



PUBLIC ATTACHMENTS

Audit Committee Meeting

22 November 2023

PUBLIC AUDIT ATTACHMENTS

SHIRE OF VICTORIA PLAINS
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

TABLE OF CONTENTS

Statement by Chief Executive Officer	2
Statement of Comprehensive Income	3
Statement of Financial Position	4
Statement of Changes in Equity	5
Statement of Cash Flows	6
Statement of Financial Activity	7
Index of Notes to the Financial Report	8
Independent Auditor's Report	41

The Shire of Victoria Plains conducts the operations of a local government with the following community vision:

Our Vision Statement is an expression of what we aspire to ensure the Shire of Victoria Plains is like for the 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 2023**

*Local Government Act 1995
Local Government (Financial Management) Regulations 1996*

STATEMENT BY CEO

The accompanying financial report of the Shire of Victoria Plains has been prepared in compliance with the provisions of the *Local Government Act 1995* from proper accounts and records to present fairly the financial transactions for the reporting period ended 30 June 2023 and the financial position as at 30 June 2023.

At the date of signing this statement the particulars included in the financial report are not misleading or inaccurate.

Signed on the _____ day of _____ 2023

Chief Executive Officer

Sean Fletcher

Name of Chief Executive Officer

PUBLIC AUDIT ATTACHMENTS

**SHIRE OF VICTORIA PLAINS
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023**

	NOTE	2023 Actual	2023 Budget	2022 Actual
		\$	\$	\$
Revenue				
Rates	2(a),24	3,159,510	3,256,149	3,055,775
Grants, subsidies and contributions	2(a)	2,251,900	4,995,078	2,050,614
Fees and charges	2(a)	194,632	264,952	229,478
Interest revenue	2(a)	40,949	44,068	26,428
Other revenue	2(a)	112,004	177,830	255,639
		5,758,995	8,738,077	5,617,934
Expenses				
Employee costs	2(b)	(2,194,791)	(1,910,137)	(1,697,752)
Materials and contracts		(2,396,697)	(6,483,298)	(3,080,963)
Utility charges		(122,153)	(116,653)	(124,017)
Depreciation		(4,273,567)	(4,046,982)	(4,055,604)
Finance costs	2(b)	(39,998)	(32,885)	(9,616)
Insurance		(180,971)	(173,165)	(179,698)
Other expenditure	2(b)	(158,493)	(79,835)	(87,139)
		(9,366,670)	(12,842,955)	(9,234,789)
		(3,607,675)	(4,104,878)	(3,616,855)
Capital grants, subsidies and contributions	2(a)	1,565,086	5,480,864	1,445,581
Profit on asset disposals		43,760	25,619	-
Loss on asset disposals		(8,606)	(29,944)	-
Fair value adjustments to financial assets at fair value through profit or loss	4(b)	2,764	-	4,937
		1,603,004	5,476,539	1,450,518
Net result for the period		(2,004,671)	1,371,661	(2,166,337)
Other comprehensive income for the period				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	16	14,261,450	-	2,433,727
Total other comprehensive income for the period	16	14,261,450	-	2,433,727
Total comprehensive income for the period		12,256,779	1,371,661	267,390

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

**SHIRE OF VICTORIA PLAINS
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023**

	NOTE	2023 \$	2022 \$
CURRENT ASSETS			
Cash and cash equivalents	3	2,252,544	1,264,859
Trade and other receivables	5	154,003	654,211
Other financial assets	4(a)	1,254,432	132,836
Inventories	6	8,279	32,305
Other assets	7	202,783	106,769
TOTAL CURRENT ASSETS		3,872,041	2,190,980
NON-CURRENT ASSETS			
Trade and other receivables	5	10,996	12,856
Other financial assets	4(b)	181,641	199,184
Property, plant and equipment	8	12,258,108	12,031,877
Infrastructure	9	124,574,226	112,586,964
TOTAL NON-CURRENT ASSETS		137,024,971	124,830,881
TOTAL ASSETS		140,897,012	127,021,861
CURRENT LIABILITIES			
Trade and other payables	12	326,566	317,388
Other liabilities	13	1,212,823	1,029,682
Borrowings	14	296,111	79,701
Employee related provisions	15	166,623	166,023
TOTAL CURRENT LIABILITIES		2,002,123	1,592,794
NON-CURRENT LIABILITIES			
Borrowings	14	1,580,807	347,947
Employee related provisions	15	36,891	60,708
TOTAL NON-CURRENT LIABILITIES		1,617,698	408,655
TOTAL LIABILITIES		3,619,821	2,001,449
NET ASSETS		137,277,191	125,020,412
EQUITY			
Retained surplus		13,324,133	16,043,175
Reserve accounts	27	1,253,888	539,517
Revaluation surplus	16	122,699,170	108,437,720
TOTAL EQUITY		137,277,191	125,020,412

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

**SHIRE OF VICTORIA PLAINS
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023**

	NOTE	RETAINED SURPLUS \$	RESERVE ACCOUNTS \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2021		18,210,163	538,866	106,003,993	124,753,022
Comprehensive income for the period					
Net result for the period		(2,166,337)	-	-	(2,166,337)
Other comprehensive income for the period	16	-	-	2,433,727	2,433,727
Total comprehensive income for the period		(2,166,337)	-	2,433,727	267,390
Transfers to reserve accounts	27	(651)	651	-	-
Balance as at 30 June 2022		16,043,175	539,517	108,437,720	125,020,412
Comprehensive income for the period					
Net result for the period		(2,004,671)	-	-	(2,004,671)
Other comprehensive income for the period	16	-	-	14,261,450	14,261,450
Total comprehensive income for the period		(2,004,671)	-	14,261,450	12,256,779
Transfers from reserve accounts	27	13,766	(13,766)	-	-
Transfers to reserve accounts	27	(728,137)	728,137	-	-
Balance as at 30 June 2023		13,324,133	1,253,888	122,699,170	137,277,191

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

PUBLIC AUDIT ATTACHMENTS

**SHIRE OF VICTORIA PLAINS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023**

NOTE	2023 Actual \$	2022 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts		
Rates	3,247,482	2,965,855
Operating grants, subsidies and contributions	2,823,677	2,382,146
Fees and charges	203,453	232,050
Interest revenue	40,949	26,428
Goods and services tax received	20,653	-
Other revenue	112,004	255,639
	6,448,218	5,862,118
Payments		
Employee costs	(2,206,551)	(1,674,877)
Materials and contracts	(2,484,157)	(3,461,230)
Utility charges	(122,153)	(124,017)
Finance costs	(39,998)	(9,616)
Insurance paid	(180,971)	(179,698)
Other expenditure	(149,314)	(84,686)
	(5,183,144)	(5,534,124)
Net cash provided by / (used in) operating activities	1,265,074	327,994
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for financial assets at amortised cost	(1,121,072)	(111,505)
Payments for purchase of property, plant & equipment	8(a) (860,461)	(298,609)
Payments for construction of infrastructure	9(a) (1,474,719)	(2,522,637)
Capital grants, subsidies and contributions	1,565,086	1,445,581
Proceeds from financial assets at amortised cost - self supporting loans	19,784	21,091
Proceeds from sale of property, plant & equipment	144,723	-
Net cash provided by / (used in) investing activities	(1,726,659)	(1,466,079)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings	26(a) (50,730)	(78,899)
Proceeds from new borrowings	26(a) 1,500,000	200,000
Net cash provided by / (used in) financing activities	1,449,270	121,101
Net increase (decrease) in cash held	987,685	(1,016,984)
Cash at beginning of year	1,264,859	2,281,843
Cash and cash equivalents at the end of the year	17(a) 2,252,544	1,264,859

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

**SHIRE OF VICTORIA PLAINS
STATEMENT OF FINANCIAL ACTIVITY
FOR THE YEAR ENDED 30 JUNE 2023**

	NOTE	2023 Actual \$	2023 Budget \$	2022 Actual \$
OPERATING ACTIVITIES				
Revenue from operating activities				
Rates	24	3,159,510	3,256,149	3,055,775
Grants, subsidies and contributions		2,251,900	4,995,078	2,050,614
Fees and charges		194,632	264,952	229,478
Interest revenue		40,949	44,068	26,428
Other revenue		112,004	177,830	255,639
Profit on asset disposals		43,760	25,619	-
Fair value adjustments to financial assets at fair value through profit or loss	4(b)	2,764	-	4,937
		<u>5,805,519</u>	<u>8,763,696</u>	<u>5,622,871</u>
Expenditure from operating activities				
Employee costs		(2,194,791)	(1,910,137)	(1,697,752)
Materials and contracts		(2,396,697)	(6,483,298)	(3,080,963)
Utility charges		(122,153)	(116,653)	(124,017)
Depreciation		(4,273,567)	(4,046,982)	(4,055,604)
Finance costs		(39,998)	(32,885)	(9,616)
Insurance		(180,971)	(173,165)	(179,698)
Other expenditure		(158,493)	(79,835)	(87,139)
Loss on asset disposals		(8,606)	(29,944)	-
		<u>(9,375,276)</u>	<u>(12,872,899)</u>	<u>(9,234,789)</u>
Non-cash amounts excluded from operating activities	25(a)	4,213,692	4,051,307	4,069,412
Amount attributable to operating activities		<u>643,935</u>	<u>(57,896)</u>	<u>457,494</u>
INVESTING ACTIVITIES				
Inflows from investing activities				
Capital grants, subsidies and contributions		1,565,086	5,480,864	1,445,581
Proceeds from disposal of assets		144,723	90,000	-
Proceeds from financial assets at amortised cost - self supporting loans	26(a)	19,784	21,332	21,091
		<u>1,729,593</u>	<u>5,592,196</u>	<u>1,466,672</u>
Outflows from investing activities				
Purchase of property, plant and equipment	8(a)	(860,461)	(1,145,267)	(298,609)
Purchase and construction of infrastructure	9(a)	(1,474,719)	(5,795,480)	(2,522,637)
		<u>(2,335,180)</u>	<u>(6,940,747)</u>	<u>(2,821,246)</u>
Amount attributable to investing activities		<u>(605,587)</u>	<u>(1,348,551)</u>	<u>(1,354,574)</u>
FINANCING ACTIVITIES				
Inflows from financing activities				
Proceeds from borrowings	26(a)	1,500,000	1,500,000	200,000
Transfers from reserve accounts	27	13,766	40,000	-
		<u>1,513,766</u>	<u>1,540,000</u>	<u>200,000</u>
Outflows from financing activities				
Repayment of borrowings	26(a)	(50,730)	(174,626)	(78,899)
Transfers to reserve accounts	27	(728,137)	(219,186)	(651)
		<u>(778,867)</u>	<u>(393,812)</u>	<u>(79,550)</u>
Amount attributable to financing activities		<u>734,899</u>	<u>1,146,188</u>	<u>120,450</u>
MOVEMENT IN SURPLUS OR DEFICIT				
Surplus or deficit at the start of the financial year	25(b)	117,039	68,099	893,669
Amount attributable to operating activities		643,935	(57,896)	457,494
Amount attributable to investing activities		(605,587)	(1,348,551)	(1,354,574)
Amount attributable to financing activities		734,899	1,146,188	120,450
Surplus or deficit after imposition of general rates	25(b)	<u>890,286</u>	<u>(192,160)</u>	<u>117,039</u>

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

**SHIRE OF VICTORIA PLAINS
FOR THE YEAR ENDED 30 JUNE 2023
INDEX OF NOTES TO THE FINANCIAL REPORT**

Note 1	Basis of Preparation	9
Note 2	Revenue and Expenses	10
Note 3	Cash and Cash Equivalents	12
Note 4	Other Financial Assets	12
Note 5	Trade and Other Receivables	13
Note 6	Inventories	14
Note 7	Other Assets	15
Note 8	Property, Plant and Equipment	16
Note 9	Infrastructure	18
Note 10	Fixed Assets	20
Note 11	Leases	22
Note 12	Trade and Other Payables	23
Note 13	Other Liabilities	24
Note 14	Borrowings	25
Note 15	Employee Related Provisions	26
Note 16	Revaluation Surplus	27
Note 17	Notes to the Statement of Cash Flows	28
Note 18	Contingent Liabilities	29
Note 19	Capital Commitments	29
Note 20	Related Party Transactions	30
Note 21	Joint Arrangements	32
Note 22	Other Significant Accounting Policies	33
Note 23	Events Occurring After the End of the Reporting Period	34
Information required by legislation		
Note 24	Rating Information	35
Note 25	Determination of Surplus or Deficit	36
Note 26	Borrowing and Lease Liabilities	37
Note 27	Reserve accounts	39
Note 28	Trust Funds	40

SHIRE OF VICTORIA PLAINS NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2023

1. BASIS OF PREPARATION

The financial report of the Shire of Victoria Plains which is a Class 4 local government 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, except for disclosure requirements of:

- AASB 7 Financial Instruments Disclosures
- AASB 16 Leases paragraph 58
- AASB 101 Presentation of Financial Statements paragraph 61
- AASB 107 Statement of Cash Flows paragraphs 43 and 45
- AASB 116 Property, Plant and Equipment paragraph 79
- AASB 137 Provisions, Contingent Liabilities and Contingent Assets paragraph 85
- AASB 140 Investment Property paragraph 75(f)
- AASB 1052 Disaggregated Disclosures paragraph 11
- AASB 1054 Australian Additional Disclosures paragraph 16

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 or 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 28 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.

Initial application of accounting standards

During the current year, the following new or revised Australian Accounting Standards and Interpretations were applied for the first time.

- AASB 2020-3 Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments
- AASB 2020-6 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current - Deferral of Effective Date
- AASB 2021-7a Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections [general editorials]
- AASB 2021-7b Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections
- AASB 2022-3 Amendments to Australian Accounting Standards - Illustrative Examples for Not-for-Profit Entities accompanying AASB 15

These amendments have no material impact on the current annual financial report

New accounting standards for application in future years

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

- AASB 2014-10 Amendments to Australian Accounting Standards - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current
- AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies or Definition of Accounting Estimates
This standard will result in a terminology change for significant accounting policies
- AASB 2021-7c Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections [deferred AASB 10 and AASB 128 amendments in AASB 2014-10 apply]
- AASB 2022-5 Amendments to Australian Accounting Standards - Lease Liability in a Sale and Leaseback
- AASB 2022-6 Amendments to Australian Accounting Standards - Non-current Liabilities with Covenants
- AASB 2022-7 Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards
- AASB 2022-10 Amendments to Australian Accounting Standards - Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities

The amendment may result in changes to the fair value of non-financial assets. The impact is yet to be quantified.

Except as described above these amendments are not expected to have any material impact on the financial report on initial application.

**SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

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 2023**

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Revenue Recognition

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

For the year ended 30 June 2023

Nature	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	-	-	3,159,510	-	3,159,510
Grants, subsidies and contributions	2,251,900	-	-	-	2,251,900
Fees and charges	194,632	-	-	-	194,632
Interest revenue	-	-	17,501	23,448	40,949
Other revenue	112,004	-	-	-	112,004
Capital grants, subsidies and contributions	-	1,565,086	-	-	1,565,086
Total	2,558,536	1,565,086	3,177,011	23,448	7,324,081

For the year ended 30 June 2022

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

Note	2023 Actual	2022 Actual
	\$	\$
Interest revenue		
Financial assets at amortised cost - self supporting loans	8,204	5,133
Interest on reserve account funds	6,657	557
Rates instalment and penalty interest	17,501	20,388
Other interest revenue	8,587	350
	40,949	26,428
The 2023 original budget estimate in relation to: Rates penalty interest was \$5,080.		
Fees and charges relating to rates receivable		
Charges on instalment plan	3,662	2,140
The 2023 original budget estimate in relation to: Charges on instalment plan was \$2,556.		
(b) Expenses		
Auditors remuneration		
- Audit of the Annual Financial Report	32,000	30,800
- Other services – grant acquittals	6,000	3,000
	38,000	33,800
Employee Costs		
Employee benefit costs	2,235,117	1,758,814
Other employee costs	(40,326)	(61,062)
	2,194,791	1,697,752
Finance costs		
Interest and financial charges paid/payable for lease liabilities and financial liabilities not at fair value through profit or loss	39,998	9,616
	39,998	9,616
Other expenditure		
Impairment losses / (writeback) on rates and statutory receivables	(357)	119
Impairment losses on trade receivables	9,179	2,453
Sundry expenses	149,671	84,567
	158,493	87,139

**SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

3. CASH AND CASH EQUIVALENTS

Note	2023	2022
	\$	\$
Cash at bank and on hand	2,252,544	763,398
Term deposits	-	501,461
Total cash and cash equivalents	2,252,544	1,264,859
Held as		
- Unrestricted cash and cash equivalents	981,298	(214,424)
- Restricted cash and cash equivalents	1,271,246	1,479,283
	2,252,544	1,264,859

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 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 reserve accounts, 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 and for which no liability has been recognised.

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 or loss

Financial assets at amortised cost

Self supporting loans receivable

Financial assets at fair value through profit or loss

Units in Local Government House Trust - opening balance
Movement attributable to fair value increment

Financial assets at fair value through profit and loss - Units in
Local Government House Trust

Units in Local Government House Trust - closing balance

	2023	2022
	\$	\$
Financial assets at amortised cost	1,254,432	132,836
	1,254,432	132,836
Other financial assets at amortised cost		
Self supporting loans receivable	21,855	21,331
Term deposits	1,232,577	111,505
	1,254,432	132,836
Held as		
- Unrestricted other financial assets at amortised cost	21,855	21,331
- Restricted other financial assets at amortised cost	1,232,577	111,505
	1,254,432	132,836
Financial assets at amortised cost		
Self supporting loans receivable	120,524	140,831
	120,524	140,831
Financial assets at fair value through profit or loss		
Units in Local Government House Trust - opening balance	58,353	53,416
Movement attributable to fair value increment		
Financial assets at fair value through profit and loss - Units in Local Government House Trust	2,764	4,937
Units in Local Government House Trust - closing balance	61,117	58,353

Loans receivable from clubs/institutions have the same terms and conditions as the related borrowing disclosed in Note 26(a) as self supporting loans. Fair value of financial assets at fair value through profit or 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 22 (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 or loss

The Shire has elected to classify the following financial assets at fair value through profit or 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 elected to recognise as fair value gains and losses through profit or loss.

**SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

5. TRADE AND OTHER RECEIVABLES

	Note	2023 \$	2022 \$
Current			
Rates and statutory receivables		78,611	153,390
Trade receivables		56,390	450,008
GST receivable		28,227	48,880
Receivables for employee related provisions	15	4,239	6,576
Allowance for credit losses of rates and statutory receivables		(1,600)	(1,958)
Allowance for credit losses of trade receivables		(11,864)	(2,685)
		154,003	654,211
Non-current			
Pensioner's rates and ESL deferred		10,996	12,856
		10,996	12,856

Disclosure of opening and closing balances related to contracts with customers

Information about receivables from contracts with customers along with financial assets and associated liabilities arising from transfers to enable the acquisition or construction of recognisable non financial assets is:

	Note	30 June 2023 Actual \$	30 June 2022 Actual \$	1 July 2021 Actual \$
Trade and other receivables from contracts with customers	5	56,390	450,008	23,244
Contract assets	7	202,783	67,839	129,267
Allowance for credit losses of trade receivables	5	(11,864)	(2,685)	(232)
Total trade and other receivables from contracts with customers		247,309	515,162	152,279

SIGNIFICANT ACCOUNTING POLICIES

Rates and statutory receivables

Rates and statutory receivables are non-contractual receivables arising from statutory requirements and include amounts due from ratepayers for unpaid rates and service charges and other statutory charges or fines.

Rates and statutory receivables are recognised when the taxable event has occurred and can be measured reliably.

