessment was in regard to impairment triggers and downside risks to fair value. The assessment undertaken was consistent with that performed in prior years.*

*The impairment process itself would then arguably trigger if an independent assessment is then required. Notwithstanding, the Shire acknowledges changes in the macro economic environment, such as inflation or weather events may impact on replacement costs and will ensure such factors are explicitly addressed in future assessments.*

*The formal process would need to include what would be the material threshold and timing as to when this needs to be considered. Given something like a weather event could occur on the 30 June, time to engage an independent assessment, demand for this service and also meeting audit deadlines may not be possible'.*

## Action Taken or Intended to be Taken

The following steps will be implemented by the Shire to address this finding with the implementation overseen by the Audit Committee in accordance with R16 (f) of the Local Government (Audit) Regulations 1996:

1. Review the Shires Accounting Policy and adjust as necessary.
2. No later than 31 May of the financial year engage an independent valuer to any prevailing market factors which may indicate that the fair value of relevant assets are likely to have been or likely to, impact to any significant / material extent.
3. Where there has been no impact, include this assessment in the Annual Financial Report.
4. Where there is, or likely to be an impact, in consultation with the independent valuer, ascertain if a desktop valuation can be completed and this adjustment entered into the asset register.
5. If the desktop valuation cannot be completed in time to meet deadlines for the Annual Financial Report, do this by way of note, ensuring it is reflected as soon as possible in the following financial year.

## Proposed Completion Date

31 May 2023.

## Attachments

1. OAG Audit Report 30 June 2022
2. OAG Management Audit Report 30 June 2022