

ANNUAL REPORT

2021/2022



SHIRE OF
Chapman Valley
love the rural life!

TABLE OF CONTENTS

Table of Contents

| | |
|--|----|
| PRESIDENTS ANNUAL REPORT TO ELECTORS | 4 |
| YOUR COUNCIL | 6 |
| STATUTORY STATEMENTS | 13 |
| INTEGRATED PLANNING | 17 |
| CHIEF EXECUTIVE OFFICERS REPORT..... | 20 |
| ANNUAL FINANCIAL REPORTS | 22 |



We would like to acknowledge the traditional owners of the land we meet on, the Naaguja people, and we pay our respects to elders both past, present and emerging .



PRESIDENTS ANNUAL REPORT TO ELECTORS



2021-2022 was a year of transition, and opportunity at a time when COVID 19 and cyclone recovery continued to occupy time and resources of the Shire of Chapman Valley.

The Shire welcomed CEO Jamie Criddle and bid farewell to long term CEO Maurice Battilana. Both gentlemen have had a significant and positive affect on the Shire, and I thank them for their guidance and leadership during the 2021-2022 financial year.

The Strategic Community Plan was finalised with a renewed focus on longer term economic growth, social connectedness, whilst maintaining physical assets to a standard accustomed to ratepayers. Quarter three and four of 2021-2022 was impacted by an inflationary economy, and significant supply chain disruptions. Despite this we endeavoured to remain dedicated to ongoing and aligned effort in maintaining and improving assets and infrastructure appropriately to meet the needs of our diverse communities, as well as seeking opportunities to enhance lifestyle and community wellbeing.

During the 2021-2022 financial year the Shire of Chapman Valley received Federal Local Recovery Community Program funding v2.0, directing these grant funds towards a mix of asset maintenance for existing infrastructure and the development of new community infrastructure.

The state government regional roads grant funds continue to support the Shire in completing significant road construction works to a quality standard.

In October 2021, the local government elections resulted in the change to the makeup of Council. We would like to take this opportunity to thank outgoing Councillors Ian Maluish, and immediate past President Anthony Farrell for their leadership, commitment, and contributions to the Shire of Chapman Valley during 2021-2022 and beyond. Additionally, we welcome new Councillors Elizabeth Elliott Lockhart, and Catherine Lowe.

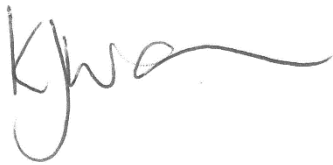
Achieving success of identified aspirations relies on continued collaboration, and working closely with the community, local businesses, regional bodies, other local government authorities, State and Federal Governments, as well as the private sector. We thank our partners for their support during the 2021-2022 year.

I personally wish to thank the community for the ongoing support and commitment to helping and volunteering across our communities. I see, hear, and sometimes have the pleasure of working

alongside you in the wonderful work achieved through many hours of volunteer time. Our Shire simply is a magical place because of you, and all you do for our communities. Thank you!

A genuine vote of thanks to staff and members of the Audit and Risk Management Committee involved in achieving a fine audit result.

And to all our residents, please continue to love the rural life, and champion our vision of a thriving community, making the most of our coastline, ranges, and rural settings to support us to grow and prosper.

A handwritten signature in black ink, appearing to read 'K. Warr', with a long, sweeping horizontal line extending to the right.

Kirrilee Warr
Shire President



YOUR COUNCIL

COUNCIL ELECTIONS

Councillors are elected for four-year terms with Council elections held every two years on the third Saturday in October.

The Shire of Chapman Valley 2021 elections were held on Saturday 16 October 2021 with 5 positions vacant.

Councillors Nicole Batten, Kirrilee Warr, Liz Elliot-Lockhart and Darrell Forth were re-elected and Councillor Katie Low was appointed by Council as a new member following no nominations at an extraordinary election. returning candidates will hold office until October 2025 with Cr Low holding office until 2023.

The next Council elections will be held on 21 October 2023.

| Elected Member | Gender | Linguistic background | Country of Birth | Aboriginal or Torres Strait Islander |
|----------------------|--------|-----------------------|------------------|--------------------------------------|
| Kirrilee Warr | F | Unknown | Unknown | Unknown |
| Darrell Forth | M | Unknown | Unknown | Unknown |
| Nicole Batten | F | Unknown | Unknown | Unknown |
| Beverley Davidson | F | Unknown | Unknown | Unknown |
| Peter Humphrey | M | Unknown | Unknown | Unknown |
| Trevor Royce | M | Unknown | Unknown | Unknown |
| Liz Elliott-Lockhart | F | Unknown | Unknown | Unknown |
| Catherine Low | F | Unknown | Unknown | Unknown |

| Members Age Range | Between 18-24 | Between 25-34 | Between 34-44 | Between 45-54 | Between 55-64 | Over 64 |
|-------------------|---------------|---------------|---------------|---------------|---------------|---------|
| | | | 2 | | 3 | 3 |

ELECTED MEMBER TRAINING & ATTENDANCE

| Council Member | Understanding Local Government | Serving On Council | Meeting Procedures | Conflicts Of Interest | Understanding Financial Reports & Budgets |
|----------------------|--------------------------------|--------------------|--------------------|-----------------------|---|
| Kirrilee Warr | Completed | Completed | Completed | Completed | Completed |
| Darrell Forth | Completed | Completed | | | |
| Nicole Batten | Completed | Completed | Completed | Completed | Completed |
| Beverley Davidson | Completed | Completed | Completed | Completed | Completed |
| Peter Humphrey | Completed | | Completed | Completed | |
| Trevor Royce | Completed | | Completed | Completed | |
| Liz Elliott-Lockhart | Completed | Completed | Completed | Completed | Completed |
| Katie Low | | | | | |

Ordinary Council Meetings are generally held on the third Thursday of each month (except January) in the Council Chambers at the Shire administration office, 3270 Chapman Valley Road, Nabawa from 8:30am. August meetings are held at the Bill Hemsley Community Centre, Redcliffe Concourse, White Peak. All meetings are open to the public.

| Council Member | Ordinary Council Meetings (11) | Special Council Meetings | Apologies | Leave of Absence |
|----------------------|--------------------------------|--------------------------|-----------|------------------|
| Kirrilee Warr | 10 | 1 | Nil | 1 |
| Darrell Forth | 11 | 1 | Nil | Nil |
| Nicole Batten | 11 | 1 | Nil | Nil |
| Beverley Davidson | 10 | 1 | 1 | Nil |
| Peter Humphrey | 11 | 1 | Nil | Nil |
| Trevor Royce | 10 | 1 | 1 | Nil |
| Liz Elliott-Lockhart | 8 | Nil | Nil | Nil |
| Catherine Low | 6 | Nil | Nil | Nil |

Minutes of the meetings are available on the Shire's website.