Trade receivables

Trade receivables are amounts receivable from contractual arrangements with customers for goods sold, services performed or grants or contributions with sufficiently specific performance obligations as part of the ordinary course of business.

Other receivables

Other receivables are amounts receivable from contractual arrangements with third parties other than contracts with customers including grants for the construction of recognisable non financial assets.

Measurement

Trade and other receivables are recognised initially at the amount of the transaction price, unless they contain a significant financing component, and are to be recognised at fair value.

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
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

6. INVENTORIES

Note	2023	2022
	\$	\$
Current		
Fuel and materials	8,279	32,305
	8,279	32,305

The following movements in inventories occurred during the year:

Balance at beginning of year	32,305	31,155
Inventories expensed during the year	(288,011)	(206,693)
Additions to inventory	263,985	207,843
Balance at end of year	8,279	32,305

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.

PUBLIC AUDIT ATTACHMENTS

**SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

7. OTHER ASSETS

	2023	2022
	\$	\$
Other assets - current		
Accrued income	-	38,930
Contract assets	202,783	67,839
	202,783	106,769

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).

PUBLIC AUDIT ATTACHMENTS

**SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

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 not subject to operating lease	Total land and buildings	Furniture and equipment	Plant and equipment	Motor vehicles	Total property, plant and equipment
	\$	\$	\$	\$		\$	\$	\$	\$
Balance at 1 July 2021	1,024,500	831,034	5,685,039	7,540,573	7,540,573	155,424	978,375	1,021,164	9,695,536
Additions	-	4,511	512	5,023	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	-	-	-	2,433,727
Depreciation	10 (a)	(18,510)	(123,116)	(141,626)	(141,626)	(27,810)	(121,556)	(105,003)	(395,995)
Balance at 30 June 2022	1,062,500	1,410,197	7,365,000	9,837,697	9,837,697	142,655	1,058,364	993,161	12,031,877
Comprises:									
Gross balance amount at 30 June 2022	1,062,500	1,410,197	7,365,400	9,838,097	9,838,097	215,094	1,427,757	1,249,187	12,730,135
Accumulated depreciation at 30 June 2022	-	-	(400)	(400)	(400)	(72,439)	(369,393)	(256,026)	(698,258)
Balance at 30 June 2022	1,062,500	1,410,197	7,365,000	9,837,697	9,837,697	142,655	1,058,364	993,161	12,031,877
Additions	-	-	5,212	5,212	5,212	-	651,671	203,578	860,461
Disposals	-	-	-	-	-	-	(87,189)	(22,381)	(109,570)
Depreciation	10 (a)	(28,130)	(148,976)	(177,106)	(177,106)	(28,815)	(181,931)	(136,808)	(524,660)
Transfers	-	(3,682)	3,682	-	-	-	57,486	(57,486)	-
Balance at 30 June 2023	1,062,500	1,378,385	7,224,918	9,665,803	9,665,803	113,840	1,498,401	980,064	12,258,108
Comprises:									
Gross balance amount at 30 June 2023	1,062,500	1,406,515	7,374,294	9,843,309	9,843,309	215,094	2,027,927	1,325,767	13,412,097
Accumulated depreciation at 30 June 2023	-	(28,130)	(149,376)	(177,506)	(177,506)	(101,254)	(529,526)	(345,703)	(1,153,989)
Balance at 30 June 2023	1,062,500	1,378,385	7,224,918	9,665,803	9,665,803	113,840	1,498,401	980,064	12,258,108

**SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation
(i) Fair Value				
Land and buildings				
Land	2	Sales comparison approach and cost approach	Independent registered valuer	2022
Land	3	Improvements to land valued using cost approach using depreciated replacement cost	Independent registered valuer	2022
Buildings - non-specialised	2	Market approach using recent observable market data for similar properties	Independent registered valuer	2022
Buildings - specialised	3	Cost approach using depreciated replacement cost	Independent registered valuer	2022

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.

(ii) Cost

Furniture and equipment	N/A	Cost	N/A
Plant and equipment	N/A	Cost	N/A
Motor vehicles	N/A	Cost	N/A

**SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

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	Total Infrastructure
	\$	\$	\$	\$	\$
Balance at 1 July 2021	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)
Balance at 30 June 2022	107,547,687	750,899	2,310,377	1,978,001	112,586,964
Comprises:					
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)
Balance at 30 June 2022	107,547,687	750,899	2,310,377	1,978,001	112,586,964
Additions	1,060,548	30,677	349,642	33,852	1,474,719
Revaluation increments / (decrements) transferred to revaluation surplus	14,004,014	(166,771)	268,927	155,280	14,261,450
Depreciation	10 (a) (3,401,601)	(13,928)	(214,245)	(119,133)	(3,748,907)
Balance at 30 June 2023	119,210,648	600,877	2,714,701	2,048,000	124,574,226
Comprises:					
Gross balance at 30 June 2023	163,041,409	811,988	7,751,101	9,080,000	180,684,498
Accumulated depreciation at 30 June 2023	(43,830,761)	(211,111)	(5,036,400)	(7,032,000)	(56,110,272)
Balance at 30 June 2023	119,210,648	600,877	2,714,701	2,048,000	124,574,226

**SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

9. INFRASTRUCTURE (Continued)

(b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation
(i) Fair Value				
Infrastructure - roads	3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2023
Infrastructure - footpaths	3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2023
Infrastructure - other	3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2023
Infrastructure - bridges	3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2023

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
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

10. FIXED ASSETS

(a) Depreciation

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 - non-specialised	30 to 50 years
Buildings - specialised	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

**SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

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 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.

Upon initial recognition, cost is determined as the amount paid (or other consideration given) to acquire the assets, 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 Shire's revaluation policy, 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 consistent with *Financial Management Regulation 17A(4)*.

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 consistent with *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 asset classes 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.

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.
- (ii) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Impairment

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 or losses on disposal

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.

**SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

11. LEASES

(a) Lessor - Property, Plant and Equipment Subject to Lease

The table below represents a maturity analysis of the undiscounted lease payments to be received after the reporting date.

Less than 1 year
1 to 2 years
2 to 3 years

	2023 Actual	2022 Actual
	\$	\$
	54,406	49,943
	2,431	2,122
	-	2,185
	56,837	54,250
Amounts recognised in profit or loss for Property, Plant and Equipment Subject to Lease		
Rental income	70,379	66,433

Amounts recognised in profit or loss for Property, Plant and Equipment Subject to Lease

Rental income

The Shire leases houses to staff and aged persons with rentals payable fortnightly and the sports club with rental payable annually. These leases are classified as operating leases as they do not transfer substantially all of the risks and rewards incidental to ownership of the assets.

Staff houses and the sports club are not considered investment property as they are leased for use in the supply of services to the community. The aged persons units are considered a joint operation and are not considered investment property as the primary purpose is provision of community housing.

Lease payments for some contracts include CPI increases, but there are no other variable lease payments that depend on an index or rate. Although the Shire is exposed to changes in the residual value at the end of the current leases, the Shire group typically enters into new operating leases and therefore will not immediately realise any reduction in the residual fair value at the end of the leases. Expectations about the future residual values are reflected in the fair value of the properties.

SIGNIFICANT ACCOUNTING POLICIES

The Shire as Lessor

Upon entering into each contract as a lessor, the Shire assesses if the lease is a finance or operating lease.

The contract is classified as a finance lease when the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases not within this definition are classified as operating leases. Rental income received from operating leases is recognised on a straight-line basis over the term of the specific lease.

Initial direct costs incurred in entering into an operating lease (e.g. legal cost, cost to setup) are included in the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

When a contract is determined to include lease and non-lease components, the Shire applies AASB 15 to allocate the consideration under the contract to each component.

**SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

12. TRADE AND OTHER PAYABLES

Current

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

	2023	2022
	\$	\$
	156,268	188,463
	56,699	43,506
	44,487	33,030
	37,112	21,589
	32,000	30,800
	326,566	317,388

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 any 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 income for the prepaid rates that have not been refunded.

**SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

13. OTHER LIABILITIES

Current

Contract liabilities

Reconciliation of changes in contract liabilities

Opening balance

Additions

Revenue from contracts with customers included as a contract liability at the start of the period

	2023	2022
	\$	\$
	1,212,823	1,029,682
	1,212,823	1,029,682
	1,029,682	234,327
	1,212,823	1,029,682
	(1,029,682)	(234,327)
	1,212,823	1,029,682

The aggregate amount of the performance obligations unsatisfied (or partially unsatisfied) in relation to these contract liabilities was \$1,212,823 (2022: \$1,029,682)

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

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 by the Shire which are yet to be satisfied. Capital grant/contribution liabilities are recognised as income when the obligations in the contract are satisfied.

Fair values for non-current capital grant/contribution liabilities, not expected to be extinguished within 12 months, 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 22(i)) due to the unobservable inputs, including own credit risk.

**SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

14. BORROWINGS

	Note	2023			2022		
		Current	Non-current	Total	Current	Non-current	Total
Secured		\$	\$	\$	\$	\$	\$
Loans		296,111	1,580,807	1,876,918	79,701	347,947	427,648
Total secured borrowings	26(a)	296,111	1,580,807	1,876,918	79,701	347,947	427,648

Secured liabilities and assets pledged as security

Bank overdrafts and 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 2023 and 2022 years.

SIGNIFICANT ACCOUNTING POLICIES

Borrowing costs

The Shire has elected to recognise borrowing costs as an expense when incurred regardless of how the borrowings are applied.

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 22(i)) due to the unobservable inputs, including own credit risk.

Details of individual borrowings required by regulations are provided at Note 26(a).

PUBLIC AUDIT ATTACHMENT

**SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

15. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions

	2023	2022
	\$	\$
Current provisions		
Employee benefit provisions		
Annual leave	111,390	138,463
Long service leave	34,770	5,904
	146,160	144,367
Other provisions		
Employment on-costs	20,463	21,656
	20,463	21,656
Total current employee related provisions	166,623	166,023
Non-current provisions		
Long service leave	32,360	52,790
	32,360	52,790
Other provisions		
Employment on-costs	4,531	7,918
	4,531	7,918
Total non-current employee related provisions	36,891	60,708
Total employee related provisions	203,514	226,731

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.

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.

**SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

16. REVALUATION SURPLUS

	2023 Opening Balance	Total Movement on Revaluation	2023 Closing Balance	2022 Opening Balance	Total Movement on Revaluation	2022 Closing Balance
	\$	\$	\$	\$	\$	\$
Revaluation Surplus - Land and buildings	7,082,384	-	7,082,384	4,648,657	2,433,727	7,082,384
Revaluation Surplus - Roads	96,047,491	14,004,014	110,051,505	96,047,491	-	96,047,491
Revaluation Surplus - Footpaths	418,387	(166,771)	251,616	418,387	-	418,387
Revaluation Surplus - Other Infrastructure	3,530,935	268,927	3,799,862	3,530,935	-	3,530,935
Revaluation Surplus - Bridges	1,358,523	155,280	1,513,803	1,358,523	-	1,358,523
	108,437,720	14,261,450	122,699,170	106,003,993	2,433,727	108,437,720

PUBLIC AUDIT ATTACHMENTS

**SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

17. 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	2023 Actual \$	2022 Actual \$
Cash and cash equivalents	3	2,252,544	1,264,859
Restrictions			
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	1,271,246	1,479,283
- Financial assets at amortised cost	4	1,232,577	111,505
		2,503,823	1,590,788
The restricted financial assets are a result of the following specific purposes to which the assets may be used:			
Restricted reserve accounts	27	1,253,888	539,517
Contract liabilities	13	1,212,823	1,029,682
Bonds and deposits held		37,112	21,589
Total restricted financial assets		2,503,823	1,590,788
(b) Undrawn Borrowing Facilities			
Credit Standby Arrangements			
Bank overdraft limit		300,000	300,000
Bank overdraft at balance date		-	-
Credit card limit		30,000	15,000
Credit card balance at balance date		(4,401)	-
Total amount of credit unused		325,599	315,000
Loan facilities			
Loan facilities - current		296,111	79,701
Loan facilities - non-current		1,580,807	347,947
Total facilities in use at balance date		1,876,918	427,648
Unused loan facilities at balance date		NIL	NIL

**SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

18. 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-Moorra 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.

19. CAPITAL COMMITMENTS

The Shire did not have any capital commitments at 30 June 2022 or 2023.

PUBLIC AUDIT ATTACHMENTS

**SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

20. RELATED PARTY TRANSACTIONS

(a) Elected Member Remuneration

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

	Note	2023 Actual	2023 Budget	2022 Actual
		\$	\$	\$
President's annual allowance		13,500	10,000	6,500
Deputy President's annual allowance		2,500	1,625	1,625
Meeting attendance fees		52,500	52,500	51,875
Annual allowance for ICT expenses		7,000	7,000	7,000
Travel and accommodation expenses		2,810	2,980	1,017
		<u>78,310</u>	<u>74,105</u>	<u>68,017</u>

(b) Key Management Personnel (KMP) Compensation

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

	Note	2023 Actual	2022 Actual
		\$	\$
Short-term employee benefits		205,238	270,552
Post-employment benefits		30,769	36,975
Employee - other long-term benefits		694	11,302
Employee - termination benefits		142,849	-
Council member costs	20(a)	<u>78,310</u>	<u>68,017</u>
		<u>457,860</u>	<u>386,846</u>

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.

**SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

20. RELATED PARTY TRANSACTIONS (Continued)

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:

	2023 Actual	2022 Actual
	\$	\$
Purchase of goods and services	259,445	-
Amounts payable to related parties:		
Trade and other payables	-	-

Purchases of goods and services from other related parties relate to two (2022: 0) companies controlled by related parties of key management personnel contracted on terms and conditions equivalent to those that prevail in arm's length transactions under the Shire's procurement processes. Details in relation to these transactions are as follows:

A company controlled by a related party of key management personnel provided Acting Chief Executive Officer services with a value of \$138,989.

A company controlled by a related party of key management personnel provided Works Manager services with a value of \$120,456.

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 and are detailed in Notes 19(a) and 19(b).

ii. Other Related Parties

Outside of normal citizen type transactions with the Shire, there were no other related party transactions involving key management personnel and/or their close family members and/or their controlled (or jointly controlled) entities.

iii. Entities subject to significant influence by the Shire

There were no such entities requiring disclosure during the current or previous year.

**SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

21. 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 Cost	80,273	455,097	535,370	81.02%
	106,591	455,097	561,688	100.00%

(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 Cost	44,500	258,145	302,645	82.00%
	56,358	259,916	316,274	100.00%

Total Financial Contribution

162,949	715,013	877,962
----------------	----------------	----------------

Statement of Financial Position

	2023 Actual	2022 Actual
	\$	\$
Land and buildings	253,015	253,015
Accumulated depreciation	(4,510)	-
Total assets	248,505	253,015
Total equity	248,505	253,015

Statement of Comprehensive Income

Revenue		
Fees and charges	30,480	30,167
Expenses		
Employee costs	(7,966)	(4,086)
Materials and contracts	(23,312)	(25,993)
Insurance	(6,773)	(6,205)
Utilities	(10,631)	(11,793)
Depreciation	(4,510)	(4,300)
Profit/(loss) for the period	(22,712)	(22,210)
Other comprehensive income	-	80,351
Total comprehensive income for the period	(22,712)	58,141

Statement of Cash Flows

Receipts		
Fees and charges	30,480	30,167
Payments		
Employee costs	(7,966)	(4,086)
Materials and contracts	(23,312)	(25,993)
Insurance	(6,773)	(6,205)
Utilities	(10,631)	(11,793)
Net cash provided (used in) operating activities	(18,202)	(17,910)

SIGNIFICANT ACCOUNTING POLICIES

Joint operations

A joint operation is a joint arrangement where the Shire has joint control with two or more parties 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.

**SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

22. 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 report 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 revenue

Interest revenue 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 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.

**SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

23. 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.

PUBLIC AUDIT ATTACHMENTS

**SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

24. RATING INFORMATION

(a) General Rates

RATE TYPE	Basis of valuation	Rate in \$	Number of Properties	2022/23 Actual Rateable Value*	2022/23 Actual Rate Revenue	2022/23 Actual Reassessed Rates	2022/23 Actual Total Revenue	2022/23 Budget Rate Revenue	2022/23 Budget Reassessed Rate	2022/23 Budget Total Revenue	2021/22 Actual Total Revenue
Rate Description				\$	\$	\$	\$	\$	\$	\$	\$
Gross rental valuations											
General GRV	Gross rental valuation	0.129120	168	1,794,687	231,730	-	231,730	231,730	-	231,730	211,124
Unimproved valuations											
General UV	Unimproved valuation	0.006541	317	424,276,563	2,775,193	-	2,775,193	2,858,619	-	2,858,619	2,597,766
Total general rates			485	426,071,250	3,006,923	-	3,006,923	3,090,349	-	3,090,349	2,808,890
Minimum payment											
Minimum payment											
Gross rental valuations											
General GRV	Gross rental valuation	485	66	84,741	32,010	-	32,010	31,525	-	31,525	32,010
Unimproved valuations											
General UV	Unimproved valuation	586	81	8,201,562	47,466	-	47,466	44,536	-	44,536	44,536
Total minimum payments			147	8,286,303	79,476	-	79,476	76,061	-	76,061	76,546
Total general rates and minimum payments			632	434,357,553	3,086,399	-	3,086,399	3,166,410	-	3,166,410	2,885,436
Ex-gratia Rates											
Ex-gratia Rates					90,192	-	90,192	89,739	-	89,739	83,868
Interim and back rates					(17,081)	-	(17,081)	0	-	-	86,471
Total amount raised from rates (excluding general rates)					73,111	-	73,111	89,739	-	89,739	170,339
Discounts							-			-	-
Concessions							-			-	-
Total Rates							3,159,510			3,256,149	3,055,775
Rate instalment interest							10,810			11,386	11,386
Rate overdue interest							6,522			5,080	8,693

The rate revenue was recognised from the rate record as soon as practicable after the Shire resolved to impose rates in the financial year as well as when the rate record was amended to ensure the information in the record was current and correct.

*Rateable Value at time of raising of rate.

**SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

25. DETERMINATION OF SURPLUS OR DEFICIT

Note	2022/23	2022/23	2022/23	2021/22
	(30 June 2023 Carried Forward)	Budget (30 June 2023 Carried Forward)	(1 July 2022 Brought Forward)	(30 June 2022 Carried Forward)
	\$	\$	\$	\$
(a) Non-cash amounts excluded from operating activities				
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> .				
Adjustments to operating activities				
	(43,760)	(25,619)	-	-
	(2,764)		(4,937)	(4,937)
	8,606	29,944	-	-
10(a)	4,273,567	4,046,982	4,055,604	4,055,604
Non-cash movements in non-current assets and liabilities:				
	1,860	-	-	-
	(23,817)	-	18,745	18,745
	4,213,692	4,051,307	4,069,412	4,069,412
(b) Surplus or deficit after imposition of general rates				
The following current assets and liabilities have been excluded from the net current assets used in the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.				
Adjustments to net current assets				
27	(1,253,888)	(718,700)	(539,517)	(539,517)
4(a)	(21,855)	(7,601)	(21,331)	(21,331)
14	296,111	78,031	79,701	79,701
	(979,632)	(648,270)	(481,147)	(481,147)
Net current assets used in the Statement of Financial Activity				
	3,872,041	1,915,500	2,190,980	2,190,980
	(2,002,123)	(1,459,390)	(1,592,794)	(1,592,794)
	(979,632)	(648,270)	(481,147)	(481,147)
	890,286	(192,160)	117,039	117,039

SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

26. BORROWING AND LEASE LIABILITIES

(a) Borrowings

Purpose	Note	Actual						Budget								
		Principal at 1 July 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	New Loans During 2022-23	Principal Repayments During 2022-23	Actual Interest Expense During 2022-23	Actual Interest Repayments During 2022-23	Principal at 30 June 2023	Principal at 1 July 2022	New Loans During 2022-23	Principal Repayments During 2022-23	Principal at 30 June 2023
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Recreation and Culture																
Calingiri Sports Pavilion		20,703	-	(20,583)	807	(927)	-	-	-	-	-	-	-	-	-	-
Economic Services																
Piawaning Water Supply		101,945	-	(17,456)	3,128	(3,121)	84,496	-	(17,893)	2,987	(2,036)	67,554	92,906	-	(17,893)	75,013
Transport																
Grader and Roller 2023 Plant		-	200,000	(19,623)	1,221	(1,181)	180,417	-	(39,493)	3,476	(3,236)	141,164	180,753	-	(39,493)	141,260
Total		122,648	200,000	(57,662)	5,156	(5,229)	264,913	1,500,000	(57,886)	32,284	(5,272)	1,734,539	273,659	1,500,000	(153,294)	1,620,365
Self Supporting Loans																
Recreation and Culture																
Calingiri Football Club		183,899	-	(21,091)	4,460	(4,533)	162,735	-	(19,784)	7,633	(8,205)	142,379	162,163	-	(21,332)	140,831
Total Self Supporting Loans		183,899	-	(21,091)	4,460	(4,533)	162,735	-	(19,784)	7,633	(8,205)	142,379	162,163	-	(21,332)	140,831
Total Borrowings	14	306,547	200,000	(78,753)	9,616	(9,762)	427,648	1,500,000	(77,170)	39,917	(13,477)	1,876,918	435,822	1,500,000	(174,626)	1,761,196

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.

Borrowing Finance Cost Payments

Purpose	Loan Number	Institution	Interest Rate	Date final payment is due	Actual for year ending 30 June 2023	Budget for year ending 30 June 2023	Actual for year ending 30 June 2022
					\$	\$	\$
Recreation and Culture							
Calingiri Sports Pavilion	82	WATC	4.48%	14-May-22	-	-	807
Economic Services							
Piawaning Water Supply	84	WATC	2.49%	29-Aug-26	2,987	1,984	3,128
Transport							
Grader and Roller	85	WATC	0.85%	06-Oct-26	3,476	1,445	1,221
2023 Plant	87	WATC	4.17%	23-Feb-30	25,821	25,250	-
Total					32,284	28,679	5,156
Self Supporting Loans Finance Cost Payments							
Recreation and Culture							
Calingiri Football Club	83	Bendigo Bank	6.62%	14-Nov-29	7,633	4,206	4,460
Total Self Supporting Loans Finance Cost Payments					7,633	4,206	4,460
Total Finance Cost Payments					39,917	32,885	9,616

* WA Treasury Corporation

**SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

26. BORROWING AND LEASE LIABILITIES (Continued)

(b) New Borrowings - 2022/23

Particulars/Purpose	Institution	Loan Type	Term Years	Interest Rate	Amount Borrowed		Amount (Used)		Total Interest & Charges	Actual Balance Unspent
					2023 Actual	2023 Budget	2023 Actual	2023 Budget		
2023 Plant	WATC*	Debenture	7	4.17%	\$ 1,500,000	\$ 1,500,000	(\$ 1,500,000)	(\$ 1,500,000)	\$ 246,286	\$ -
					\$ 1,500,000	\$ 1,500,000	(\$ 1,500,000)	(\$ 1,500,000)	\$ 246,286	\$ -

* WA Treasury Corporation

(c) Unspent Borrowings

The Shire had no unspent borrowings at 30 June 2023.

PUBLIC AUDIT ATTACHMENTS

**SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

27. RESERVE ACCOUNTS	2023	2023	2023	2023	2023	2023	2023	2022	2022	2022	2022	
	Actual Opening Balance	Actual Transfer to	Actual Transfer (from)	Actual Closing Balance	Budget Opening Balance	Budget Transfer to	Budget Transfer (from)	Budget Closing Balance	Actual Opening Balance	Actual Transfer to	Actual Transfer (from)	Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Restricted by council												
(a) Long service leave	4,483	36	-	4,519	4,482	134	-	4,616	4,477	6	-	4,483
(b) Plant	66,356	608,795	-	675,151	66,355	89,991	-	156,346	66,275	81	-	66,356
(c) Housing	98,795	50,980	(6,000)	143,775	98,795	52,964	-	151,759	98,676	119	-	98,795
(d) Sewerage scheme - Calingiri	57,215	465	(7,766)	49,914	57,214	1,716	-	58,930	57,146	69	-	57,215
(e) Sewerage scheme - Yerecoin	21,162	172	-	21,334	21,162	635	-	21,797	21,137	25	-	21,162
(f) Refuse site maintenance	254,215	2,066	-	256,281	254,215	7,626	(40,000)	221,841	253,909	306	-	254,215
(g) Building maintenance	15,187	25,302	-	40,489	15,187	25,456	-	40,643	15,169	18	-	15,187
(h) Infrastructure	14,684	40,261	-	54,945	14,684	40,441	-	55,125	14,666	18	-	14,684
(i) Gymnasium	7,420	60	-	7,480	7,420	223	-	7,643	7,411	9	-	7,420
(j) Unspent grants reserve	-	-	-	-	-	-	-	-	-	-	-	-
	539,517	728,137	(13,766)	1,253,888	539,514	219,186	(40,000)	718,700	538,866	651	-	539,517

All reserves are supported by cash and cash equivalents and financial assets at amortised cost and are restricted within equity as Reserve accounts.

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 account	Purpose of the reserve account
Restricted by council	
(a) Long service leave	to be used to fund annual and long service leave requirements.
(b) Plant	to be used for the purchase of major plant.
(c) Housing	to be used for the procurement of staff housing.
(d) Sewerage scheme - Calingiri	to be used to maintain and improve the Calingiri sewerage scheme.
(e) Sewerage scheme - Yerecoin	to be used to maintain and improve the Yerecoin sewerage scheme.
(f) Refuse site maintenance	to be used to fund future refuse site development.
(g) Building maintenance	to be used for long term maintenance of Shire buildings.
(h) Infrastructure	to be used for future infrastructure development to ensure long term Shire sustainability.
(i) Gymnasium	to be used for future purchases and replacement of gymnasium equipment.
(j) Unspent grants reserve	to be used in accordance with grant agreements.

**SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

28. TRUST FUNDS

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

PUBLIC AUDIT ATTACHMENTS



Office of the Auditor General
Serving the Public Interest

Our Ref: 8317

7th Floor, Albert Facey House
469 Wellington Street, Perth

Mr Sean Fletcher
Chief Executive Officer
Shire of Victoria Plains
PO Box 21
CALINGIRI WA 6569

Mail to: Perth BC
PO Box 8489
PERTH WA 6849

Tel: 08 6557 7500
Email: info@audit.wa.gov.au

Email: ceo@victoriaplains.wa.gov.au

Dear Mr Fletcher

AUDIT FEE 2023

Firstly, we acknowledge that this fee communication is later than desired. Regrettably resourcing constraints necessitated the late tendering of audits, which needed to be finalised before we could complete our fee analysis.

Our indicative fee for the audit of your 2022-23 annual financial report is \$32,000 (excl GST). The indicative fee represents an increase compared to the prior year audit fee (2020-21 audit fee: \$30,800).

This fee is calculated to cost-recover the OAG's expenses in audit delivery across our entire audit portfolio and includes OAG staff hours on the audit plus any directly related costs such as contract fees and travel expenses, if applicable.

Recently, we have seen significant increases in audit fees when retendering or extending contracts with our approved contract audit firms (in the range of 15 – 40% (average of 35%)). This is reflective of the market generally and specifically for the auditing profession who, as with the OAG, are experiencing significant resource constraints. As we operate on a cost recovery basis, any increases from our contract audit firms result in an increase to audit fees.

Fee increases across our audit portfolio of Local Government entities has generally been contained within a range of 4 – 12%. This incorporates:

- the inflationary aspects across the economy, and
- the impact of the new Auditing Standard ASA 315 *Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and its Environment* which is in effect for the current financial year. This requires significant additional audit work in every entity in covering increased requirements for IS audit work to identify controls risks in entities' cyber security environments.

The exceptions to the above fee range increases are where:

- we have not been fully recovering our contract audit firm fee in recent years (conscious decision resulting from the LG sector transitioning to our Office) – in such instances we have adjusted so as to fully recovery such and a reasonable proportion of our own time and costs, or
- we have recently contracted out the audit or retendered the audit we have adopted a full cost recovery of both the contract audit firms fee and our time and costs.

In addition to giving assurance on your local government's annual financial report, the audit will also provide transparency surrounding legislative compliance, financial controls, probity, and governance matters, and enables our whole-of-sector parliamentary reporting and stakeholder liaison across the sector.

We continue our endeavours to identify ways to improve efficiency and minimise audit costs within the constraints of legislative requirements and auditing standards. Your entity can also contribute to this through maintaining a sound control environment and providing your audit team with timely and well-prepared financial statements, working papers etc. that dovetail well with the work we are required to perform. To assist public entities, and support improved audit preparedness and efficiency, we will shortly be publishing a toolkit that may assist your finance teams in making sure they are audit ready. Please make sure you are subscribed to receive notifications of new publications from our Office.

<https://audit.wa.gov.au/subscribe/>

Our costs for your audit will be re-assessed closer to completion of the audit, and we will keep you informed as we progress, should we consider a revision is necessary, such as for issues emerging during the current years audit process. Any such revision will only occur after relevant consultation with you.

We acknowledge that in general audit fees have increased since our involvement in the local government sector. However, with the fee increase comes a number of benefits. We provide a quality financial audit, that is enhanced from our oversight of the sector as a whole and conduct performance and information systems audits that the sector does not pay for but does receive the benefit of. In addition, through our reporting to Parliament and stakeholder liaison we advocate for the sector and recommend improvements that benefit both the community and the sector, this has resulted in streamlined reporting and changes to regulations.

We look forward to working with you to promote accountability and transparency in the local government sector for the benefit of the community we jointly serve.

Please contact me on 6557 7705 if you require further information.

Yours sincerely

Fatima Padia

Fatima Padia
Audit Manager
Financial Audit
13 July 2023



Our Ref: 8316

Ms Glenda Teede
Chief Executive Officer
Shire of Victoria Plains
28 Cavell Street
CALINGIRI WA 6569

7th Floor, Albert Facey House
469 Wellington Street, Perth

Mail to: Perth BC
PO Box 8489
PERTH WA 6849

Tel: 08 6557 7500
Email: info@audit.wa.gov.au

Email: ceo@victoriaplains.wa.gov.au
cc: crdlovelock@victoriaplains.wa.gov.au

Dear Ms Teede

2023 LOCAL GOVERNMENT FINANCIAL AUDIT OPINIONS

As you may be aware, we have recently tabled our Financial Audit Results – Local Government 2021-22 report which summarises the financial audit results for local government entity audits. In the report we noted the impact of financial reporting quality and timeliness, and the cost of delays, on the 2021-22 audit season. To address these concerns, shared by both the local government sector and my Office, we are implementing changes for the 2023 reporting season.

Timeliness

To uphold our auditor reporting obligations, we are aiming to issue most financial audit opinions for the 2023 reporting period on or around 8 December 2023.

This will enable you to discharge your statutory financial reporting responsibility to ratepayers in a timely manner (i.e. by no later than 31 December 2023). We expect your entity to be prepared and provide certified financial statements to the audit team at audit commencement. Being better prepared and audit ready should mean fewer queries from your financial auditors, which contributes to timely completion of the audit and potentially reduced audit costs.

We may not be able to attend all audit committee or general council meetings prior to issuing our audit opinion, as waiting to do so has contributed to some delays in signing our opinion in the past. However, audit exit meetings will occur as normal, and we can provide additional briefings at your council or committee meeting after our auditor's report is issued.

If key information and people are not reasonably available within the agreed schedule, we will no longer wait until the local government is ready, as we have done in prior years. Instead, we will consider our option to issue our audit opinion on the information we have available. By providing less assistance and time to help some entities 'get across the line' with their financial statements, we may issue more modified (e.g. qualified) opinions, but this will give a truer reflection of the state of financial management in the sector and is part of our efforts to contain escalating audit costs.

New audit tool and methodology

In the coming months our in-house audit teams will be implementing a new audit tool and methodology which will ultimately result in overall efficiencies for the audit process, albeit with some potentially additional audit procedures in the first year. This will ensure our financial audit methodologies remain fit for purpose and incorporate professional best practices. Sharpening the risk-based approach to audit requires our auditors to have an in-depth understanding of your entity's operations and business processes. This new audit tool and methodology will be effective for the 30 June 2024 audit for your local government, and you can expect some focused questions that may not have been asked previously to inform our assessments.

Grant acquittal certifications

To improve the timeliness of certifications for the Roads to Recovery and Local Roads and Community Infrastructure Programs, we've had discussions with the Australian Government Department of Infrastructure, Transport, Regional Development, Communications and the Arts. The agreed approach, effective for the 2023 reporting period, allows entities to engage an audit firm that has been pre-accredited by the OAG (refer to [Appendix A](#)) to undertake these certifications and report on them directly without the need for us to be involved. We may choose, based on risks or sensitivities, to undertake the certification(s) for certain entities (e.g. for those local government audits undertaken directly by our Office). In these cases, we shall notify you accordingly.

If we have appointed a contract audit firm for the audit of your financial statements, our preference is for you to engage the same firm to undertake this audit work but understand circumstances may arise in which you prefer to choose another pre-accredited firm. If you choose another firm, you need to advise us which firm you have appointed as soon as practicable and keep us updated throughout the audit and acquittal season.

Fair value assessments

We understand that the Department of Local Government, Sport and Cultural Industries (DLGSC) is presently preparing, for the Minister's approval, proposed amendments to the Local Government (Financial Management) Regulations 1996, which if introduced, will reduce the current complexity regarding fair value measurement. These changes are anticipated to be effective for the 2024 financial reporting period.

The changes being proposed are in effect to prescribe set timeframes on when a revaluation of applicable non-financial assets is to be performed by local government entities, alleviating the need for revaluations in the intervening years.

In view of this impending change, we have determined to adopt a pragmatic approach to fair value assessments of land, buildings and infrastructure assets in the 2023 reporting period. That is, we shall adopt a position consistent with that for the 2022 reporting season – recommend a fair value assessment is undertaken as required by the accounting standard for those assets not already subject to a formal valuation as required in 2023, however, if this is not undertaken appropriately then we shall raise this as a significant management letter observation. If the intended changes are not enacted by February 2024, we will review this approach.

In order to aid consistency, the DLGSC has advised via an LG Alert issued on 28 July 2023, that land be valued using the market approach in AASB 13 *Fair Value Measurement*. This requires that, if land has any public sector restrictions including community use, these restrictions must be considered when valuing the land. If this latter aspect is problematic given you may already have engaged a valuer and/or received a valuation report prior to the release of this LG Alert, then you should liaise with the DLGSC for guidance. This LG Alert also does not support early adoption of AASB 2022-10 *Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities* at this time.

Support

To assist you and your team in preparing for your financial audit, we have released the following reports:

- Western Australian Public Sector Financial Statements – Better Practice Guide supports entities in a practical sense to implement sound financial reporting arrangements to fulfil statutory obligations.
- Audit Readiness – Better Practice Guide assists you in understanding the audit process, preparing the financial audit file, and enabling you to have the necessary information in a manner that meets our requirements at the commencement of the audit. The guide is complemented by an online audit readiness tool, including video presentations and templates.
- Financial Audit Results – Local Government 2021-22 includes learnings from the previous audit season and the inaugural list of best practice top 20 entities, from whom we encourage learnings around efficient reporting and audit readiness to be shared.

We strongly encourage your finance teams to use these guides, including tool kits. This demonstrates to them 'what good looks like' and will help you as accountable leaders to have confidence that you are appropriately informed and supported in discharging your financial reporting duties.

We appreciate the ongoing feedback provided by the sector and acknowledge the concerns raised surrounding timeliness and the delays some entities have experienced receiving their audit opinion. We will continue to regularly engage with the DLGSC and key local government bodies to address important issues impacting the sector, such as encouraging streamlined reporting and valuation processes. By working together with you, I am confident we can uplift the quality and timeliness of financial reporting over coming years for the benefit of the communities we serve.

If you have any questions, as usual, please contact your OAG engagement leader in the first instance.

Yours sincerely



Caroline Spencer
Auditor General for Western Australia
6 September 2023

Attach

Appendix A: OAG pre-accredited audit firms

List of OAG pre-accredited audit firms that can undertake financial audit certifications:

Firm	Contact Details
AMD Audit & Assurance	Timothy Partridge Timothy.Partridge@amdonline.com.au (08) 9780 7555
Armada Audit Services	Marcia Johnson MarciaJ@armada.com.au (08) 6165 4090
BDO	Jarrad Prue Jarrad.prue@bdo.com.au (08) 6382 4600
Crowe	Cyrus Patell Cyrus.patell@crowe.com.au (08) 9481 1448
Deloitte	Peter Rupp perupp@deloitte.com.au (08) 9365 7000
Dry Kirkness	Marius van der Merwe mvdm@drykirkness.com.au (08) 9481 1118
Ernst & Young	Fiona Drummond Fiona.drummond@au.ey.com (08) 9429 2222
Francis A Jones	Daniel Papaphotis daniel@faj.com.au (08) 9335 5211
Grant Thornton	Brent Steedman Brent.steedman@au.gt.com (08) 9480 2173
HLB Mann Judd	Brad McVeigh BMcVeigh@hlbwa.com.au (08) 9227 7500
KPMG	Rob Gambitta rgambitta@kpmg.com.au (08) 9263 7171
Lincolns	Russell Harrison RussellH@lincolns.com.au (08) 9841 1200
Macri Partners	Tony Macri amacri@armada.com.au (08) 9470 4848
Moore Australia	David Tomasi David.tomasi@moore-australia.com.au (08) 9225 5355
Nexia	Justin Mulhair justin.mulhair@nexiaperth.com.au (08) 9463 2463
Pitcher Partners	Paul Mulligan mulliganp@pitcher-wa.com.au (08) 9322 2022
PWC	Amanda Williams amanda.williams@au.pwc.com (08) 9238 3000
RSM	Amit Kabra amit.kabra@rsm.com.au (08) 9261 9594
Stantons International	Martin Michalik mmichalik@stantons.com.au (08) 9481 3188
William Buck	Conley Manifis conley.manifis@williambuckwa.com.au (08) 6436 2888

MEMO

TO:	Council
FROM:	Chief Executive Officer
DATE:	03/10/23
SUBJECT:	Asset Valuation and Impairment Consideration

Purpose of this Memo

The purpose of this memo is to:

1. Consider if any asset requires revaluation under the requirements of *Local Government (Financial Management) Regulation 17A(4)*
2. Consider if any impairment indicators are present as required by *AASB136 Impairment of Assets*

Background**Asset valuation for financial report**

Local Government (Financial Management) Regulation 17A(4) requires a local government to revalue an asset of the local government –

- (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; and
- (b) In any event, within a period of at least 3 years but no more than 5 years after the day on which the asset was last valued or revalued.

Impairment

- In accordance with AASB136.9, the local government is required to assess at reporting date whether there is an indication that an asset is impaired.
- Impairment is considered to be an asset that has carrying amount which exceeds its recoverable amount. AASB136 defines the carrying amount an assets as "the amount which an asset is recognised after deducting any accumulated depreciation (amortisation) and accumulated impairment losses thereon" and defines the recoverable amount of an asset as "the higher of its fair value less costs to sell and its value of use."
- The local government had completed an assessment of whether there is any evidence that assets and cash generating units are impaired, to the best of their knowledge.