ANNUAL MEETING OF ELECTORS

An Annual Meeting of Electors is held each financial year in accordance with Part 3 of the Local Government (Administration) Regulations 1996 and the Local Government Act 1995 Part 5, Division 2, Subdivision 4, section 5.27. The purpose of the meeting is to, firstly, present the Annual Report (including the Auditor's Report) to electors, and then to discuss any other general business. Under section 5.33, all decisions made at an elector's meeting are to be considered at the next ordinary meeting of Council.

The Annual Meeting of Electors for this year will be held on 6th February 2023 at the Council Chambers 3270 Chapman Valley Road, Nabawa.

COUNCIL DELEGATES TO COMMITTEES

Council (Min Ref 10/21-01 & 12/21-07) endorsed & reviewed the following representatives on the internal Committees established in accordance with the *Local Government Act, 1995, Section 5.9(2)(a)*:

| Council Committees - Council Members Only – Local Government Act 1995 – Section 5.9(2)(a) (ABSOLUTE MAJORITY REQUIRED FOR COMMITTEE APPOINTMENTS) (Must be 3 or More Representatives) | | |
|---|--|--|
| | Purpose/Delegations | Representatives |
| Building & Disability Services Committee | Purpose: Will meet at least annually to inspect all Shire Buildings/Properties and then subsequently to: ~ Review preliminary costings for proposed works for consideration in draft Council Budget. ~ Review the Capital & Building Works Program. ~ Disability Access & Inclusion Plan; and ~ Any other building/property items referred to the Committee by Council. Delegation – Nil | <u>4 x Councillors</u> <ul style="list-style-type: none"> • Cr Elliott-Lockhart • Cr Humphrey • Cr Batten • Cr Forth <u>Observers:</u> ~ CEO ~ Building Surveyor |
| Finance Audit & Risk | Purpose: To provide a review of Council's ongoing financial situation, provide a forum for ongoing review of strategic | <u>4 x Councillors</u> <ul style="list-style-type: none"> • Cr Warr • Cr Forth |

| | | |
|--------------------------------------|---|---|
| Management Committee | <p>management plan for Council operations and discuss the Audit System.</p> <p>Delegation – Nil</p> | <ul style="list-style-type: none"> • Cr Davidson • Cr Batten • Grant Middleton CPA (External, Independent Member) <p><u>Observers:</u></p> <ul style="list-style-type: none"> ~ CEO ~ Manager Finance & Corporate Services |
| Road Infrastructure Committee | <p>Purpose: Undertake an annual review the following:</p> <ul style="list-style-type: none"> ~ Road Works Program. ~ Road Hierarchy. ~ Heavy Haulage Vehicle Permit Roads; and ~ Any other works infrastructure item referred to the Committee by Council. ~ Review the plant replacement program <p>Delegation – Nil</p> | <ul style="list-style-type: none"> • All Councillors <p><u>Observers:</u></p> <ul style="list-style-type: none"> ~ CEO ~ Manager Works & Services ~ Deputy CEO ~ Works Leading Hand |



Council (Min Ref 10/21-01 & 12/21-07) endorsed & reviewed the following representatives on internal Working/Advisory/Steering Groups and external organisations:

| Representation on Internal Groups - Working, Advisory, Steering, etc. (SIMPLE MAJORITY REQUIRED) (Numbers not legislated) | | |
|--|--|---|
| Bush Fire Brigades Group Management Advisory Committee | Purpose: Meet at least annually to: ~ Elect Office Bearers. ~ Review previous year fire season. ~ Review the Shire’s Fire Notice. ~ Liaise with external organisations (e.g. DFES, DBCA); ~ Review the DFES Capital & Operational Grants. ~ Any other bush fire related items referred to the Committee by Council. Delegation – Nil | <u>President (Presiding Member) and 2 x Councillor</u> <ul style="list-style-type: none"> • Cr Warr (President) • Cr Royce • Cr Humphrey ~ CBFCO ~ DCBFCO ~ All Brigade FCOs ~ Chief Executive Officer ~ Senior Ranger <u>Observers</u> 1 x DFES Rep. <u>Proxy Councillor Rep</u> Cr Elliott-Lockhart (Proxy) |
| Batavia Local Emergency Management Committee (BLEMC) | Purpose: Meet as required in accordance with legislation and Council endorsed Local Emergency Management Arrangements (LEMA) to: ~ Review the LEMA & Recovery Plan. ~ Implement Emergency Exercises as required. ~ Any other emergency management related items referred to the Committee by Council. Delegation – Nil | <u>2 x Councillor</u> <ul style="list-style-type: none"> • Cr Davidson • Cr Humphrey ~ Chief Executive Officer; |
| Community Growth Fund Advisory Group | Purpose: Evaluate application received for funding under the Shire of Chapman Valley Community Growth Fund program in accordance with guideline, policies and procedures set by Council and make recommendations to Council to allocate funds Delegation – Nil | <u>President (Presiding Member) & 3 x Councillors (Members)</u> <ul style="list-style-type: none"> • Cr Warr (President) • Cr Davidson • Cr Low • Cr Royce ~ Chief Executive Officer ~ Manager Finance & Corp Svc ~ Community Development Officer |

| | | |
|--|--|--|
| Tourism & Events Advisory Group | <p>Purpose: Will meet on an 'as needs' basis only to:</p> <ul style="list-style-type: none"> ~ Evaluate annual Australia Day Award Nominations and submitting these to Council in readiness for presenting the awards at the Shire's annual Australia Day Function. ~ Assist with coordinating the annual Australia Day function(s); ~ Discuss all other item(s) in the areas of tourism and events. ~ Liaise with external organisations <p>Delegation – Nil</p> | <p><u>3 x Councillors</u></p> <ul style="list-style-type: none"> • Cr Batten • Cr Elliott-Lockhart • Cr Forth <ul style="list-style-type: none"> ~ CEO ~ Deputy CEO ~ Comm. Development Officer ~ Up to 2 x Community Representatives for Australia Day award nominations (recommend past winner as one rep.) |
| Coronation Beach Masterplan Steering Group | <p>Purpose: To review the Coronation Beach Masterplan.</p> <p>Delegation – Nil</p> | <p><u>1x Councillor</u></p> <ul style="list-style-type: none"> • Cr Forth (Chairperson) <ul style="list-style-type: none"> ~ DCEO ~ Department of Sport & Recreations ~ Neighbouring Landowners ~ Community / User Group Representatives |
| Strategic Community Plan Review Working Group | <p>Purpose: To work with the external consultant (LG People) to undertake the full review of the Shire's Strategic Community Plan and present a Draft Plan to Council for consideration and adoption.</p> <p>Delegation – Nil</p> | <ul style="list-style-type: none"> • Shire President • Cr Elliott-Lockhart • Cr Humphrey <ul style="list-style-type: none"> ~ Chief Executive Officer ~ Deputy Chief Executive Officer ~ Manager Finance & Corporate Services ~ Consultant - Marg Hemsley, LG People (non-voting) |
| Representatives on External Organisations (SIMPLE MAJORITY REQUIRED) (Numbers pre-determined) | | |
| Northern Country Zone (WALGA) | <p>Purpose: As determined by lead agency/organisation.</p> <p>Delegation – Nil</p> | <p><u>2 x Councillors</u></p> <ul style="list-style-type: none"> • Cr Warr • Cr Forth <ul style="list-style-type: none"> ~ Chief Executive Officer <p>(To act as Proxy in absence of Elected Members not attending)</p> |
| Sub-Regional Road Group Committee | <p>Purpose: As determined by lead agency/organisation.</p> <p>Delegation – Nil</p> | <p><u>2 x Councillors</u></p> <ul style="list-style-type: none"> • Cr Royce • Cr Warr |