The impairment indicators considered by the local government in respect to this assessment included the following:

Internal factors:

- Evidence of obsolescence or physical damage
- Significant adverse changes in use or expected use of asset occurred or expected in near future (including discontinuation or restructure of operations or disposal of assets before expected date); and
- Evidence that economic performance of an asset is worse than expected.

External factors:

- Significant decline in market value of assets (in excess of normal time and use expectancy);
- Significant adverse technological, market, economic or legal changes occurred or expected in near future;
- Increases in interest rates or rates of return; and


Individual Asset Class Assessment**Land – Freehold Land - Asset valuation for financial report**

1.	In the opinion of the local government, is the fair value of any asset in this class likely to be materially different (higher / lower) than its carrying amount?	Yes/No
	<p>If no, what evidence is this opinion supported by? (please provide details):</p> <p>It may be possible that land values have increased through the general property market in Perth and generally throughout Aust. However this is difficult to quantify without a proper expert valuation. Through realestate.com.au only one property was listed for the preceding 12 months. CPI for the June 23 Quarter indicated a 7.8% increase which if applied may indicate a material difference.</p> <p>If concluded another revaluation is necessary, it is recommended that it is noted in the financial statements and new desktop revaluation be carried out in 2023-24.</p>	
2.	What date was the most recent revaluation of this asset class performed:	2022
3.	Is the date of the most recent revaluation within a period of at least 3 years but no more than 5 years before 30 June 2023?	Yes/No
4.	Conclusion – Is revaluation of the asset required under <i>Local Government (Financial Management) R17A</i> ?	Yes/No
	If the answer to question 4 is Yes, please provide a copy of the valuation	

Land – Freehold Land - Impairment

	Internal Factors	
1.	Is there any evidence of assets within this class being obsolete or physically damaged?	Yes/No
	If Yes, please provide details:	
2.	Have any significant adverse changes in use or expected use of an asset within this class occurred or expected in near future (including discontinuation or restructure of operations or disposal of assets before expected date)?	Yes/No
	If Yes, please provide details:	
3.	Has any evidence been identified that economic performance of an asset within this class being worse than expected?	Yes/No
	If Yes, please provide details:	
	External Factors	
4.	Is there any evidence of a significant decline in market value of assets within this class (in excess of normal time and use expectancy)?	Yes/No
	If Yes, please provide details:	
5.	Have any significant adverse technological, market, economic or legal changes occurred or expected in near future which would affect assets within this class?	Yes/No
	If Yes, please provide details:	
6.	Have any increases in interest rates or rates of return been identified?	Yes/No
	If Yes, please provide details:	
7.	Asset Specific Considerations	

	Please provide any other specific information with regards to factors the local government has considered for this asset class:	
8.	Conclusion: No impairment exists on the class of asset at reporting date.	
	Have any impairment issues been identified with this asset class?	Yes/No
	If the answer to question 8 is Yes, please provide a copy of the impairment assessment.	

Completed by:	Colin Ashe - Deputy CEO
Signature:	
Date:	3/10/23

PUBLIC AUDIT ATTACHMENTS


Individual Asset Class Assessment**Buildings – non-specialised - Asset valuation for financial report**

1.	In the opinion of the local government, is the fair value of any asset in this class likely to be materially different (higher / lower) than its carrying amount?	Yes/No
	If no, what evidence is this opinion supported by? (please provide details): It may be possible that building values have increased through the general property market in Perth and generally throughout Aust. However this is difficult to quantify without a proper expert valuation. Through realestate.com.au only one property was listed for the preceding 12 months. CPI for the June 23 Quarter indicated a 7.8% increase which if applied would indicate a material difference. If concluded another revaluation is necessary, it is recommended that it is noted in the financial statements and new desktop revaluation be carried out in 2023-24.	
2.	What date was the most recent revaluation of this asset class performed:	2022
3.	Is the date of the most recent revaluation within a period of at least 3 years but no more than 5 years before 30 June 2023?	Yes/No
4.	Conclusion – Is revaluation of the asset required under <i>Local Government (Financial Management) R17A</i> ?	Yes/No
	If the answer to question 4 is Yes, please provide a copy of the valuation	

Buildings – non specialised - Impairment

	Internal Factors	
1.	Is there any evidence of assets within this class being obsolete or physically damaged?	Yes/No
	If Yes, please provide details:	
2.	Have any significant adverse changes in use or expected use of an asset within this class occurred or expected in near future (including discontinuation or restructure of operations or disposal of assets before expected date)?	Yes/No
	If Yes, please provide details:	
3.	Has any evidence been identified that economic performance of an asset within this class being worse than expected?	Yes/No
	If Yes, please provide details:	
	External Factors	
4.	Is there any evidence of a significant decline in market value of assets within this class (in excess of normal time and use expectancy)?	Yes/No
	If Yes, please provide details:	
5.	Have any significant adverse technological, market, economic or legal changes occurred or expected in near future which would affect assets within this class?	Yes/No
	If Yes, please provide details:	
6.	Have any increases in interest rates or rates of return been identified?	Yes/No
	If Yes, please provide details:	
7.	Asset Specific Considerations	

	Please provide any other specific information with regards to factors the local government has considered for this asset class:	
8.	Conclusion: No impairment exists on the class of asset at reporting date.	
	Have any impairment issues been identified with this asset class?	Yes/No
	If the answer to question 8 is Yes, please provide a copy of the impairment assessment.	

Completed by:	Colin Ashe - Deputy CEO
Signature:	
Date:	3/10/23

PUBLIC AUDIT ATTACHMENTS


Individual Asset Class Assessment**Buildings – specialised - Asset valuation for financial report**

1.	In the opinion of the local government, is the fair value of any asset in this class likely to be materially different (higher / lower) than its carrying amount?	Yes/No
	<p>If no, what evidence is this opinion supported by? (please provide details):</p> <p>It may be possible that building values have increased through the general property market in Perth and generally throughout Aust. However this is difficult to quantify without a proper expert valuation. Through realestate.com.au only one property was listed for the preceding 12 months. CPI for the June 23 Quarter indicated a 7.8% increase which if applied would indicate a material difference.</p> <p>If concluded another revaluation is necessary, it is recommended that it is noted in the financial statements and new desktop revaluation be carried out in 2023-24.</p>	
2.	What date was the most recent revaluation of this asset class performed:	2022
3.	Is the date of the most recent revaluation within a period of at least 3 years but no more than 5 years before 30 June 2023?	Yes/No
4.	Conclusion – Is revaluation of the asset required under <i>Local Government (Financial Management) R17A</i> ?	Yes/No
	If the answer to question 4 is Yes, please provide a copy of the valuation	

Buildings – specialised - Impairment

	Internal Factors	
1.	Is there any evidence of assets within this class being obsolete or physically damaged?	Yes/No
	If Yes, please provide details:	
2.	Have any significant adverse changes in use or expected use of an asset within this class occurred or expected in near future (including discontinuation or restructure of operations or disposal of assets before expected date)?	Yes/No
	If Yes, please provide details:	
3.	Has any evidence been identified that economic performance of an asset within this class being worse than expected?	Yes/No
	If Yes, please provide details:	
	External Factors	
4.	Is there any evidence of a significant decline in market value of assets within this class (in excess of normal time and use expectancy)?	Yes/No
	If Yes, please provide details:	
5.	Have any significant adverse technological, market, economic or legal changes occurred or expected in near future which would affect assets within this class?	Yes/No
	If Yes, please provide details:	
6.	Have any increases in interest rates or rates of return been identified?	Yes/No
	If Yes, please provide details:	
7.	Asset Specific Considerations	

	Please provide any other specific information with regards to factors the local government has considered for this asset class:	
8.	Conclusion: No impairment exists on the class of asset at reporting date.	
	Have any impairment issues been identified with this asset class?	Yes/No
	If the answer to question 8 is Yes, please provide a copy of the impairment assessment.	

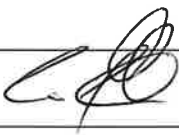
Completed by:	Colin Ashe - Deputy CEO
Signature:	
Date:	3/10/23

PUBLIC AUDIT ATTACHMENTS

Individual Asset Class Assessment

Furniture and Equipment - Impairment


Internal Factors		
1.	Is there any evidence of assets within this class being obsolete or physically damaged?	Yes/No
	If Yes, please provide details:	
2.	Have any significant adverse changes in use or expected use of an asset within this class occurred or expected in near future (including discontinuation or restructure of operations or disposal of assets before expected date)?	Yes/No
	If Yes, please provide details:	
3.	Has any evidence been identified that economic performance of an asset within this class being worse than expected?	Yes/No
	If Yes, please provide details:	
External Factors		
4.	Is there any evidence of a significant decline in market value of assets within this class (in excess of normal time and use expectancy)?	Yes/No
	If Yes, please provide details:	
5.	Have any significant adverse technological, market, economic or legal changes occurred or expected in near future which would affect assets within this class?	Yes/No
	If Yes, please provide details:	
6.	Have any increases in interest rates or rates of return been identified?	Yes/No
	If Yes, please provide details:	
7.	Asset Specific Considerations Please provide any other specific information with regards to factors the local government has considered for this asset class:	
8.	Conclusion: Asset have been revalued during current financial year.	
	Have any impairment issues been identified with this asset class?	Yes/No
	If the answer to question 8 is Yes, please provide a copy of the impairment assessment.	

Completed by:	Colin Ashe - Deputy CEO
Signature:	
Date:	3/10/23

Individual Asset Class Assessment

Plant and Equipment - Impairment


Internal Factors		
1.	Is there any evidence of assets within this class being obsolete or physically damaged?	Yes/No
	If Yes, please provide details:	
2.	Have any significant adverse changes in use or expected use of an asset within this class occurred or expected in near future (including discontinuation or restructure of operations or disposal of assets before expected date)?	Yes/No
	If Yes, please provide details:	
3.	Has any evidence been identified that economic performance of an asset within this class being worse than expected?	Yes/No
	If Yes, please provide details:	
External Factors		
4.	Is there any evidence of a significant decline in market value of assets within this class (in excess of normal time and use expectancy)?	Yes/No
	If Yes, please provide details:	
5.	Have any significant adverse technological, market, economic or legal changes occurred or expected in near future which would affect assets within this class?	Yes/No
	If Yes, please provide details:	
6.	Have any increases in interest rates or rates of return been identified?	Yes/No
	If Yes, please provide details:	
7.	Asset Specific Considerations Please provide any other specific information with regards to factors the local government has considered for this asset class:	
8.	Conclusion: Asset have been revalued during current financial year.	
	Have any impairment issues been identified with this asset class?	Yes/No
	If the answer to question 8 is Yes, please provide a copy of the impairment assessment.	

Completed by:	Colin Ashe - Deputy CEO
Signature:	
Date:	3/10/27

Individual Asset Class Assessment

Motor Vehicles - Impairment

Internal Factors		
1.	Is there any evidence of assets within this class being obsolete or physically damaged?	Yes/No
	If Yes, please provide details:	
2.	Have any significant adverse changes in use or expected use of an asset within this class occurred or expected in near future (including discontinuation or restructure of operations or disposal of assets before expected date)?	Yes/No
	If Yes, please provide details:	
3.	Has any evidence been identified that economic performance of an asset within this class being worse than expected?	Yes/No
	If Yes, please provide details:	
External Factors		
4.	Is there any evidence of a significant decline in market value of assets within this class (in excess of normal time and use expectancy)?	Yes/No
	If Yes, please provide details:	
5.	Have any significant adverse technological, market, economic or legal changes occurred or expected in near future which would affect assets within this class?	Yes/No
	If Yes, please provide details:	
6.	Have any increases in interest rates or rates of return been identified?	Yes/No
	If Yes, please provide details:	
7.	Asset Specific Considerations Please provide any other specific information with regards to factors the local government has considered for this asset class:	
8.	Conclusion: Asset have been revalued during current financial year.	
	Have any impairment issues been identified with this asset class?	Yes/No
	If the answer to question 8 is Yes, please provide a copy of the impairment assessment.	

Completed by:	Colin Ashe - Deputy CEO
Signature:	
Date:	3/10/21

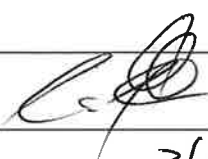
Individual Asset Class Assessment**Roads - Asset valuation for financial report**

1.	In the opinion of the local government, is the fair value of any asset in this class likely to be materially different (higher / lower) than its carrying amount?	Yes/No
	If no, what evidence is this opinion supported by? (please provide details): Roads have been revalued at 30 June 2023.	
2.	What date was the most recent revaluation of this asset class performed:	2023
3.	Is the date of the most recent revaluation within a period of at least 3 years but no more than 5 years before 30 June 2023?	Yes/No
4.	Conclusion – Is revaluation of the asset required under <i>Local Government (Financial Management) R17A</i> ?	Yes/No
	If the answer to question 4 is Yes, please provide a copy of the valuation	

Roads - Impairment

	Internal Factors	
1.	Is there any evidence of assets within this class being obsolete or physically damaged?	Yes/No
	If Yes, please provide details:	
2.	Have any significant adverse changes in use or expected use of an asset within this class occurred or expected in near future (including discontinuation or restructure of operations or disposal of assets before expected date)?	Yes/No
	If Yes, please provide details:	
3.	Has any evidence been identified that economic performance of an asset within this class being worse than expected?	Yes/No
	If Yes, please provide details:	
	External Factors	
4.	Is there any evidence of a significant decline in market value of assets within this class (in excess of normal time and use expectancy)?	Yes/No
	If Yes, please provide details:	
5.	Have any significant adverse technological, market, economic or legal changes occurred or expected in near future which would affect assets within this class?	Yes/No
	If Yes, please provide details:	
6.	Have any increases in interest rates or rates of return been identified?	Yes/No
	If Yes, please provide details:	
7.	Asset Specific Considerations Please provide any other specific information with regards to factors the local government has considered for this asset class:	

8.	Conclusion: No impairment exists on the class of asset at reporting date.	
	Have any impairment issues been identified with this asset class?	Yes/No
	If the answer to question 8 is Yes, please provide a copy of the impairment assessment.	

Completed by:	Colin Ashe - Deputy CEO
Signature:	
Date:	3/10/23

PUBLIC AUDIT ATTACHMENTS

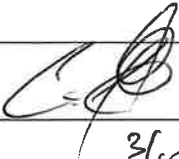
Individual Asset Class Assessment**Bridges - Asset valuation for financial report**

1.	In the opinion of the local government, is the fair value of any asset in this class likely to be materially different (higher / lower) than its carrying amount?	Yes/No
	If no, what evidence is this opinion supported by? (please provide details): Bridges have been revalued at 30 June 2023.	
2.	What date was the most recent revaluation of this asset class performed:	2023
3.	Is the date of the most recent revaluation within a period of at least 3 years but no more than 5 years before 30 June 2023?	Yes/No
4.	Conclusion – Is revaluation of the asset required under <i>Local Government (Financial Management) R17A</i> ?	Yes/No
	If the answer to question 4 is Yes, please provide a copy of the valuation	

Bridges - Impairment

	Internal Factors	
1.	Is there any evidence of assets within this class being obsolete or physically damaged?	Yes/No
	If Yes, please provide details:	
2.	Have any significant adverse changes in use or expected use of an asset within this class occurred or expected in near future (including discontinuation or restructure of operations or disposal of assets before expected date)?	Yes/No
	If Yes, please provide details:	
3.	Has any evidence been identified that economic performance of an asset within this class being worse than expected?	Yes/No
	If Yes, please provide details:	
	External Factors	
4.	Is there any evidence of a significant decline in market value of assets within this class (in excess of normal time and use expectancy)?	Yes/No
	If Yes, please provide details:	
5.	Have any significant adverse technological, market, economic or legal changes occurred or expected in near future which would affect assets within this class?	Yes/No
	If Yes, please provide details:	
6.	Have any increases in interest rates or rates of return been identified?	Yes/No
	If Yes, please provide details:	
7.	Asset Specific Considerations	
	Please provide any other specific information with regards to factors the local government has considered for this asset class:	

8.	Conclusion: No impairment exists on the class of asset at reporting date.	
	Have any impairment issues been identified with this asset class?	Yes/No
	If the answer to question 8 is Yes, please provide a copy of the impairment assessment.	

Completed by:	Colin Ashe - Deputy CEO
Signature:	
Date:	3/10/21

PUBLIC AUDIT ATTACHMENTS


Individual Asset Class Assessment**Footpaths - Asset valuation for financial report**

1.	In the opinion of the local government, is the fair value of any asset in this class likely to be materially different (higher / lower) than its carrying amount?	Yes/No
	If no, what evidence is this opinion supported by? (please provide details): Footpaths have been revalued at 30 June 2023.	
2.	What date was the most recent revaluation of this asset class performed:	2023
3.	Is the date of the most recent revaluation within a period of at least 3 years but no more than 5 years before 30 June 2023?	Yes/No
4.	Conclusion – Is revaluation of the asset required under <i>Local Government (Financial Management) R17A</i> ?	Yes/No
	If the answer to question 4 is Yes, please provide a copy of the valuation	

Footpaths - Impairment

	Internal Factors	
1.	Is there any evidence of assets within this class being obsolete or physically damaged?	Yes/No
	If Yes, please provide details:	
2.	Have any significant adverse changes in use or expected use of an asset within this class occurred or expected in near future (including discontinuation or restructure of operations or disposal of assets before expected date)?	Yes/No
	If Yes, please provide details:	
3.	Has any evidence been identified that economic performance of an asset within this class being worse than expected?	Yes/No
	If Yes, please provide details:	
	External Factors	
4.	Is there any evidence of a significant decline in market value of assets within this class (in excess of normal time and use expectancy)?	Yes/No
	If Yes, please provide details:	
5.	Have any significant adverse technological, market, economic or legal changes occurred or expected in near future which would affect assets within this class?	Yes/No
	If Yes, please provide details:	
6.	Have any increases in interest rates or rates of return been identified?	Yes/No
	If Yes, please provide details:	
7.	Asset Specific Considerations	
	Please provide any other specific information with regards to factors the local government has considered for this asset class:	

8.	Conclusion: No impairment exists on the class of asset at reporting date.	
	Have any impairment issues been identified with this asset class?	Yes/No
	If the answer to question 8 is Yes, please provide a copy of the impairment assessment.	

Completed by:	Colin Ashe - Deputy CEO
Signature:	
Date:	3/10/23

PUBLIC AUDIT ATTACHMENTS


Individual Asset Class Assessment**Other Infrastructure - Asset valuation for financial report**

1.	In the opinion of the local government, is the fair value of any asset in this class likely to be materially different (higher / lower) than its carrying amount?	Yes/No
	If no, what evidence is this opinion supported by? (please provide details): Other Infrastructure has been revalued at 30 June 2023.	
2.	What date was the most recent revaluation of this asset class performed:	2023
3.	Is the date of the most recent revaluation within a period of at least 3 years but no more than 5 years before 30 June 2023?	Yes/No
4.	Conclusion – Is revaluation of the asset required under <i>Local Government (Financial Management) R17A</i> ?	Yes/No
	If the answer to question 4 is Yes, please provide a copy of the valuation	

Other Infrastructure - Impairment

	Internal Factors	
1.	Is there any evidence of assets within this class being obsolete or physically damaged?	Yes/No
	If Yes, please provide details:	
2.	Have any significant adverse changes in use or expected use of an asset within this class occurred or expected in near future (including discontinuation or restructure of operations or disposal of assets before expected date)?	Yes/No
	If Yes, please provide details:	
3.	Has any evidence been identified that economic performance of an asset within this class being worse than expected?	Yes/No
	If Yes, please provide details:	
	External Factors	
4.	Is there any evidence of a significant decline in market value of assets within this class (in excess of normal time and use expectancy)?	Yes/No
	If Yes, please provide details:	
5.	Have any significant adverse technological, market, economic or legal changes occurred or expected in near future which would affect assets within this class?	Yes/No
	If Yes, please provide details:	
6.	Have any increases in interest rates or rates of return been identified?	Yes/No
	If Yes, please provide details:	
7.	Asset Specific Considerations Please provide any other specific information with regards to factors the local government has considered for this asset class:	

8.	Conclusion: No impairment exists on the class of asset at reporting date.	
	Have any impairment issues been identified with this asset class?	Yes/No
	If the answer to question 8 is Yes, please provide a copy of the impairment assessment.	

Completed by:	Colin Ashe - Deputy CEO
Signature:	
Date:	3/10/23

PUBLIC AUDIT ATTACHMENTS

AUDIT SURVEY ANALYSIS

A summary of the sector's response to the local government audit process

PUBLIC AUDIT ATTACHMENTS

AUDIT SURVEY ANALYSIS

Introduction

Responsibility for financial auditing of Western Australia’s local governments transitioned from the Department of Local Government, Sport, and Cultural Industries to the Office of the Auditor General with the proclamation of the *Local Government Amendment (Auditing) Act 2017*.

Since this time there has been a range of comments and criticisms of the audit that needed to be corralled and formalised in discussions with the OAG in order to get clarity and better understand how to improve the audit performance and outcomes for local governments.

Local Government Professionals WA partnered with WALGA during April to conduct a survey of the sector to ascertain current issues and attitudes associated with the annual local government audit process.

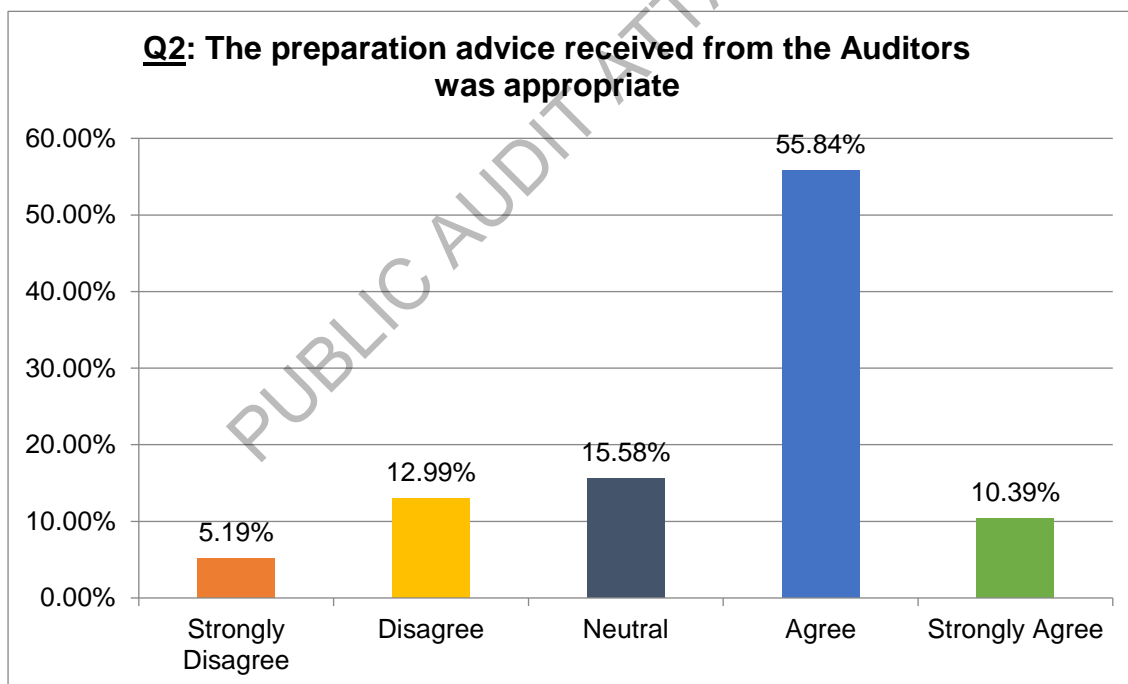
The survey was jointly designed to enable the Associations to provide consistent and constructive advice to the Office of the Auditor General. The OAG is supportive of the process and welcomes this contribution from the peak bodies to inform their continued improvement.

Data and quotations from the survey are provided so as to maintain the anonymity of the 91 local governments referenced as contributors at **Q1**. This level of response provides us with a high level of confidence that the results are strongly indicative of the sector perspectives on the questions asked.

Responses are presented in chart form, demonstrating the percentage of respondents indicating support for the available choices, followed by an indicative summary of the written comments that relate to each question.

The Key Emerging Issues are identified at the end of the report, together with an outline of the advocacy that Local Government Professionals WA proposes to take in response to the survey outcomes. It is anticipated that WALGA will develop its own advocacy to address the findings and we encourage all local governments to participate in that process.

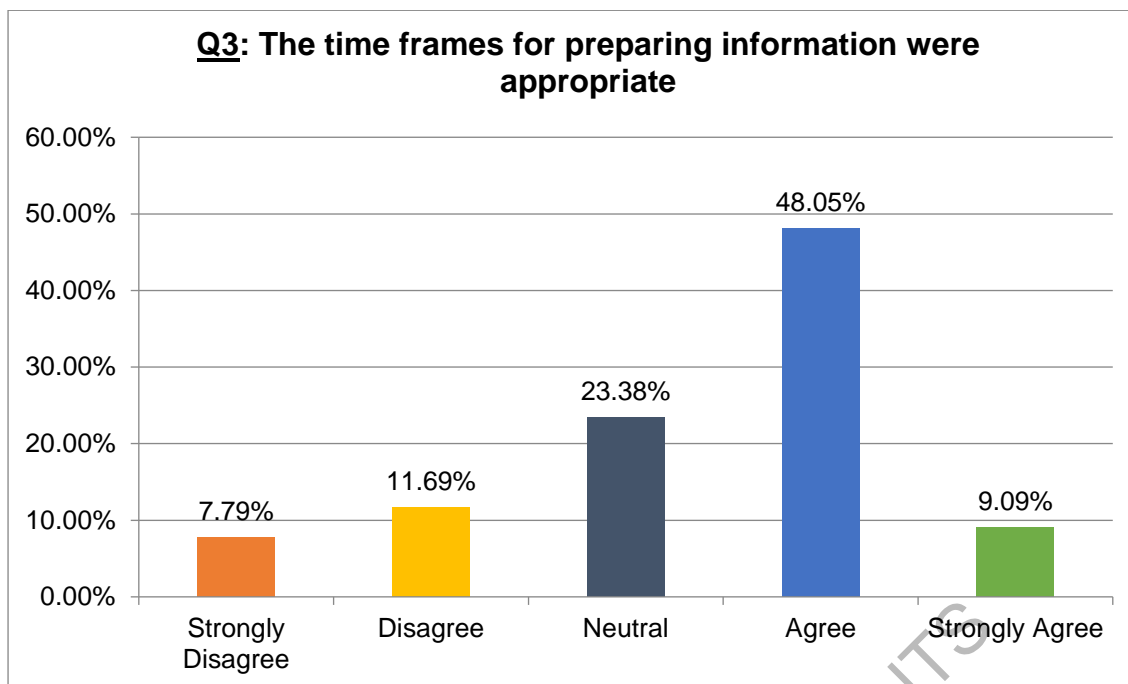
Survey Responses



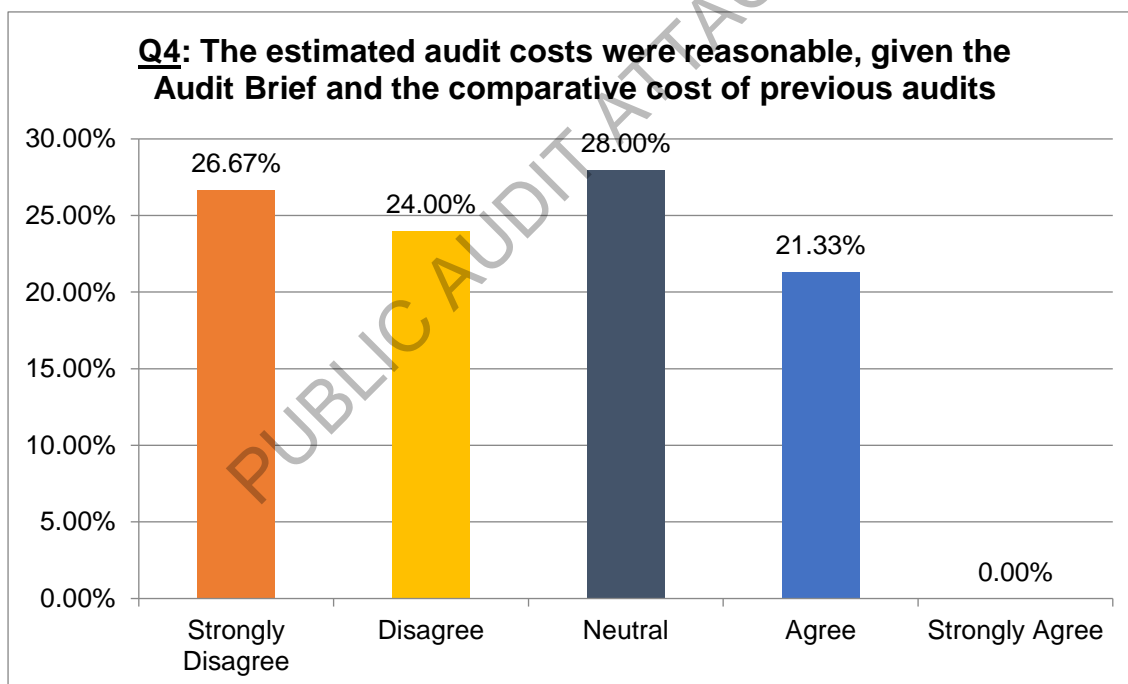
81.8% of respondents were happy with, or neutral to, the Auditors preparation advice.

Criticisms were essentially based on specific situational experiences, such as the withdrawal of the audit firm initially appointed to the process, late appointment of a contract auditor, or difficulty with the auditor’s technology platform.

Some comments highlighted the vagueness of preparation requirements and the need for clarity, as well as the need for better appreciation by the auditors for the time involved in responding to their requests.

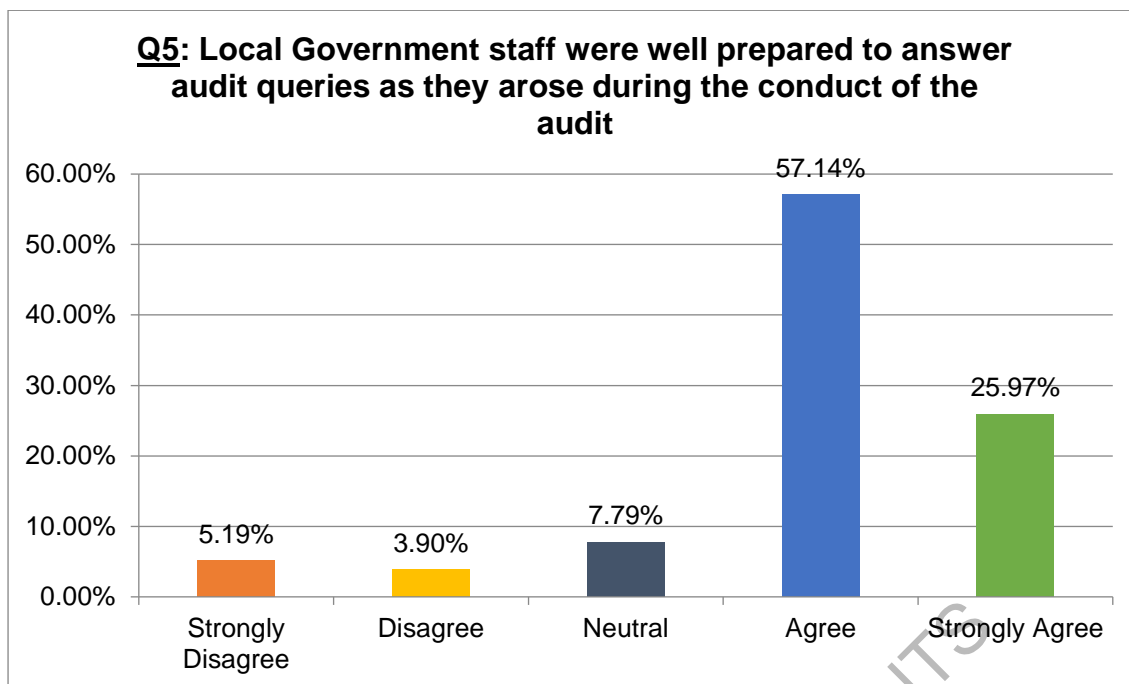


80.5% of respondents were happy with, or neutrally impacted by, the Auditor’s preparation time frames. Comments were mixed, ranging from “we were ready” to highlighting timing inflexibility and volume of work.



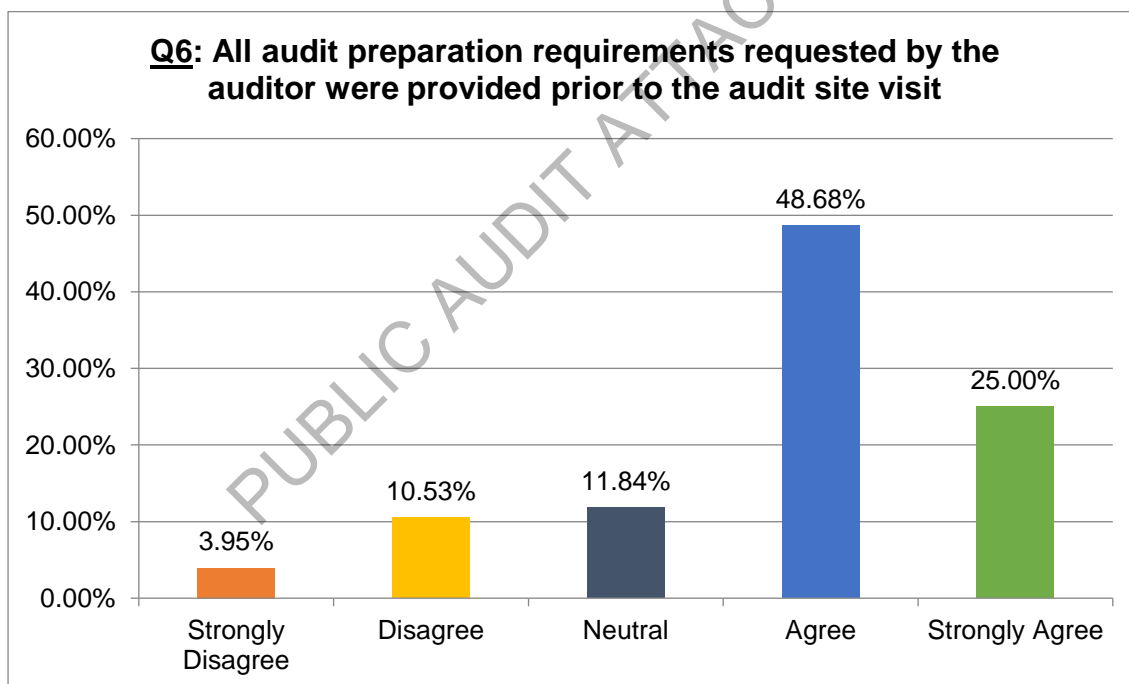
This question was a 50/50 proposition, with 49.3% of respondents either neutral or believing the estimated audit costs were reasonable.

Comments ranged from “2.5 times more expensive than prior to the OAG for substantively the same audit outcome” and concerns about the value-for-money of the audit, to concerns about the lack of transparency from the OAG about how the costs are determined.



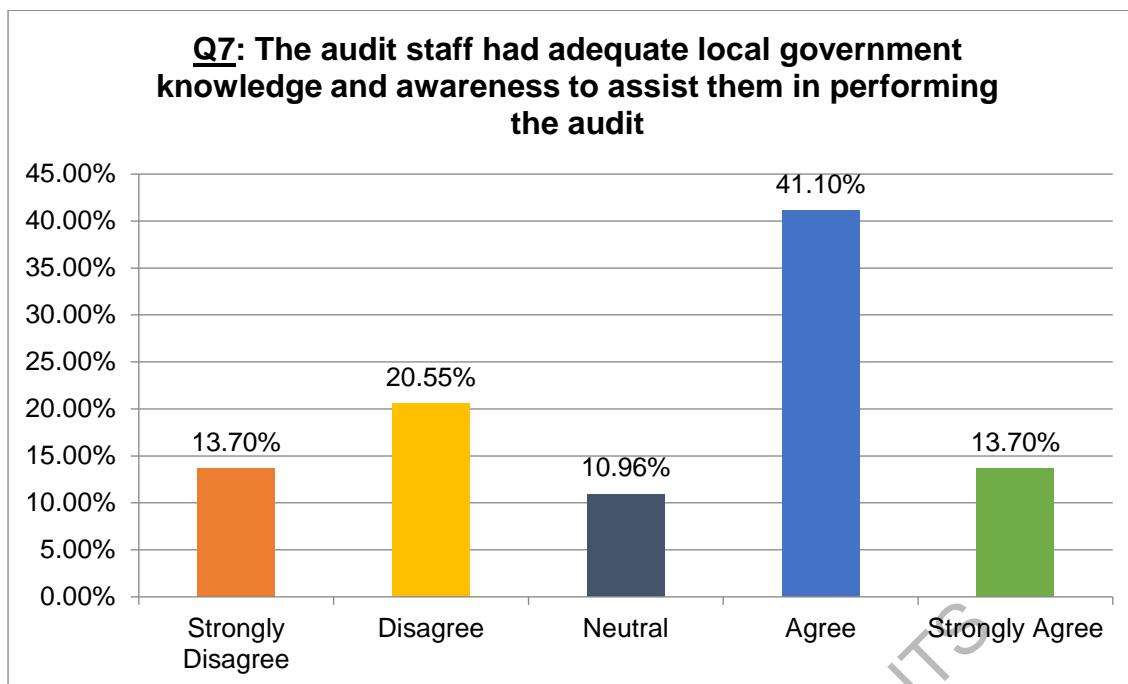
90.9% of respondents were happy or neutral with their response preparation.

Comments highlighted issues such as a lack of audit staff knowledge, to acknowledgement of some delays at the local government end - but not to the extent that would impact the timing or cost variances claimed.