| | | |
|---|---|---|
| | | <ul style="list-style-type: none"> ~ Chief Executive Officer ~ Manager Works & Services |
| Chapman Valley Agricultural Society | <p>Purpose: As determined by lead agency/organisation.</p> <p>Delegation – Nil</p> | <p><u>1 x Councillor</u></p> <ul style="list-style-type: none"> • Cr Forth <p><u>1 x Proxy</u></p> <ul style="list-style-type: none"> ~ Cr Davidson |
| Mid West Development Assessment Panel (DAP) | <p>Purpose: As determined by lead agency/organisation.</p> <p>Delegation – Nil</p> <p>Note: Mandatory training must be undertaken prior to serving on panel.</p> | <p><u>2 x Councillors (Members)</u></p> <ul style="list-style-type: none"> • Cr Humphrey • Cr Davidson <p><u>2 x Councillors (Proxies)</u></p> <ul style="list-style-type: none"> ~ Cr Batten ~ Cr Warr |
| Moresby Range Conservation Park Visitor Plan Steering Group | <p>Purpose: As determined by lead agency/organisation.</p> <p>Delegation – Nil</p> | <p><u>1 x Councillors</u></p> <ul style="list-style-type: none"> • Cr Batten <ul style="list-style-type: none"> ~ Chief Executive Officer ~ Deputy Chief Executive Officer <p><u>1 x Proxy Councillor</u></p> <ul style="list-style-type: none"> ~ Cr Low |
| Chapman Valley Northampton Local Recovery Coordination Group | <p>Purpose:</p> <ol style="list-style-type: none"> 1. Inform the stakeholder engagement process for the development of the Regional Drought Resilience Plan: Midwest Region; 2. Review and advise on content of the Regional Drought Resilience Plan: Midwest Region, including the regional Drought Vulnerability Assessment, with a view to informing drought resilience investment in the region; 3. Provide a technical review and assessment of community drought resilience priorities and project ideas arising from the stakeholder engagement process; and 4. Advise on new and emerging information relevant to the Regional Drought Resilience Plan: Midwest Region. | <p><u>1 x Councillors</u></p> <ul style="list-style-type: none"> • Cr Warr <ul style="list-style-type: none"> ~ Chief Executive Officer <p><u>1 x Proxy Councillor</u></p> <ul style="list-style-type: none"> ~ Cr Royce (Proxy) |

| | | |
|---|--|---|
| Strategic Community Plan Working Group | Purpose: To work with the external consultant (LG People) to undertake the full review of the Shire’s Strategic Community Plan and present a Draft Plan to Council for consideration and adoption | <ul style="list-style-type: none"> • Shire President • Councillor Elliott-Lockhart • Councillor Humphrey • Chief Executive Officer • Deputy Chief Executive Officer • Manager Finance & Corporate Services • Consultant - Marg Hemsley, LG People (non-voting) |
|---|--|---|

COUNCILLOR EXPENSES

It is important that Councillors can carry out their role without being unduly financially disadvantaged. The Shire’s Councillor Allowances, Expenses and Recognition policy outlines what support will be provided by the Shire taking into account the responsibilities and commitment of serving as community representatives. The policy provides for electronic equipment, training, travel and reimbursement of expenses. Allowances, expenses and fees paid by the Shire of Chapman Valley to Councillors for the financial year are outlined below:

| Councillor | Member’s Allowance/fee | Travelling Allowance | ICT Allowances | | Total |
|----------------------|------------------------|----------------------|----------------|--|----------|
| Kirrilee Warr | \$17,535 | \$50 | \$500 | | \$18,085 |
| Darrell Forth | \$11,285 | \$50 | \$500 | | \$11,835 |
| Nicole Batten | \$9,410 | \$50 | \$500 | | \$9,960 |
| Beverley Davidson | \$9,410 | \$50 | \$500 | | \$9,960 |
| Peter Humphrey | \$9,410 | \$50 | \$500 | | \$9,960 |
| Trevor Royce | \$9,410 | \$50 | \$500 | | \$9,960 |
| Liz Elliott-Lockhart | \$7,058 | \$38 | \$375 | | \$7,470 |
| Catherine Low | \$5,097 | \$27 | \$271 | | \$5,395 |

*ICT = Information and communications technology, also referred to as telecommunications allowance

COMPLAINTS

No complaints were made against Councillors under Section 5.121 of the Local Government Act 1995 during the year-ended 30th June 2022.



STATUTORY STATEMENTS

PUBLIC INTEREST DISCLOSURES (PIDs)

The Public Interest Disclosure Act was established by the Commissioner for Public Sector Standards under Section 20 of the Public Interest Disclosure Act 2003. One of the principles of the legislation is not just to provide protection to those who make disclosures (and those who are the subject of disclosures) but also to encourage a system of transparency and accountability in the way government or government officials act and utilise public monies.

Matters that fall into the category of Public Interest include:

- Improper Conduct (irregular or unauthorised use of public resources)
- An offence under State Law including corruption (substantial unauthorised or irregular use of, or substantial mismanagement of, public resources).
- Administration matters generally (conduct involving a substantial risk of injury to public health, prejudice to public safety or harm to the environment).

Matters that relate to the Shire of Chapman Valley should be referred to the Shire's Public Interest Disclosure Officer (PID Officer). Disclosures made can be made not just about officers of a local authority but also about its elected members.

There is an obligation on the PID Officer in the Public Interest Disclosure Act to ensure that the disclosure is confidential and that the person making a disclosure is provided adequate protection from reprisals, civil and criminal liability, dismissal or breach of confidentiality.

The Shire of Chapman Valley had no public interest disclosures during the year-ended 30th June 2022.

NATIONAL COMPETITION POLICY (NCP)

The Competition Principles Agreement (CPA) is a contractual agreement between Federal Government and all State and Territory Governments which aims to ensure that all public enterprises operate in a transparent manner in the best interests of the public. Under the CPA, public enterprises are required to review their operations to ensure they have no competitive advantage or disadvantage as a result of their public status.