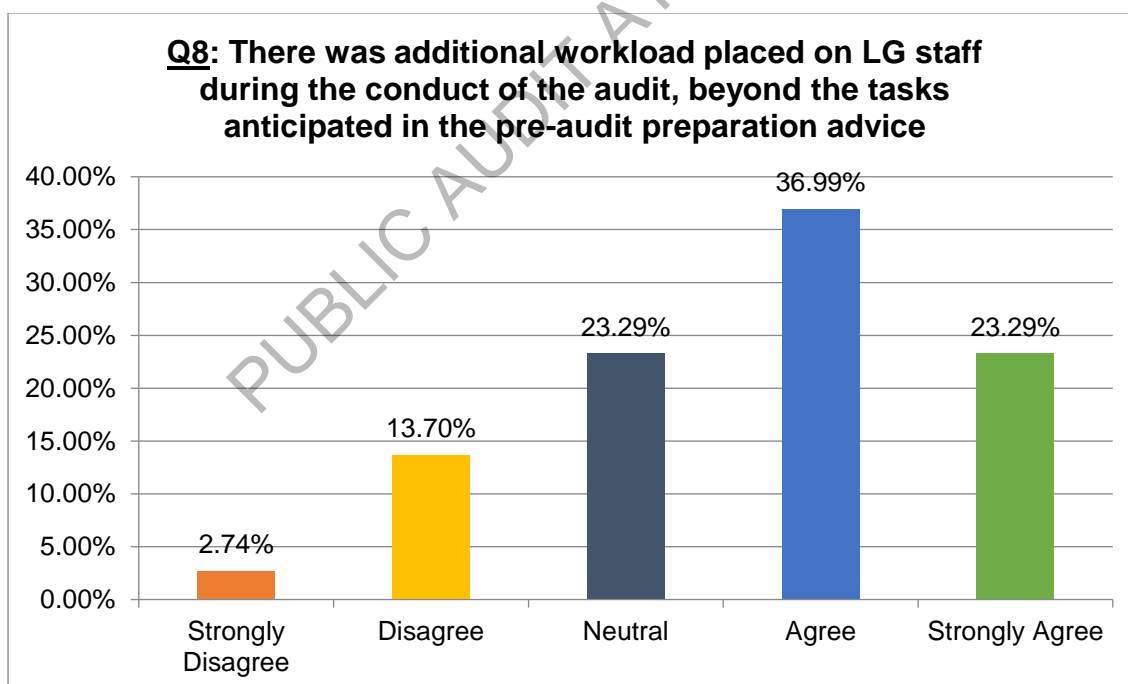
85.5% of respondents either strongly agreed, agreed or were neutral in their response to the proposition.

Comments essentially claimed compliance with the requirement or acknowledged some minor omissions or delays.



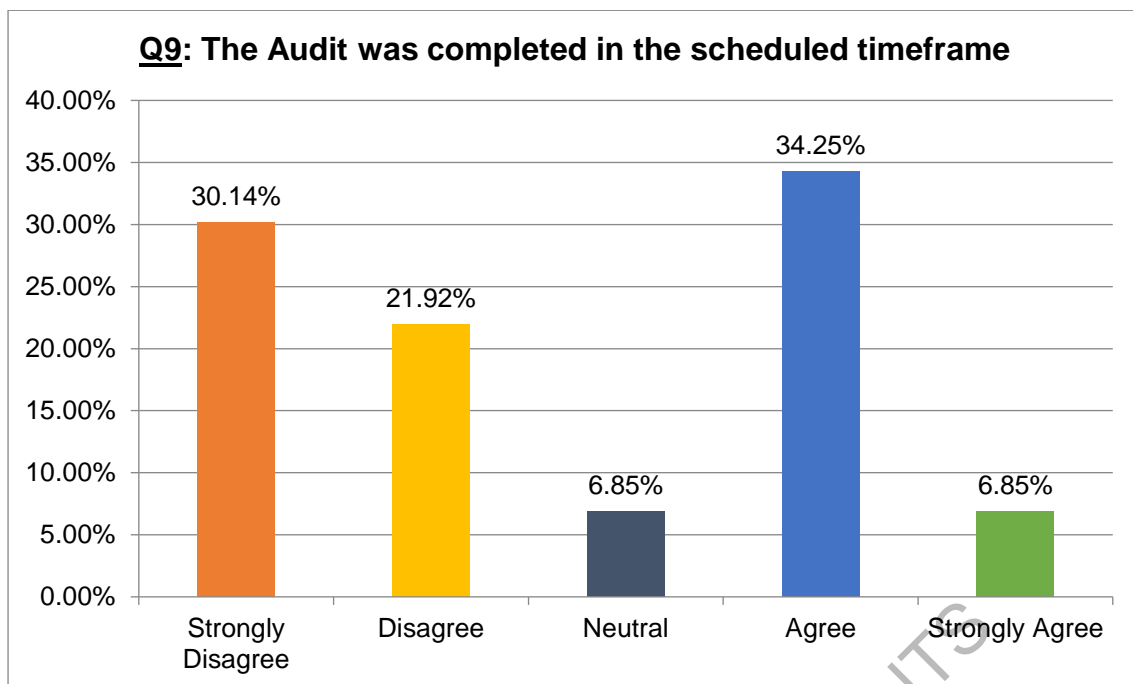
65.8% of respondents were either neutral or supported the statement, indicating that approximately one third of local governments experienced lower than expected levels of local government knowledge and awareness by their auditors.

Comments highlighted this lack of operational knowledge, although some acknowledged that there had been an improvement over last year.



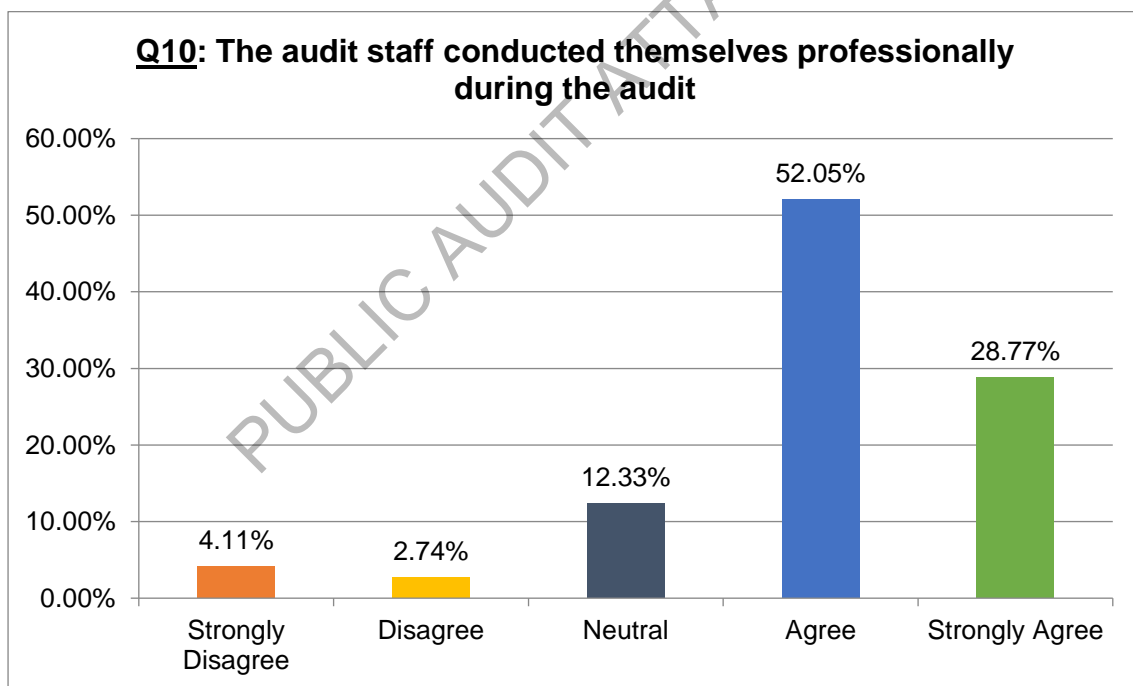
81.6% of respondents were neutral or agreed that they had experienced an abnormal workload, in addition to normal expectations.

Comments emphasised difficulties created by the high number of detailed sampling requests, additional information requests, and repeated requests because the auditor had lost the previous response.

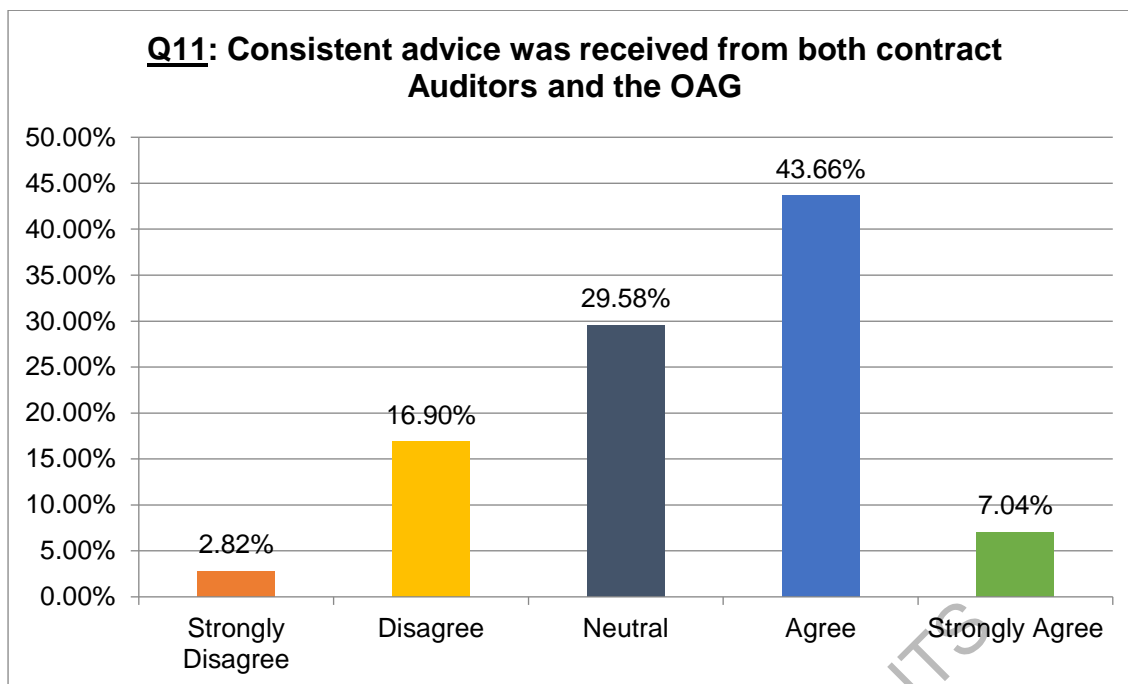


Another 50/50 proposition, where **48%** were neutral or agreed and **52%** disagreed.

When asked to indicate why delays were experienced, the common responses referenced differences between the contract auditors and the OAG and disputes over asset valuation (Fair Value).



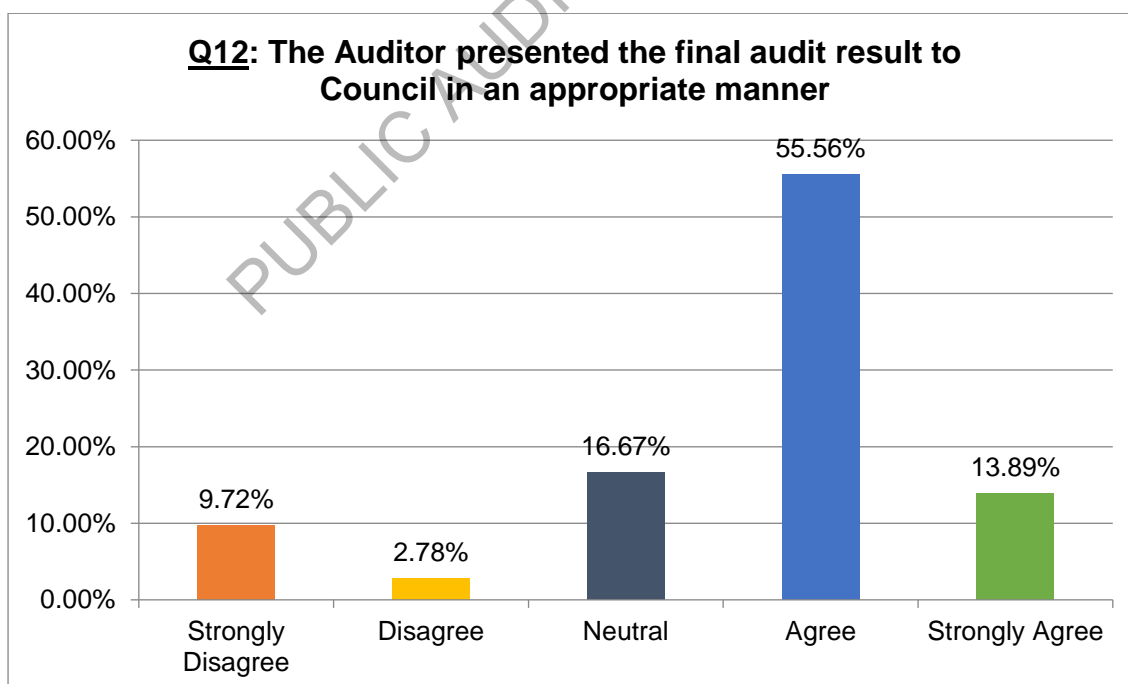
93.1% of respondents supported the statement or were neutral, indicating a very high level of respect and appreciation for the audit staff. Beyond this, the lack of local government experience of some audit staff was referenced.



19.7% of respondents experienced conflicting advice from different audit sources.

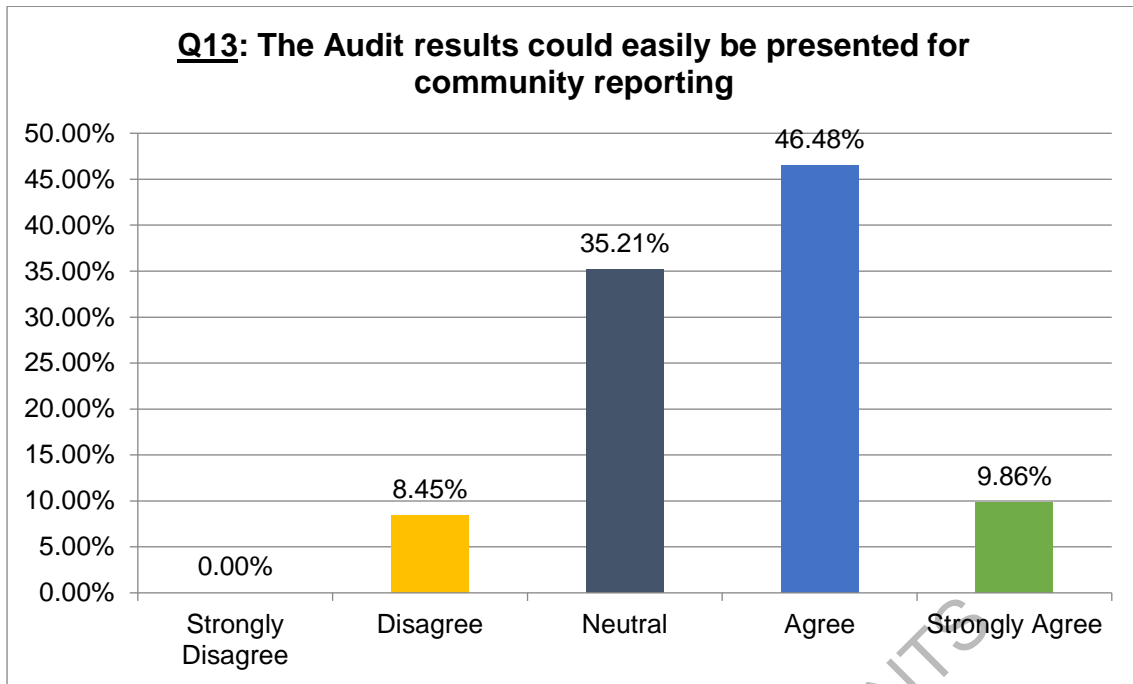
Commentators observed that:

- a lack of knowledge could trigger contradiction of one auditor over the other and referral by contract auditors to the OAG, resulting in considerable delays.
- There was a lack of clarity around asset valuations, creating conflict and inconsistency.



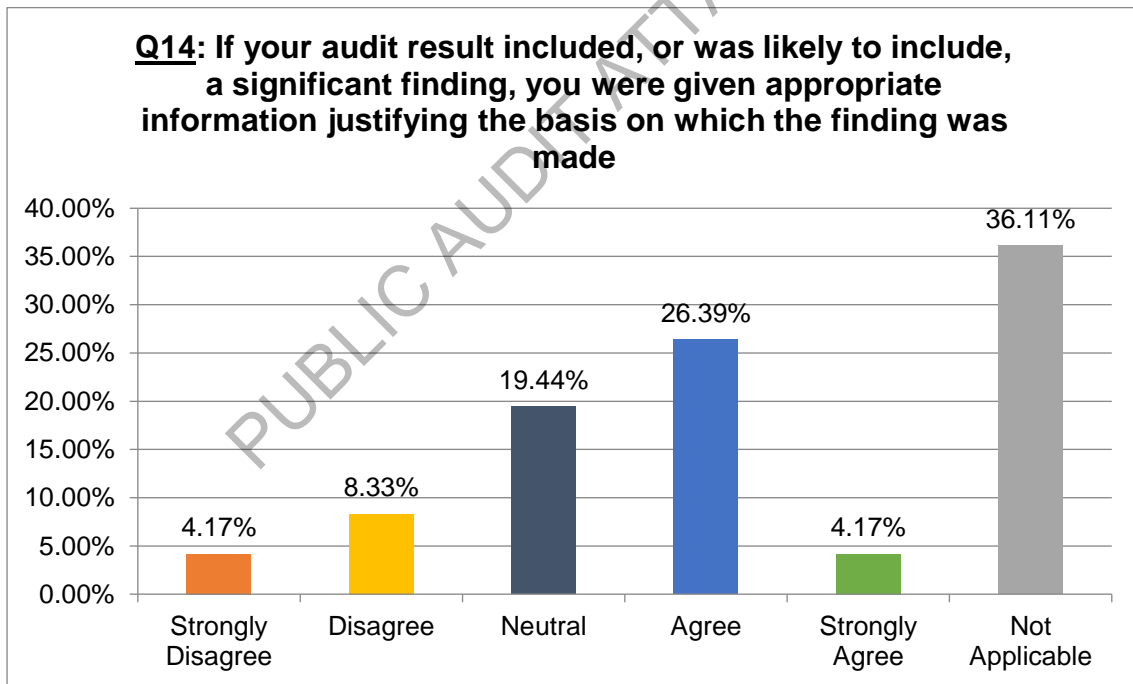
86.1% of responses were neutral or supported the statement, indicating satisfaction with the presentation skills of the audit staff.

Most comments related to the time taken to complete the audit process. The perception of duplication between the exit interview with the Audit Committee and the sign-off with the Council was highlighted.



91.5% of respondents agreed with the statement or were neutral.

An interesting suggestion was that the auditor’s report could be more positively framed to also highlight what is being done well.



12.5% of respondents disagreed with the statement.

Comments indicated that concern was being created by; a lack of clarity on asset valuation; conflict between Contract Auditors and the OAG over the definition of a significant finding, and; late, or lack of, communication to individual local governments over expectations.

Q15 - Please indicate initial estimated audit cost versus actual final audit cost.

The lowest **actual cost** indicated was \$22,000 and the highest was \$138,873.

There was an equal amount of responses indicating that the estimated and actual audit costs were the same, as responses indicating that the actual cost was higher than the estimated cost.

The biggest difference between the estimated and actual cost of an audit was \$40,000, with the average difference being approximately \$12,000.

Only two responses indicated that the actual cost was less than the estimated cost.

Respondents were asked: *What were the reasons given for any variance?* Typical responses indicated -

- *“Additional time taken to source information.”*
- *“We are still waiting for the justification!”*
- *“No variance. Delivered on time with no delays or additional information required. Happy days.”*
- *“We estimated based on previous year and it had gone up again.”*

Q16 - Compared to the 2020/21 audit, did you observe any improvement to the 2021/22 audit process that was worth noting?

There were mixed responses to this question, typified by:

- *“No, it was worse, and 20/21 was horrible.”*
- *“Yes, 2021/22 audit completed in December 2022 in contrast to 2020/21 audit which was completed in February 2022.”*
- *“Yes - our 2021/22 Audit was managed much better from a timing perspective and the OAG stuck to the agreed timeline. This occurred following significant feedback from us following the 20/21 Audit, which included our President meeting with the Director General of the OAG.”*
- *“No, in fact the 21/22 audit process was more difficult, took more time due to additional requests and queries from the auditors, and was delayed further due to the inflexibility of timing from audit staff.”*

Q17 - Do you have any other comments you would like to make in relation to your 2021/22 audit experience?