COMPETITIVE NEUTRALITY

The principle of competitive neutrality is that government businesses should not enjoy a competitive advantage, or suffer a disadvantage, simply as a result of their public sector ownership. Measures should be introduced to effectively neutralize any net competitive advantage flowing from government ownership.

Competitive neutrality should apply to all business activities that generate a user pays income of over \$200,000 per annum, unless it can be shown it is not in the public interest. A public benefit test is used to determine if competitive neutrality is in the public interest. This involves assessing the benefits of implementing competitive neutrality against the costs. If the benefits exceed the costs, competitive neutrality should be implemented.

The Shire of Chapman Valley does not control any business activity with a user pays income in excess of \$200,000 in 2021/2022.

FREEDOM OF INFORMATION (FOI)

The Shire of Chapman Valley is subject to the provisions of the Freedom of Information Act 1992, which gives individuals and organisations a general right of access to information held by the Shire. The Act also provides the right of appeal in relation to decisions made by the Shire to refuse access to information applied under the Act.

- The Shire of Chapman Valley received 0 requests for information during 2021/2022.

In accordance with section 5.53 of the Local Government Act and the associated Local Government (Rules of Conduct) Regulations 2007, the complaints made against councillors for 2021/2022 were:

- Number of entries in register – Nil
- How the complaints were handled – Not applicable

RECORD KEEPING

Under the State Records Act 2000, the Shire and its employees are obliged to comply with the Shire's Record Keeping Plan. A revised plan was endorsed by the State Records Office of WA in March 2020 and remains valid.

LOCAL LAWS

The Shire currently has three (3) Local Laws:

- Standing Orders Local Law 2016
- Activities in Thoroughfares and Public Places and Trading Local Law 2016
- Dog Local Law 2016

Pursuant to section 3.16 of the Local Government Act 1995, local governments are required to commence a periodic review of local laws every eight (8) years. The next review is due in 2024.

FEDERAL GOVERNMENT FINANCIAL ASSISTANCE GRANTS

The Shire of Chapman Valley received \$1,101,912 in Financial Assistance Grants in 2021/2022. These grants contribute to annual maintenance of community infrastructure and general operations of the local government, and are a vital source of revenue to support the Shire's operations.

REGISTER OF FINANCIAL INTEREST FOR ELECTED MEMBERS AND SENIOR STAFF

In accordance with the requirements of the Local Government Act 1995, this register is held in the Shire's administration office and is available for viewing by the public.

EQUAL OPPORTUNITY

The Shire supports, and is committed to, the achievement of its diversity management and equal opportunity goals. That means the Shire is continually aiming to ensure that it provides a workplace free from all forms of discrimination, harassment and bullying and that there is equality and fairness in all aspects of employment and customer service delivery in the organisation.

Policies, practices and services are adapted to meet the needs of a diverse and evolving community and the Shire reviews and updates all relevant policies annually to ensure they align with legislative requirements and the needs of the workforce.

These policies are:

- Equal Employment Opportunity Policy
- Discrimination, Harassment and Bullying Policy

- Information and Communication Technology Use Policy

REMUNERATION

Regulation 19B(2) of Local Government (Administration) Regulations 1996 requires the Annual Report to detail the number of employees who are entitled to an annual salary of \$130,000 or more and to break those employees down into bands of \$10,000.

As at 30 June 2022, the Shire of Chapman Valley had the following:

| Salary Range | Employees |
|-----------------------|-----------|
| \$130,000 - \$139,999 | 1 |
| \$140,000 - \$149,999 | 1 |
| \$150,000 - \$159,999 | |
| \$160,000- \$169,999 | 1 |
| \$180,000 - \$189,999 | 1 |

REMUNERATION PAID OR PROVIDED TO THE CHIEF EXECUTIVE OFFICER

The Shire of Chapman Valley Chief Executive Officer was paid a total reward package of \$199,968 in the 2021/22 financial year. The Total Reward Package is comprised of Base Salary, Association Membership Fees, Personal Benefit Value of Motor Vehicle, Fringe Benefits Tax, Clothing Allowance, Superannuation and Utilities.

DISABILITY ACCESS & INCLUSION

Council is conscious of the need to provide facilities and services to residents and visitors with a range of abilities. The Disability Access and Inclusion Plan (DAIP) provides the framework to achieve this goal. The DAIP contains a number of strategies to ensure that facilities, services, events, information and employment opportunities are available to all community members – including those who may have disability.

Local Governments are required to submit an annual report to the Disability Services Commission listing any outcomes achieved during the reporting period such as: ease of access to services; built infrastructure; effective communications; quality of services; appropriate consultation; and employment.

Outcome 1 - Services and events

People with disability have the same opportunities as other people to access the services of, and participate in any events organised by, a public authority.

Outcome 2 – Buildings and other facilities

People with disability have the same opportunities as other people to access buildings and other facilities of a public authority.

Outcome 3 - Information

People with disability have the same opportunity as other people to access information in a format that will enable them to access

Outcome 4 - Level of quality of services

People with disability receive the same level of service from the employees of a public authority as other people receive from the employees of that public authority.

Outcome 5 - Complaints

People with disability have the same opportunities as other people to make complaints to a public authority.

Outcome 6 – Consultation

People with disability have the same opportunities as other people to participate in any public consultation by a public authority.

Outcome 7 - Employment

People with disability have the same opportunities as other people to obtain and maintain employment with a public authority.



INTEGRATED PLANNING



The Local Government Act requires each local government to have an Integrated Planning and Reporting Framework (IPRF), which has three levels of strategic planning, informed and supported by appropriate resourcing and asset management plans. The key components of the IPRF are:

- Strategic Community Plan (Level 1)
- Corporate Business Plan (Level 2)

The Annual Report measures our progress against priorities and aspirations that were developed in consultation with the community and documented in the Shires long term vision, the Strategic Community Plan 2022-2032.

The Shires Corporate Business Plan 2022-2027 provides clarity on the initiatives and services that the Shire is planning or implementing over the next five years, with emphasis on the delivery of the strategic priorities outlined in our Strategic Community Plan 2022-2032.

STRATEGIC COMMUNITY PLAN

Strategic Community Plan (SCP) The ten-year SCP sets out the vision and direction of the Council, which is informed by community views and aspirations. Through the five themes of:

- COMMUNITY HEALTH & LIFESTYLE;
- ECONOMY & POPULATION;
- ENVIRONMENT & SUSTAINABILITY;
- PHYSICAL & DIGITAL INFRASTRUCTURE; and

GOVERNANCE & ACCOUNTABILITY, the Council determines the strategies that will guide the next level of business planning and priorities. A copy of the most recent SCP is available on the Shires website.

These two key strategic documents are then underpinned by a number of informing documents including, but not limited to, the Long Term Financial Plan, Asset Management Plans, Workforce Plan and issues or area-specific plans (see figure 1).

CORPORATE BUSINESS PLAN

The CBP defines four years of priorities, services, projects and actions to be implemented in order to fulfil the SCP. Accompanying resourcing plans ensure funding and human resources are available as needed. A copy of the most recent CBP is available on the Shires website.

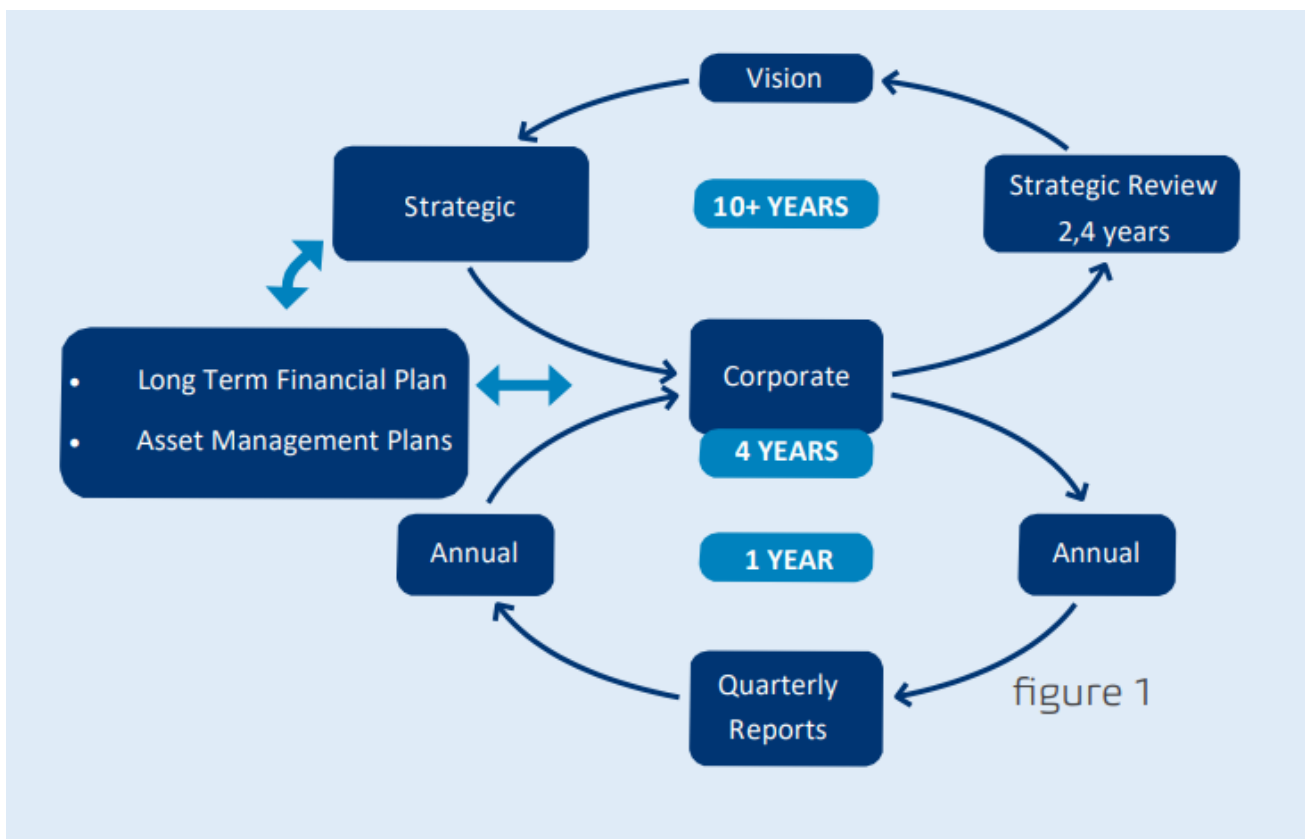
Our Vision

A thriving and diverse community, embracing our coastline, ranges and rural settings to support growth and prosperity, while enjoying our peaceful and quiet lifestyle.

Mission Statement

Our mission is to maintain and enhance sustainable growth and prosperity in accordance with the Chapman Valley traditional rural and natural values. Our main objectives are:

- To provide efficient and value for money services to the Community
- To provide services and infrastructure that will enhance the rural lifestyle of residents and ratepayers
- Support and promote sustainable growth and development
- Ensure the local environment is conserved and managed in accordance with sound environmental practices.



Strategic Community Plan 2022-2032



Snapshot

OUR VISION

"A thriving and diverse community, embracing our coastline, ranges and rural settings to support growth and prosperity, while enjoying our peaceful and quiet lifestyle."

OUR VALUES

Ethical, Honest, Integrity, Leadership, Respectful, Trustful



COMMUNITY, HEALTH & LIFESTYLE

- 1.1 Nurture the sense of community and unity across the Shire, while supporting towns and their volunteers in local issues
- 1.2 Address identified ageing population issues
- 1.3 Strengthen our role in regional partnerships and advocacy for continuity of local services/ facilities
- 1.4 Maintain and enhance safety and security in the Shire
- 1.5 Maximise health and lifestyle outcomes through environmental and public health strategies



ECONOMY & POPULATION

- 2.1 Build population and business activity through targeted strategies
Provide support for business development and local employment
- 2.2 Embrace local tourism and regional strategies and trails
- 2.3 Ensure town planning compliments economic and business development, population retention and growth strategies
- 2.4 Develop marketing plan to promote Chapman Valley as place to live, invest, work or visit



ENVIRONMENT & SUSTAINABILITY

- 3.1 Preserve and protect the natural environment and address environmental risks as they arise
- 3.2 Maintain the rural identity of the Shire
- 3.3 Build the green canopy of the Shire's town areas
- 3.4 Address weed and vermin control
- 3.5 Fire mitigation and control



PHYSICAL & DIGITAL INFRASTRUCTURE

- 4.1 Develop, manage, and maintain built infrastructure
- 4.2 Manage and maintain roads, drainage, and other essential infrastructure assets
- 4.3 Aspire to robust communication and digital infrastructure in the Shire through strong partnerships and alliances
- 4.4 Advocate for improved power networks
- 4.5 Advocate for improved water security within the Shire



GOVERNANCE & ACCOUNTABILITY

- 5.1 Ensure governance and administration systems, policies and processes are current and relevant
- 5.2 Be accountable and transparent while managing human and physical resources effectively
- 5.3 Make informed decisions within resources and areas of responsibility
- 5.4 Ensure robust processes and guidelines for development

CHIEF EXECUTIVE OFFICERS REPORT



Whilst I only commenced in the CEO role in January 2022, I am pleased to present this Report for the 2021/22 financial year in conjunction with my predecessor Maurice Battilana, and I look forward to working with our Councillors, staff and the community to realise our Shire's Vision.