The comments could be summarised as seeking:

- Better communication between auditors and the OAG.
- Improved familiarity by audit staff with local government.
- Streamlined processes between local governments, contract auditors and the OAG.

KEY EMERGING ISSUES

The results and comments from the survey highlight five key areas to address in the annual audit process.

Timeframe and delays

Over **50%** of respondents either disagreed or strongly disagreed that *“the audit was completed in the scheduled timeframe”*. Comments from respondents suggested disruptions to the timeframe were caused by things like; consecutive periods of leave taken by the Auditors and OAG staff; difficulties with asset valuations, and; collection of information. One respondent noted that the Auditors continually asked for more information from Local Government staff but refused to acknowledge the delays these requests were causing or allowing for any flexibility in the times allocated.

Additional workload on Local Government staff

60% of respondents either agreed or strongly agreed that “*there was additional workload placed on Local Government staff during the conduct of the audit, beyond the tasks anticipated in the pre-audit preparation advice*”. Only 15% of respondents disagreed or strongly disagreed with this statement. Respondents noted that the tasks expected of Local Government staff “*far exceeded*” what was anticipated, and this led to a “*very high workload*” for staff and a strain on resources. Unclear instructions, poor communication and being asked to answer the same question multiple times were cited by respondents as causes for the additional workload.

Cost

Almost half of respondents either disagreed or strongly disagreed with the statement that “*the estimated audit costs were reasonable, given the Audit Brief and the comparative cost of previous audits*”. Comments from some respondents reported that the costs were more than twice that incurred prior to the OAG assuming responsibility for Local Government auditing. There was also feedback about a lack of transparency from the OAG in its failure to provide a cost breakdown.

In terms of the actual cost of the audit, only two respondents indicated that the final cost was less than the estimated cost, with a significant amount of respondents indicating the actual cost was higher than the estimate. The average difference between the estimated and actual was an increase of around \$12,000, with the biggest difference being \$40,000.

Inconsistent advice from contract Auditors and OAG

Whilst a majority of respondents either agreed or strongly agreed that “*consistent advice was received from both contract Auditors and the OAG*”, several comments indicated that when inconsistent advice was received it led to confusion, delays, and frustration. One respondent suggested that “*requiring the Local Government to only communicate with the contract auditors, and not also the OAG, would avoid these outcomes*”. In this scenario, it would be up to the contract Auditors and the OAG to be on the same page in terms of the advice given, and this in turn would reduce “*inconsistent advice or information from both parties*”.

Asset Valuation Requirements

There were a number of comments throughout the survey raising the need for simplification and clarification of the Fair Value asset valuation requirements. In response to question 11 about the consistency of advice from the contract auditors and the OAG, one respondent noted that the advice received was good “*apart from the issue of the valuation of assets*”.

A similar comment appears in question 14 where a respondent has sought clarification and guidance about “*the timing of infrastructure revaluation and what mechanisms, beside management judgement, [are] in place to show how we have made the decision*”. Feedback on the handling of the asset valuation process can also be seen in a comment in question 8 which suggests that “*more thought needs to be given between the LG Sector and the OAG.*”

Next Steps

Moving forward, we will continue to work with the OAG to reform the audit process by seeking:

- That the OAG review the requirements for pre-audit information with a view to reducing the need for additional information where possible.
- That auditors be required to improve their communication and information management and avoid repeated requests for information that has already been provided.
- That a ceiling of 20% be placed on variances from the quoted estimated cost of the audit in any single financial year.
- That the transparency of the audit costing quotation be enhanced and any variance be fully explained to the local government as part of the final billing process.
- That local governments only be required to communicate with contract Auditors (*unless the OAG is directly auditing the local government*) and the onus be placed on the contract auditors to confirm their advice with the OAG before instructing the local government.
- The application of Fair Value principles be reviewed in the context of the audit.

We encourage the promotion and discussion of the survey outcomes and our proposed action at the local level amongst both staff and elected members.



Shire of Victoria Plains
28 Cavell Street
Calingiri WA 6569
T +61 (0) 8 9628 7004
www.victoriaplains.wa.gov.au

SHIRE OF VICTORIA PLAINS

MONTHLY FINANCIAL REPORT

For the Period Ending 30 September 2023

PUBLIC AUDIT ATTACHMENT 5

SHIRE OF VICTORIA PLAINS
MONTHLY FINANCIAL REPORT
For the Period Ending 30 September 2023
[CONTENTS PAGE](#)

Financial Statements

Statement of Comprehensive Income by Nature or Type

Statement of Financial Activity by Rates

Statement of Financial Position

Notes to the Statement of Financial Activity

Net Current Funding Position	Note 1
Cash and Investments	Note 2
Trust Fund	Note 3
Receivables	Note 4
Cash Backed Reserves	Note 5
Capital Disposals	Note 6
Capital Acquisitions	Note 7
Information on Borrowings	Note 8
Restricted Funding	Note 9
Grants and Contributions	Note 10
LRCI Report	Note 11
Material Variances	Note 12

PUBLIC AUDIT ATTACHMENTS

SHIRE OF VICTORIA PLAINS

STATEMENT OF COMPREHENSIVE INCOME

For the Period Ending 30 September 2023

NATURE OR TYPE

		Annual Budget	YTD Budget	YTD Actual
	Note	\$	\$	\$
Revenue from Operating Activities				
Rates		3,542,667	3,444,850	3,440,513
Grants, subsidies and contributions		1,047,098	341,022	259,768
Fees and charges		222,749	129,208	137,252
Interest earnings		58,019	12,706	22,867
Other revenue		151,218	6,387	17,680
Profit on disposal of assets	6a	58,952	-	-
		5,080,703	3,934,173	3,878,080
Expenditure from Operating Activities				
Employee costs		(2,307,701)	(641,719)	(539,891)
Materials and contracts		(2,347,190)	(605,424)	(500,502)
Utility charges		(132,393)	(24,171)	(28,831)
Depreciation on non-current assets		(4,273,564)	(712,261)	(712,261)
Interest expenses		(70,511)	(11,100)	(9,154)
Insurance expenses		(189,840)	(132,504)	-
Other expenditure		(75,610)	(18,402)	(23,020)
Loss on disposal of assets	6a	(77,025)	-	-
		(9,473,834)	(2,145,581)	(1,813,659)
Excluded Non-cash Operating Activities				
Depreciation and amortisation		4,273,564	712,261	712,261
(Profit) / loss on asset disposal	6a	(18,073)	-	-
Net Amount from Operating Activities		(137,640)	2,500,853	2,776,682

PUBLIC AUDIT ATTACHMENTS

SHIRE OF VICTORIA PLAINS
STATEMENT OF FINANCIAL ACTIVITY
For the Period Ending 30 September 2023

	Note	Annual Budget \$	YTD Budget \$	YTD Actual \$
Opening Funding Surplus / (Deficit)		(12,763)	(12,763)	751,079
Revenue from Operating Activities				
Rates		3,542,667	3,444,850	3,440,513
Grants, subsidies and contributions		1,047,098	341,022	259,768
Fees and charges		222,749	129,208	137,252
Interest Revenue		58,019	12,706	22,867
Other revenue		151,218	6,387	17,680
Profit on disposal of assets	6a	58,952	-	-
		5,080,703	3,934,173	3,878,080
Expenditure from Operating Activities				
Employee costs		(2,307,701)	(641,719)	(539,891)
Materials and contracts		(2,347,190)	(605,424)	(500,502)
Utility charges		(132,393)	(24,171)	(28,831)
Depreciation on non-current assets		(4,273,564)	(712,261)	(712,261)
Finance Costs (Interest)		(70,511)	(11,100)	(9,154)
Insurance expenses		(189,840)	-	-
Other expenditure		(75,610)	(18,402)	(23,020)
Loss on disposal of assets	6a	(77,025)	-	-
		(9,473,834)	(2,013,077)	(1,813,659)
Excluded Non-cash Operating Activities				
Depreciation and amortisation		4,273,564	712,261	712,261
(Profit) / loss on asset disposal	6a	(18,073)	-	-
Net Amount from Operating Activities		(137,640)	2,633,357	2,776,682
Investing Activities				
Capital Grants, subsidies and contributions		7,956,450	30,000	26,024
Proceeds from disposal of assets	6b	251,000	-	-
Land and buildings	7	(227,000)	(7,800)	(7,282)
Plant and equipment	7	(978,274)	(55,000)	(51,100)
Furniture and equipment	7	(47,000)	(7,500)	(7,500)
Infrastructure - roads	7	(7,200,780)	(150,485)	(141,034)
Infrastructure - other	7	(426,002)	(36,460)	(45,416)
Net Amount from Investing Activities		(671,606)	(227,245)	(226,308)
Financing Activities				
Proceeds from self supporting loans	8	21,598	-	-
Repayment of borrowings	8	(268,431)	(102,472)	(102,472)
Transfer from reserves	5	1,102,480	-	-
Transfer to reserves	5	(92,526)	-	(1,946)
Net Amount from Financing Activities		763,121	(102,472)	(104,418)
Closing Funding Surplus / (Deficit)	1	(58,888)	3,268,622	3,197,035

SHIRE OF VICTORIA PLAINS
STATEMENT OF FINANCIAL POSITION
For the Period Ending 30 September 2023

	Note	2024	2023
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	2	3,400,351	2,231,232
Trade and other receivables	4a	1,116,445	97,598
Other financial assets	2	1,255,837	1,275,743
Inventories		14,551	8,279
Other assets		229,792	0
TOTAL CURRENT ASSETS		6,016,976	3,842,644
NON-CURRENT ASSETS			
Trade and other receivables	4b	14,716	14,716
Other financial assets		203,494	181,641
Property, plant and equipment		12,290,069	12,258,109
Infrastructure		124,081,248	124,573,136
TOTAL NON-CURRENT ASSETS		136,589,527	137,027,602
TOTAL ASSETS		142,606,503	140,870,246
CURRENT LIABILITIES			
Trade and other payables		52,740	304,453
Other liabilities		1,344,490	1,344,490
Borrowings	8	165,959	268,687
Employee related provisions		166,624	166,623
TOTAL CURRENT LIABILITIES		1,729,812	2,084,253
NON-CURRENT LIABILITIES			
Other liabilities	8	1,581,064	1,580,807
Employee related provisions		32,652	32,652
Borrowings		1,613,716	1,613,459
Other provisions		3,343,528	3,697,712
TOTAL NON-CURRENT LIABILITIES		139,262,978	137,172,533
TOTAL LIABILITIES			
NET ASSETS			
EQUITY			
Retained surplus		15,307,970	13,219,473
Reserve accounts	5	1,255,837	1,253,889
Revaluation surplus		122,699,171	122,699,171
TOTAL EQUITY		139,262,978	137,172,533

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

SHIRE OF VICTORIA PLAINS

NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY

For the Period Ending 30 September 2023

1. Net Current Funding Position

	Note	Current Month 30 Sep 23 \$	Prior Year Closing 30 Jun 23 \$
Current Assets			
Cash and cash equivalents	2	3,400,351	2,231,232
Trade and other receivables	4a	1,116,445	97,598
Reserves	5	1,255,837	1,253,889
Self Support Loan Debtor		21,854	21,854
Inventories		14,553	8,279
Other assets		229,792	229,792
Total Current Assets		6,038,832	3,842,644
Current Liabilities			
Trade and other payables		(52,740)	(304,453)
Other liabilities		(1,344,490)	(1,344,490)
Borrowings		(166,216)	(268,687)
Employee related provisions		(166,623)	(166,623)
Total Current Liabilities		(1,730,069)	(2,084,253)
Less: cash reserves	5	(1,255,837)	(1,253,889)
Less; land held for resale		-	-
Less: Self-supporting loan		(21,854)	(21,854)
Add: loan principal (current)		166,216	268,431
Add: employee leave reserve		(255)	-
Net Funding Position - Surplus / (Deficit)		3,197,033	961,207

PUBLIC AUDIT ATTACHMENTS

Note 2

Cash and Financial Assets

Description	Unrestricted	Restricted	Total Cash	Institution	Interest Rate	Maturity Date
	\$	\$	\$			
Cash on hand						
Petty Cash Float	700		700	Bendigo Bank	na	na
Municipal Funds Bank A/c	61,347		61,347	Bendigo Bank	1.25%	na
Municipal Savings Bank Account	926,223		926,223	Bendigo Bank	1.25%	na
Municipal Term 208252635	1,650,000		1,650,000	Bendigo Bank	4.30%	12/01/2024
Muni Savings - Restricted - WSN 30001985	-	199	199	Bendigo Bank	1.25%	na
Muni Savings - Restricted - WSN 21117030	-	988	989	Bendigo Bank	1.25%	na
Muni Savings - Restricted - RTR	-	191,436	191,436	Bendigo Bank	1.25%	na
Term Deposit - Restricted Account	-	424,510	424,510	Bendigo Bank	3.50%	1/12/2023
Muni Savings Restricted - Blackspot Funding	-	81,914	81,914	Bendigo Bank	1.25%	na
Muni Savings Restricted - LRCI	-	63,032	63,032	Bendigo Bank	1.25%	na
Subtotal	2,638,270	762,080	3,400,351			
Financial Assets at Amortised Cost						
Reserve Savings Bank Account		443,425	443,425	Bendigo Bank	1.25%	na
Reserves - Term Deposits		812,412	812,412	Bendigo Bank	3.85%	5/12/2023
Subtotal	0	1,255,837	1,255,837			
Total Cash and Financial Assets	2,638,270	2,017,917	4,656,188			

Note 3

Trust Fund

There are no funds held at balance date over which the Shire has no control

Description	Opening Balance 01 Sep 23	Amount Received	Amount Paid	Closing Balance 23 / 23
	\$	\$	\$	\$
Other	-	-	-	-
Total Funds in Trust	-	-	-	-

SHIRE OF VICTORIA PLAINS

NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY

For the Period Ending 30 September 2023

Note 4
Debtors

Current Assets

(a) Trade and other Receivables

	30 Sep 23
	\$
Rates Receivable	1,031,477
Sundry Debtors (Trade Receivable)	68,567
Receipting Suspense	(5,916)
GST Receivable	21,802
Allowance for Bad Debts	(13,465)
Pensioner Rebates	13,980
Total	<u>1,116,445</u>

represented by:

Rates Receivable

	30 Sep 23
	\$
Rates receivables	1,012,349
Rubbish	10,525
Sewerage	10,676
ESL Charges	17,571
Rates Excess /Suspense account	(19,644)
Total Rates Receivable Outstanding	<u>1,031,477</u>

General Receivables - Trade Receivables

	\$
Current	600
30 Days*	65,794
60 Days	-
90+ Days	2,173
Total General Receivables Outstanding	<u>68,567</u>

* ATO / BAS 65,603

Analysis

Closing balances - prior year	74,890
Prepaid / Unallocated Rates	(19,644)
All Rates levied this year	3,440,303
Closing balances - current month	(1,031,477)
Total Rates Collected to Date	<u>2,464,072</u>

Debt Collection with AMPAC	19,668
Interim Rates 22-23	25,541
Payment Arrangement	3,793
Debt Collection on Hold	4,432
Overdue no reason	299,268
Instalments	698,419
Unallocated	(19,644)
Total	<u>1,031,477</u>

(b) Non-Current Assets

Deferred Rates	<u>14,716</u>
----------------	----------------------

SHIRE OF VICTORIA PLAINS
NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY
For the Period Ending 30 September 2023

Note 5

Cash Reserves

Reserve	Opening Balance 1.7.23	Transfer From		Interest Received		Transfer To		Closing Balance	
		Actual 23/24	Budget 23/24	Actual 23/24	Budget 23/24	Actual 23/24	Budget 23/24	Actual 30.09.23	Budget 30.06.24
Long Service Leave	4,519		-	7	136		-	4,528	4,655
Plant	675,151		(300,000)	1,048	10,141		-	676,199	385,292
Housing	143,775		(46,000)	223	4,319		-	143,998	102,094
Sewerage Scheme - Calingiri	49,914		-	78	1,499		-	49,992	51,413
Refuse Site	256,281			397	7,699		-	256,678	263,980
Building Maintenance	40,489		-	63	1,216		25,000	40,552	66,705
Infrastructure	54,945		-	85	1,651		40,000	55,030	96,596
Gymnasium	7,481		-	12	225		-	7,493	7,706
Sewerage Scheme - Yerecoin	21,334		-	33	641		-	21,367	21,975
Unspent Grants Reserve	756,480		(756,480)				-		-
Total	2,010,369	-	(1,102,480)	1,946	27,526	-	65,000	1,255,837	1,000,415

Objective of Reserves

In accordance with council resolutions in relation to each reserve account, the purpose for which the reserves are set aside are as follows:

Reserve Name	Term	Purpose
Long Service Leave	Ongoing	to be used to fund annual and long service leave requirements
Plant	Ongoing	to be used for the purchase of major plant
Housing	Ongoing	to be used for the procurement of staff housing
Sewerage Scheme - Calingiri	Ongoing	to be used to maintain and improve the Calingiri sewerage scheme
Refuse Site	Ongoing	to be used to fund future refuse site development
Building Maintenance	Ongoing	to be used for the long term maintenance of Shire buildings
Infrastructure	Ongoing	to be used for future infrastructure development to ensure long term Shire sustainability
Gymnasium	Ongoing	to be used for future purchases and replacement of gymnasium equipment
Sewerage Scheme - Yerecoin	Ongoing	to be used to maintain and improve the Yerecoin sewerage scheme
Unspent Grants	Ongoing	to be used in accordance with grant agreements.