2022 has afforded the shire and the community time to reflect, recover and learn from the impact of Severe Tropical Cyclone Seroja (twelve months on), live with the disruption from COVID and while this was all still front of mind, our community has continued on its recovery mission, some of which will still take some time to complete. The completion of a joint Local Recovery Operation Plan with the Shire of Northampton will help address the continued recovery work required.

A major strategic focus for Council in 2021/2022 was the planning and implementation of the Shire's Strategic Community Plan 2022- 2032. The Strategic Community Plan is our principal strategy and planning document. This means that it governs all of the work that the Shire undertakes, either through direct service delivery, partnership arrangements or advocacy on behalf of our community. The clear direction set by the Council ensures asset and service provision is focussed on meeting the requirements of our community, now and into the future.

Apart of this advocacy piece has seen the Council leadership team hit the ground running, following Seroja and the Christmas power outages, meeting with Western Power, Energy Minister, Emergency Services Minister and Commissioner, State & Federal politicians to work on solutions with stakeholders. Some of which have been implemented and the community is starting to see the benefits of this advocacy.

The condition of the Chapman Valley Road has also required continued advocacy to Main Roads locally, the Transport Ministers office and Federal politicians to push for short-, medium- and long-term funding and restoration works.

Whether it is our community's demographic or our land uses, the Shire of Chapman Valley is one of diversity. We as a whole are committed to maintaining financial sustainability and has ended the year in a sound financial position with an untied accrued surplus of \$2,188,065 with cash backed Reserves of \$1,318,066. and no outstanding loans. I am pleased to report on the following major projects undertaken in 2021-2022 that have provided new and exciting amenity to the community, based on an annual expenditure of \$5.9m

Road Works Projects - Estimated Total Expenditure for both Road Construction & Maintenance – approx. \$3.3m

| Grant Reliant Projects | | |
|---------------------------------------|--|-----------|
| Dartmoor Rd | Upgrade approx. 4.0km to 7.2m Seal | \$521,067 |
| Valentine Rd | Upgrade approx.. 3.0km to 7.2m Seal | \$487,598 |
| East Nabawa Rd (east & west sections) | Upgrade approx.. 6.0km to 7.2m Seal | \$936,202 |
| Northampton Nabawa Rd | Reconstruct Shoulders, Improve Drainage & Reseal | \$458,317 |

| | | |
|------------------------------------|--------------------------------|-----------|
| Own Resource Projects | | |
| Yuna Multipurpose Community Centre | Access Road & Carpark Upgrades | \$146,755 |
| Gravel Sheeting | Various Roads | \$339,450 |

Other Significant Budget Items

| | |
|---|-----------|
| Community Growth Fund Grants – Various Projects | \$12,000 |
| Commonwealth Government - Local Roads & Community Infrastructure Program Projects (various) | \$730,874 |
| Plant Replacement/Additions | \$684,000 |

Our Council has provided great leadership throughout this challenging year, and I sincerely thank them for the good governance they have provided to our community and their support of our staff.

Finally, thank you to our staff, who are committed to providing excellent services and facilities to the Chapman Valley community. Everything we have achieved this year is a credit to their dedication to the Shire and upholding our values.



JAMIE CRIDDLE

CHIEF EXECUTIVE OFFICER

ANNUAL FINANCIAL REPORTS

AUDITED FINANCIAL STATEMENTS

INDEPENDENT AUDIT REPORT

MANAGEMENT REPORT



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SHIRE OF CHAPMAN VALLEY
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

| | |
|---|----|
| Certification of Financial Report | 2 |
| Statement of Comprehensive Income by Nature or Type | 3 |
| Statement of Financial Position | 4 |
| Statement of Changes in Equity | 5 |
| Statement of Cash Flows | 6 |
| Rate Setting Statement | 7 |
| Index of Notes to the Financial Report | 8 |
| Independent Auditor's Report | 51 |

The Shire of Chapman Valley conducts the operations of a local government with the following community vision:

A thriving community, making the most of our coastline, ranges and rural settings to support us to grow and prosper.

Principal place of business:
3270 Chapman Valley Road
Nabawa WA 6532



SHIRE OF CHAPMAN VALLEY
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

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

Signed on the 12th day of December 2022:



Chief Executive Officer

Jameon Criddle

Name of Chief Executive Officer



Nexia Perth Audit Services Pty Ltd

SHIRE OF CHAPMAN VALLEY
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30 JUNE 2022

| | NOTE | 2022 Actual | 2022 Budget | 2021 Actual |
|---|--------------|--------------------|--------------------|--------------------|
| | | \$ | \$ | \$ |
| Revenue | | | | |
| Rates | 24(a),2(a) | 2,946,952 | 2,937,703 | 2,854,496 |
| Operating grants, subsidies and contributions | 2(a) | 2,408,298 | 2,318,366 | 2,079,750 |
| Fees and charges | 23(c),2(a) | 370,093 | 306,136 | 371,177 |
| Interest earnings | 2(b) | 20,121 | 13,475 | 16,053 |
| Other revenue | 2(a) | 46,099 | 153,380 | 36,359 |
| | | 5,791,563 | 5,729,060 | 5,357,835 |
| Expenses | | | | |
| Employee costs | | (1,802,378) | (2,246,397) | (1,745,316) |
| Materials and contracts | | (1,633,375) | (2,459,138) | (1,885,391) |
| Utility charges | | (51,750) | (59,103) | (52,741) |
| Depreciation | 10(a) | (2,089,998) | (1,938,889) | (2,051,812) |
| Finance costs | 2(c) | (2,209) | (3,336) | (3,620) |
| Insurance | | (167,721) | (184,419) | (160,363) |
| Other expenditure | 2(c) | (111,683) | (136,931) | (113,445) |
| | | (5,859,114) | (7,028,213) | (6,012,688) |
| | | (67,551) | (1,299,153) | (654,853) |
| Non-operating capital grants, subsidies & contributions | 2(a) | 1,529,197 | 1,528,260 | 1,228,260 |
| Profit on asset disposals | 10(b) | 86,856 | 60,006 | 72,554 |
| Fair value adjustments to financial assets at fair value through profit or loss | | 2,998 | 0 | 2,804 |
| | | 1,619,051 | 1,588,266 | 1,303,618 |
| Net result for the period | 23(b) | 1,551,500 | 289,113 | 648,765 |
| 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 | 1,559,722 | 0 | 0 |
| Total other comprehensive income for the period | 16 | 1,559,722 | 0 | 0 |
| Total comprehensive income for the period | | 3,111,222 | 289,113 | 648,765 |

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



SHIRE OF CHAPMAN VALLEY
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

| | NOTE | 2022 \$ | 2021 \$ |
|--------------------------------------|-------------|--------------------|--------------------|
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 3 | 4,941,705 | 3,786,799 |
| Trade and other receivables | 5 | 221,585 | 180,789 |
| Inventories | 6 | 6,767 | 5,140 |
| Other assets | 7 | 9,068 | 8,382 |
| TOTAL CURRENT ASSETS | | 5,179,125 | 3,981,110 |
| NON-CURRENT ASSETS | | | |
| Trade and other receivables | 5 | 8,342 | 4,938 |
| Other financial assets | 4(a) | 58,353 | 55,355 |
| Property, plant and equipment | 8 | 19,474,071 | 17,809,587 |
| Infrastructure | 9 | 131,112,692 | 130,237,784 |
| Right-of-use assets | 11(a) | 48,536 | 56,636 |
| TOTAL NON-CURRENT ASSETS | | 150,701,994 | 148,164,300 |
| TOTAL ASSETS | 23(d) | 155,881,119 | 152,145,410 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 12 | 1,071,338 | 855,603 |
| Other liabilities | 13 | 601,656 | 185,456 |
| Lease liabilities | 11(b),26(b) | 7,886 | 7,686 |
| Borrowings | 14,26(a) | 0 | 42,125 |
| Employee related provisions | 15 | 418,331 | 394,118 |
| TOTAL CURRENT LIABILITIES | | 2,099,211 | 1,484,988 |
| NON-CURRENT LIABILITIES | | | |
| Other liabilities | 13 | 159,515 | 159,515 |
| Lease liabilities | 11(b),26(b) | 42,608 | 50,494 |
| Employee related provisions | 15 | 34,459 | 16,310 |
| TOTAL NON-CURRENT LIABILITIES | | 236,582 | 226,319 |
| TOTAL LIABILITIES | | 2,335,793 | 1,711,307 |
| NET ASSETS | | 153,545,325 | 150,434,103 |
| EQUITY | | | |
| Retained surplus | | 34,106,388 | 32,712,467 |
| Reserve accounts | 27 | 1,318,066 | 1,160,487 |
| Revaluation surplus | 16 | 118,120,871 | 116,561,149 |
| TOTAL EQUITY | | 153,545,325 | 150,434,103 |

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



SHIRE OF CHAPMAN VALLEY
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022

| | NOTE | RETAINED SURPLUS \$ | RESERVE ACCOUNTS \$ | REVALUATION SURPLUS \$ | TOTAL EQUITY \$ |
|---|------|---------------------------|---------------------------|------------------------------|-----------------------|
| Balance as at 1 July 2020 | | 32,384,738 | 839,451 | 116,561,149 | 149,785,338 |
| Comprehensive income for the period | | | | | |
| Net result for the period | | 648,765 | 0 | 0 | 648,765 |
| Other comprehensive income for the period | 16 | 0 | 0 | 0 | 0 |
| Total comprehensive income for the period | | 648,765 | 0 | 0 | 648,765 |
| Transfers from reserves | 27 | 34,500 | (34,500) | 0 | 0 |
| Transfers to reserves | 27 | (355,536) | 355,536 | 0 | 0 |
| Balance as at 30 June 2021 | | 32,712,467 | 1,160,487 | 116,561,149 | 150,434,103 |
| Comprehensive income for the period | | | | | |
| Net result for the period | | 1,551,500 | 0 | 0 | 1,551,500 |
| Other comprehensive income for the period | 16 | 0 | 0 | 1,559,722 | 1,559,722 |
| Total comprehensive income for the period | | 1,551,500 | 0 | 1,559,722 | 3,111,222 |
| Transfers from reserves | 27 | 378,000 | (378,000) | 0 | 0 |
| Transfers to reserves | 27 | (535,579) | 535,579 | 0 | 0 |
| Balance as at 30 June 2022 | | 34,106,388 | 1,318,066 | 118,120,871 | 153,545,325 |

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



SHIRE OF CHAPMAN VALLEY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022

| | NOTE | 2022 Actual \$ | 2022 Budget \$ | 2021 Actual \$ |
|--|---------|----------------------|----------------------|----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Receipts | | | | |
| Rates | | 2,892,827 | 2,937,703 | 2,858,463 |
| Operating grants, subsidies and contributions | | 2,349,759 | 2,318,366 | 2,237,360 |
| Fees and charges | | 370,093 | 306,136 | 371,177 |
| Interest received | | 20,121 | 13,475 | 16,053 |
| Other revenue | | 46,099 | 153,380 | 36,359 |
| | | <u>5,678,899</u> | <u>5,729,060</u> | <u>5,519,412</u> |
| Payments | | | | |
| Employee costs | | (1,748,183) | (2,246,397) | (1,794,378) |
| Materials and contracts | | (1,497,743) | (2,454,638) | (1,277,393) |
| Utility charges | | (51,750) | (59,103) | (52,741) |
| Finance costs | | (2,209) | (3,336) | (3,620) |
| Insurance paid | | (167,721) | (184,419) | (160,363) |
| Goods and services tax paid | | 50,219 | 0 | (50,169) |
| Other expenditure | | (111,682) | (136,931) | (113,446) |
| | | <u>(3,529,069)</u> | <u>(5,084,824)</u> | <u>(3,452,110)</u> |
| Net cash provided by (used in) operating activities | 17(b) | 2,149,830 | 644,236 | 2,067,302 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Payments for purchase of property, plant & equipment | 8(a) | (937,495) | (1,791,974) | (898,212) |
| Payments for construction of infrastructure | 9(a) | (2,152,217) | (2,135,830) | (1,674,230) |
| Non-operating grants, subsidies and contributions | | 2,029,599 | 1,528,260 | 1,228,260 |
| Proceeds from sale of property, plant & equipment | 10(b) | 115,000 | 126,000 | 102,273 |
| | | <u>(945,113)</u> | <u>(2,273,544)</u> | <u>(1,241,909)</u> |
| Net cash provided by (used in) investing activities | | (945,113) | (2,273,544) | (1,241,909) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Repayment of borrowings | 26(a) | (42,125) | 0 | (45,996) |
| Payments for principal portion of lease liabilities | 26(b) | (7,686) | (7,686) | (8,124) |
| | | <u>(49,811)</u> | <u>(7,686)</u> | <u>(54,120)</u> |
| Net cash provided by (used in) financing activities | | (49,811) | (7,686) | (54,120) |
| Net increase (decrease) in cash held | | 1,154,906 | (1,636,994) | 771,273 |
| Cash at beginning of year | | 3,786,799 | 3,786,799 | 3,015,526 |
| Cash and cash equivalents at the end of the year | 3,17(a) | <u>4,941,705</u> | <u>2,149,805</u> | <u>3,786,799</u> |