SHIRE OF VICTORIA PLAINS
NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY
For the Period Ending 30 September 2023

Note 6

Disposals

Note 6a

Class of Asset & Program	Proceeds from Sale		Cost of Replacement Asset		Net Cost for Change Over	
	Actual	Budget \$	Actual	Budget \$	Actual	Budget \$
	23/24	23/24	23/24	23/24	23/24	23/24
Plant & Equipment						
Governance						
CEO's Vehicle VP0	-	70,000	-	100,000	-	30,000
DCEO's Vehicle VP00	-	40,000	-	70,000	-	30,000
Law, Order & Public Safety						
CESM Vehicle	-	28,000	-	65,000	-	37,000
Transport						
PLR10 - Bobcat T650 Track Loader	-	38,000	-	182,274	-	144,274
PTK16 - Mitsubishi Fuso 13T Tip Truck	-	30,000	-	270,000	-	240,000
PTL09 - Roadserve Series Water Tanker	-	20,000	-	45,000	-	25,000
PTL12 - Bobcat Trailer Single Axle	-	10,000	-	40,000	-	30,000
WSM Vehicle VP000	-	15,000	-	75,000	-	60,000
Totals	\$ -	\$ 251,000	\$ -	\$ 847,274	\$ -	\$ 596,274

Note 6b

Profit and Loss on Disposals for the Year 2023/24

Plant & Equipment	Proceeds from Sale		Written Down Value		Profit/(Loss) on Disposal	
	Actual	Budget \$	Actual	Budget \$	Actual	Budget \$
	23/24	(00/01)	23/24	(00/01)	23/24	(00/01)
Governance						
CEO's Vehicle VP0	-	70,000	-	27,830	-	42,170
DCEO's Vehicle VP00	-	40,000	-	31,335	-	8,665
Subtotal	-	110,000	-	59,165	-	50,835
Law, Order & Public Safety						
CESM Vehicle	-	28,000	-	56,115	-	(28,115)
Transport						
PLR10 - Bobcat T650 Track Loader	-	38,000	-	30,173	-	7,827
PTK16 - Mitsubishi Fuso 13T Tip Truck	-	30,000	-	29,710	-	290
PTL09 - Roadserve Series Water Tanker	-	20,000	-	56,203	-	(36,203)
PTL12 - Bobcat Trailer Single Axle	-	10,000	-	17,786	-	(7,786)
WSM Vehicle VP000	-	15,000	-	19,921	-	(4,921)
Subtotal	-	113,000	-	153,793	-	(40,793)
Totals	-	251,000	-	269,073	-	(18,073)

SHIRE OF VICTORIA PLAINS
NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY
For the Period Ending 30 September 2023

Note 7 Acquisition/Construction of Assets

Program/Sub-program	Non-Infrastructure						Infrastructure				TOTAL	
	Land & Buildings		Plant & Equipment		Furniture & Equipment		Roads		Other		Actual (23/24)	Budget (23/24)
	Actual (23/24)	Budget (23/24)	Actual (23/24)	Budget (23/24)	Actual (23/24)	Budget (23/24)	Actual (23/24)	Budget (23/24)	Actual (23/24)	Budget (23/24)		
Governance												
Chambers Furniture & Equip					7,500	12,000					7,500	12,000
Admin Vehicles				170,000							-	170,000
Law, Order & Public Safety												
CESM Vehicle				65,000							-	65,000
Fire Fighting Units x 2				10,000							-	10,000
Animal Pound / Shelter						35,000					-	35,000
Housing												
12 Harrington Bathroom Renovations		10,000									-	10,000
15 Lambert - Flooring		7,000									-	7,000
Staff Housing Fencing		30,000									-	30,000
Retaining Wall - U1 & 2 Calingiri		40,000									-	40,000
Community Amenities												
E-Waste Transfer Station										246,260	-	246,260
Recreation and Culture												
Oval Pump Shed	3,641	10,000									3,641	10,000
Oval Pump System				65,000							-	65,000
Mogumber Toilets								1,614	6,788	1,614	6,788	
Mogumber Hall Roof		120,000									-	120,000
Transport												
Water Tanker			43,900	45,000							43,900	45,000
9T Tip Truck - VP42				270,000							-	270,000
Prime Mover Float Refurbishment				40,000							-	40,000
WSM Vehicle				75,000							-	75,000
Bobcat / Forest Mulcher				182,274							-	182,274
Tag Trailer				40,000							-	40,000
Tractor Slasher			7,200	10,000							7,200	10,000
Roller Padfoot Shells				6,000						-	-	6,000
Depot Office Renovations	3,641	10,000									3,641	10,000
Infrastructure - Roads Council Funded												
Bolgart Kerbing								20,000			-	20,000
Footpaths								20,000			-	20,000

SHIRE OF VICTORIA PLAINS
NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY
For the Period Ending 30 September 2023

Note 7 Acquisition/Construction of Assets

Program/Sub-program	Non-Infrastructure						Infrastructure				TOTAL	
	Land & Buildings		Plant & Equipment		Furniture & Equipment		Roads		Other		Actual (23/24)	Budget (23/24)
	Actual (23/24)	Budget (23/24)	Actual (23/24)	Budget (23/24)	Actual (23/24)	Budget (23/24)	Actual (23/24)	Budget (23/24)	Actual (23/24)	Budget (23/24)		
Infrastructure - R2R												
Mogumber-Yarawindah Road #5							344,545				-	344,545
Old Telegraph Road						47,106	185,085				47,106	185,085
Boundary Road											-	-
MRWA / AGLIME (CBH)												
Calingiri - New Norcia Road							556,974				-	556,974
Calingiri - New Norcia Road						13,679	1,020,991				13,679	1,020,991
Toodyay - Bindi Bindi Rd Nth (RRG)							837,901				-	837,901
Toodyay - Bindi Bindi Rd Nth Reseal (RRG)							86,013				-	86,013
Wongan, Calingiri- Carami East Road (BS)						37,850	305,700				37,850	305,700
WSFN												
Mogumber-Yarawindah WSFN #5						20,213	1,024,167				20,213	1,024,167
Mogumber-Yarawindah Rd - (C/Fwd)						1,024	1,952,454				1,024	1,952,454
Calingiri-New Norcia Rd						1,391	200,000				1,391	200,000
Roadworks - LRCIP Ph 4												
Mogumber-Yarawindah						8,167	381,412				8,167	381,412
Signage						9,899	19,104				9,899	19,104
Culverts						277	15,279				277	15,279
Bolgart Bridge						-	11,148				-	11,148
LRCIP- Ph 4B Supplementary												
Piawan Wadd Road						942	86,662				942	86,662
Gillingarra-Glentromie Rd						487	41,365				487	41,365
Gillingarra-New Norcia Rd							67,255				-	67,255
Goomalling - New Norcia Rd							24,725				-	24,725
Economic Services												
RV Dump Point - Bolgart										10,000	-	10,000
Piawaning Desalination Bore / Plant										128,095	-	128,095
Bolgart Caravan Park Toilet Block								43,803	34,860	43,803	34,860	
Other Property & Services												
											-	-
Totals	7,282	227,000	51,100	978,274	7,500	47,000	141,035	7,200,780	45,417	426,003	252,334	8,879,057
	TOTAL NON-INFRASTRUCTURE		\$ 65,882	\$ 1,252,274	TOTAL INFRASTRUCTURE		\$ 186,452	\$ 7,626,783				

SHIRE OF VICTORIA PLAINS
NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY
For the Period Ending 30 September 2023

Note 8

Loan Funding

Loan Details No.	Amount Outstanding 1.7.23	Interest Repayments		Principal Repayments		Principal Outstanding 30.09.23
		Actual 23/24	Budget 23/24	Actual 23/24	Budget 23/24	
Self Supporting Loans						
83 Calingiri Football Club	142,378	7,633	7,203	-	21,598	142,378
Other Loans						
84 Piawaning Water Supply	66,231	825	1,536	9,114	18,341	57,117
85 Grader and Roller	140,885	-	1,109	-	39,828	140,885
87 Plant Replacement	1,500,000	9,167	60,663	93,358	188,664	1,406,642
Total	1,849,494	17,625	70,511	102,472	268,431	1,747,022

Current Loan Liability	268,431	165,959
Non-Current Loan Liability	1,581,063	1,581,063
Total Loan Liability	1,849,494	1,747,022

PUBLIC AUDIT ATTACHMENTS

SHIRE OF VICTORIA PLAINS
NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY
For the Period Ending 30 September 2023

Note 9
Restricted Funding

Note 9a - Reconciled to Bank Account

REFERENCE	JOB No.	ACCOUNT NAME	DESCRIPTION	PROJECT ALLOCATION		PROJECT FUNDING		RECEIPTS	COSTS	TRANSFERRED FROM R.A.	BALANCE	
				1/07/2023		1/07/2023					30/08/2023	CASH BACKED
21117030	SFN006	WSFN	Mogumber - Yarawindah Road	\$ 1,744,545	\$ 1,628,242	\$ 651,299		\$ 152,900	\$ 498,399	\$ 345,499		
	SFN005	WSFN	Mogumber - Yarawindah Road (C/F)	\$ 1,578,437	\$ 883,925	\$ -		\$ 152,900	\$ (152,900)	\$ -		
30001985	SFN007	WSFN	Geotechnical Investigation	\$ 200,000	\$ 186,667	\$ 74,667		\$ -	\$ 74,667	\$ 74,667		
	AG0001	AGLIME / CBH	Calingiri-New Norcia Rd & Toodyay-Bindi Bindi Rd Intersection					\$ 103,790	\$ (103,790)	\$ -		
	R2R	Roads to Recovery	Various Road Construction	\$ 344,594	\$ 344,594	\$ 344,594		\$ 156,412	\$ 188,182	\$ 84,392		
21116497	BS0127	MRWA	Blackspot - Wongan Hills - Calingiri Rd	\$ 305,700	\$ 203,800	\$ 81,520		\$ -	\$ 81,520	\$ 81,520		
	LRCI	LRCI	LRCI Ph3	\$ 762,824	\$ 381,412	\$ 305,130		\$ 138,611	\$ 166,519	\$ 166,519		
			Interest (Net)			\$ 9,483		\$ -	\$ 9,483	\$ 9,483		
TOTAL				\$ 4,936,100	\$ 3,628,640	\$ 1,466,693	\$ -	\$ 704,613	\$ 762,080	\$ 762,080		

Bank Account \$ 762,080
\$ -
\$ -

Note 9b - Actual Allocations

REFERENCE	JOB No.	ACCOUNT NAME	DESCRIPTION	PROJECT ALLOCATION		PROJECT FUNDING		RECEIPTS	COSTS	TRANSFERRED FROM R.A.	BALANCE		DELTA	Notes
				1/07/2023		1/07/2023					30/09/2023	CASH BACKED		
21117030	SFN006	WSFN	Mogumber - Yarawindah Road	\$ 1,744,545	\$ 1,628,242	\$ 651,299	\$ 141,162	\$ 152,900	\$ 510,137	\$ 345,499	\$ (164,638)		Overclaimed but offset below two	
	SFN005	WSFN	Mogumber - Yarawindah Road (C/F)	\$ 1,578,437	\$ 883,925	\$ -	\$ 144,056	\$ 152,900	\$ (144,056)	\$ -	\$ 144,056		Claim needs to be triggered	
30001985	SFN007	WSFN	Geotechnical Investigation	\$ 200,000	\$ 186,667	\$ 74,667	\$ 16,974	\$ -	\$ 57,693	\$ 74,667	\$ 16,974		Claim needs to be triggered	
	AG0001	AGLIME / CBH	Calingiri-New Norcia Rd & Toodyay-Bindi Bindi Rd Intersection				\$ 103,790	\$ 103,790	\$ (103,790)	\$ -	\$ 103,790		Claim needs to be triggered	
	R2R	Roads to Recovery	Various Road Construction	\$ 344,594	\$ 344,594	\$ 439,117	\$ 159,529	\$ 156,412	\$ 279,588	\$ 244,344	\$ (35,244)		Overclaimed but offset below two	
21116497	BS0127	MRWA	Blackspot - Wongan Hills - Calingiri Rd	\$ 305,700	\$ 203,800	\$ 81,520	\$ -	\$ -	\$ 81,520	\$ 81,520	\$ -			
	LRCI	LRCI	LRCI Ph3	\$ 762,824	\$ 686,542	\$ 686,542	\$ 679,975	\$ 138,611	\$ 6,567	\$ 6,567	\$ -			
			Interest (Net)			\$ 9,483	\$ -	\$ -	\$ 9,483	\$ 9,483	\$ -			
TOTAL				\$ 4,936,100	\$ 3,933,770	\$ 1,942,628	\$ 1,245,486	\$ 704,613	\$ 697,142	\$ 762,080	\$ 64,938			

Bank Account \$ 762,080
Check \$ 697,142 \$ 64,938 Under / (Over claimed)

SHIRE OF VICTORIA PLAINS
NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY
For the Period Ending 30 September 2023

Note 10

Capital Grants, Subsidies and Contributions

	Annual Budget	YTD Revenue Actual	Variance YTD vs Actual
	\$	\$	\$
Law, Order and Public Safety			
Animal Shelter	35,000	-	-
Mitigation Activity Fund	250,000		
Community Amentities			
E-Waste Infrastructure Grant	230,795	-	-
Economic Services			
Piawaning Desalination Bore/Plant Grant	112,084	-	-
Transport			
Govt Grant - Regional Roads	615,943	-	-
Govt Grant - Blackspot	285,320	-	-
Govt Grant - R2R	624,422	-	-
AG Lime Route 2 - Other Contributions, E.G. CBH	1,020,991	-	-
R4R CLGF Grants - Road Projects	556,974	-	-
Grant - Local Rural and Community Infrastructure Program(LRCIP)	691,985	26,024	3,976
WSFN Funding	3,714,216	-	-
NDRR Grant- Skidsteer	91,137	-	-
TOTAL	8,228,867	26,024	3,976

Supplementary Information on Grants and Contributions

	Annual Budget	YTD Revenue Actual
	\$	\$
Community Development		
<i>Successful Funding Grant Applications</i>	30,000	
SLWA -Bolgart Library Laptop		2,731
Childrens Week Fuel To Go & Play (Teddy Bears Picnic)		1,000
Holyoake - Christmas in July		4,000
Regional Mens Health - Sundowner Calingiri		300
TOTAL	30,000	8,031

SHIRE OF VICTORIA PLAINS
NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY
For the Period Ending 30 September 2023
Note 11
Local Roads and Community Infrastructure

Local Roads and Community Infrastructure - MONTHLY REPORT										Funding Allocation
										Owns Source Expenditure
30/09/2023										
Council: Shire of Victoria Plains		Phase: 4 and 4B		Total LRCI funding already received:						
Approved Projects (Project Name in order listed on Approved Work Schedule)	Total Project Cost (\$)	Approved LRCI Funding Contribution (\$)	LRCI Funding Actual Expenditure (\$)	Total Actual Expenditure	23-24 Expenditure	SOVP own source	Construction Start Date (MM/YY)	Construction Completion Date (MM/YY)	Project status (all projects must be completed prior to lodging a final report)	
1 Mogumber-Yarawindah Rd	\$ 381,412	\$ 381,412	\$ -	\$ -		\$ -	Oct-23	Nov-23	Under construction	
1 Piawanning – Waddington Rd	\$ 86,662	\$ 86,662				\$ -	Nov-23	Dec-23	not started	
2 Gillingarra-Glentromie Rd	\$ 41,365	\$ 41,365		\$ -		\$ -	Nov-23	Dec-23	not started	
3 Gillingarra-New Norcia Rd	\$ 67,255	\$ 67,255		\$ -		\$ -	Nov-23	Dec-23	not started	
4 Goomalling - New Norcia Rd	\$ 24,725	\$ 24,725		\$ -		\$ -	Nov-23	Dec-23	not started	
TOTAL	\$ 601,419	\$ 601,419	\$ -	\$ -		\$ -				
Council: Shire of Victoria Plains		Phase: 3		Total LRCI funding already received:						
2 Bolgart Toilet Block	\$ 222,714	\$ 222,714	\$ 222,714	\$ 231,657	\$ 43,803	-\$ 8,943	Nov-22	Nov-23	Under construction	
3 Community Signage	\$ 42,458	\$ 42,458	\$ 30,795	\$ 30,794	\$ 9,899		Apr-23	Nov-23	Under construction	
4 Culvert Program	\$ 100,000	\$ 100,000	\$ 84,998	\$ 84,998	\$ 277		Nov-22	Nov-23	Under construction	
5 Repair Bolgart Bridge	\$ 45,000	\$ 45,000	\$ 33,852	\$ 33,852			Nov-22	Nov-23	Under construction	
TOTAL	\$ 410,172	\$ 410,172	\$ 372,359	\$ 381,301	\$ 53,979	-\$ 8,943				
Council: Shire of Victoria Plains		Phase: 2		Total LRCI funding already received:						
2 Mogumber Toilet	\$ 12,000	\$ 5,000	\$ 5,000	\$ 6,826	\$ 1,614		Oct-22	Nov-23	Under construction	
Council: Shire of Victoria Plains		Phase: 1		Total LRCI funding already received:						
10 Standpipe Relocation	\$ 16,000	\$ 14,842			\$ 4,676		Jul-23	Nov-23	Under construction	

SHIRE OF VICTORIA PLAINS
NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY
For the Period Ending 30 September 2023

Note 12

Explanation of Material Variances

Variances which have exceeded the thresholds are listed below by Program. Significant variances within the Program are listed underneath it by Nature or Type.

The material variance adopted by Council for the 2023/24 year is \$10,000 and 10%.

Nature or Type Operating Revenues	Var	Var	Timing /	Explanation of Variance
	\$	%	Permanent	
Grants, Subsidies and Contributions	(81,254)	(24%)	▼ Permanent	FAGS received last FY but budgeted for in 23-24. This has created a greater than expected carried forward figure, offset by over estimated revenue in 23-24 requiring a budget adjustment.
Interest Earnings	10,161	80%	▲ Timing	Conservative budget estimate with revenue a function of interest rates on offer which have been higher than expected and relatively volatile. Funds also placed in term deposits which was not extensive in 22-23.
Other Revenue	11,293	177%	▲ Permanent	Insurance claims not considered in the budget estimates, some carried over from 22-23

Operating Expense

Employee Costs	101,828	16%	▲ Timing	A number of static employee costs have not yet been incurred such as FBT and Workers Compensation
Materials and contracts	104,922	17%	▲ Timing	A cautious approach to the beginning of the first quarter to ensure adequate cashflow is maintained until actual revenue is deposited into Municipal Account. There has been a small delay in some payments due to staffing issues but noting an increase in creditor payments as per accounts for payment listing.
Utility charges	(4,660)	(19%)	▼ Timing	Invoicing is not linear and includes some charges relating to 22-23
Finance Expenses	1,946	18%	▲ Timing	Accrual interest expense on loans
Other expenditure	(4,618)	(25%)	▼ Permanent	primarily due to councillor travel claims from previous FY that were not presented in a timely fashion. A budget adjustment may need to be carried out.
Infrastructure Other	(8,956)	(25%)	▼ Permanent	Additional costs incurred for the Bolgart Abolition Facility which has not been budgeted for. Some of this cost has been identified as an error (approx \$4,500) and will be confirmed.

Shire of Victoria Plains

Significant Variances to Budget

For the Period Ending 30th September 2023

Schedule	Account Description	Annual Budget	Quarterly Budget	YTD Actual	Revised Forecast	Variance
	Revised Budget Surplus / (Deficit)					890,286
<u>INCOME</u>						
3	Grants					
	Decrease in FAGS - General	301,412	75,353	7,921	31,683	(269,729)
	Decrease in FAGS - Local Roads	220,986	55,247	8,525	34,099	(186,887)
	Net Income Variations					(456,616)
<u>EXPENDITURE</u>						
4	Audit Fees	30,000	30,000	32,000	39,000	(9,000)
	Underbudget \$2,000, Audit Fees for R2R, LRCL, Pensioner Rebates					
4	Members Travel	2,000	500	2,808	4,500	(2,500)
	Travel claims from 22/23 not presented previously.					
4	Other Staff Costs	1,000	250	2,692	3,000	(2,442)
	Staff Uniforms and Medical					
4	Consultants	159,190	86,064	86,064	182,045	(22,855)
	CEO KRA, RSM, Yued People, Recreation Plan, AROC Housing Development					
5	Ranger Services Contract	-	-	8,800	52,800	(52,800)
	In lieu of Community Safety Officer					
5	Community Safety Officer	110,532	27,633	-	57,732	52,800
	Offset by Ranger Services Contract					
9	Bolgart APU	250	250	4,402	4,652	(4,402)
	Unit 2 Fence repair					
9	Bolgart APU	250	250	1,292	1,542	(1,292)
	Sensor lights installed					
4	Gillingarra Hall	2,000	2,000	4,503	4,503	(2,503)
	HWS Replacement, septic tank pump out, leaking toilet					
9	APU - Materials	5,230	1,308	4,315	7,730	(2,500)
	Air Conditioning and HWS replacement					
	Net Expenditure Variations					(47,494)

Shire of Victoria Plains
Significant Variances to Budget
 For the Period Ending 30th September 2023

Schedule	Account Description	Annual Budget	Quarterly Budget	YTD Actual	Revised Forecast	Variance
CAPITAL						
	Council Boardroom Table	12,000	12,000	7,500	15,800	(3,800)
	Bolgart Ablution Block	34,860	34,860	43,803	43,968	(9,108)
	Boundary Rd	185,085	47,106	47,106	164,567	20,518
	Telegraph Road	-	-	-	20,518	(20,518)
	Net Capital Variations					(12,908)
	Revised Surplus / (Deficit)					373,268

PUBLIC AUDIT ATTACHMENTS