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



SHIRE OF CHAPMAN VALLEY
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2022

| | NOTE | 2022 Actual \$ | 2022 Budget \$ | 2021 Actual \$ |
|---|-------|-------------------------|----------------------|-------------------------|
| NET CURRENT ASSETS - At start of financial year - surplus/(deficit) | 25(b) | 1,779,565 | 1,779,565 | 1,919,752 |
| OPERATING ACTIVITIES | | | | |
| Revenue from operating activities (excluding general rate) | | | | |
| Operating grants, subsidies and contributions | | 2,408,298 | 2,318,366 | 2,079,750 |
| Fees and charges | | 370,093 | 306,136 | 371,177 |
| Interest earnings | | 20,121 | 13,475 | 16,053 |
| Other revenue | | 46,099 | 153,380 | 36,359 |
| Profit on asset disposals | 10(b) | 86,856 | 60,006 | 72,554 |
| Fair value adjustments to financial assets at fair value through profit or loss | | 2,998 | 0 | 2,804 |
| | | <u>2,934,465</u> | <u>2,851,363</u> | <u>2,578,697</u> |
| Expenditure from operating activities | | | | |
| Employee costs | | (1,802,378) | (2,246,397) | (1,745,316) |
| Materials and contracts | | (1,633,375) | (2,459,138) | (1,885,391) |
| Utility charges | | (51,750) | (59,103) | (52,741) |
| Depreciation | | (2,089,998) | (1,938,889) | (2,051,812) |
| Finance costs | | (2,209) | (3,336) | (3,620) |
| Insurance | | (167,721) | (184,419) | (160,363) |
| Other expenditure | | (111,683) | (136,931) | (113,445) |
| | | <u>(5,859,114)</u> | <u>(7,028,213)</u> | <u>(6,012,688)</u> |
| Non-cash amounts excluded from operating activities | 25(a) | 2,039,102 | 1,893,021 | 2,056,373 |
| Amount attributable to operating activities | | <u>(885,547)</u> | <u>(2,283,829)</u> | <u>(1,377,618)</u> |
| INVESTING ACTIVITIES | | | | |
| Non-operating grants, subsidies and contributions | | 1,529,197 | 1,528,260 | 1,228,260 |
| Proceeds from disposal of assets | 10(b) | 115,000 | 126,000 | 102,273 |
| Purchase of property, plant and equipment | 8(a) | (937,495) | (1,786,574) | (898,212) |
| Purchase and construction of infrastructure | 9(a) | (2,152,217) | (2,135,830) | (1,674,230) |
| | | <u>(1,445,515)</u> | <u>(2,268,144)</u> | <u>(1,241,909)</u> |
| FINANCING ACTIVITIES | | | | |
| Repayment of borrowings | 26(a) | (42,125) | 0 | (45,996) |
| Payments for principal portion of lease liabilities | 26(b) | (7,686) | (7,686) | (8,124) |
| Transfers to reserves (restricted assets) | 27 | (535,579) | (535,609) | (355,536) |
| Transfers from reserves (restricted assets) | 27 | 378,000 | 378,000 | 34,500 |
| Amount attributable to financing activities | | <u>(207,390)</u> | <u>(165,295)</u> | <u>(375,156)</u> |
| Surplus/(deficit) before imposition of general rates | | <u>(758,887)</u> | <u>(2,937,703)</u> | <u>(1,074,931)</u> |
| Total amount raised from general rates | 24(a) | <u>2,946,952</u> | <u>2,937,703</u> | <u>2,854,496</u> |
| Surplus/(deficit) after imposition of general rates | 25(b) | <u>2,188,065</u> | <u>0</u> | <u>1,779,565</u> |

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



SHIRE OF CHAPMAN VALLEY
FOR THE YEAR ENDED 30 JUNE 2022
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 | 11 |
| Note 4 | Other Financial Assets | 11 |
| Note 5 | Trade and Other Receivables | 12 |
| Note 6 | Inventories | 12 |
| Note 7 | Other Assets | 13 |
| Note 8 | Property, Plant and Equipment | 14 |
| Note 9 | Infrastructure | 16 |
| Note 10 | Fixed Assets | 18 |
| Note 11 | Leases | 21 |
| Note 12 | Trade and Other Payables | 22 |
| Note 13 | Other Liabilities | 23 |
| Note 14 | Borrowings | 24 |
| Note 15 | Employee Related Provisions | 25 |
| Note 16 | Revaluation Surplus | 26 |
| Note 17 | Notes to the Statement of Cash Flows | 27 |
| Note 18 | Contingent Liabilities | 28 |
| Note 19 | Related Party Transactions | 29 |
| Note 20 | Financial Risk Management | 32 |
| Note 21 | Events Occurring After the End of the Reporting Period | 35 |
| Note 22 | Other Significant Accounting Policies | 36 |
| Note 23 | Function and Activity | 37 |
| Information required by legislation | | |
| Note 24 | Rating Information | 40 |
| Note 25 | Rate Setting Statement Information | 43 |
| Note 26 | Borrowing and Lease Liabilities | 44 |
| Note 27 | Reserve accounts | 45 |
| Note 28 | Trust Funds | 46 |



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

1. BASIS OF PREPARATION

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

Local Government Act 1995 requirements

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

The *Local Government (Financial Management) Regulations 1996* specify that vested land is a right-of-use asset to be measured at cost and is considered a zero cost concessionary lease. All right-of-use assets under zero cost concessionary leases are measured at zero cost rather than at fair value, except for vested improvements on concessionary land leases such as roads, buildings 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 uncertainties made in relation to lease accounting
- estimation of useful lives of non-current assets

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

2. REVENUE AND EXPENSES

(a) Revenue

Revenue Recognition

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

For the year ended 30 June 2022

| Nature or type | Contracts with customers | Capital grant/contributions | Statutory Requirements | Other | Total |
|---|--------------------------|-----------------------------|------------------------|---------------|------------------|
| | \$ | \$ | \$ | \$ | \$ |
| Rates | 0 | 0 | 2,946,952 | 0 | 2,946,952 |
| Operating grants, subsidies and contributions | 0 | 2,408,298 | 0 | 0 | 2,408,298 |
| Fees and charges | 0 | 0 | 370,093 | 0 | 370,093 |
| Interest earnings | 0 | 0 | 19,262 | 859 | 20,121 |
| Other revenue | 0 | 0 | 0 | 46,099 | 46,099 |
| Non-operating grants, subsidies and contributions | 0 | 1,529,197 | 0 | 0 | 1,529,197 |
| Total | 0 | 3,937,495 | 3,336,307 | 46,958 | 7,320,760 |

For the year ended 30 June 2021

| Nature or type | Contracts with customers | Capital grant/contributions | Statutory Requirements | Other | Total |
|---|--------------------------|-----------------------------|------------------------|---------------|------------------|
| | \$ | \$ | \$ | \$ | \$ |
| Rates | 0 | 0 | 2,854,496 | 0 | 2,854,496 |
| Operating grants, subsidies and contributions | 0 | 2,079,750 | 0 | 0 | 2,079,750 |
| Fees and charges | 0 | 0 | 371,177 | 0 | 371,177 |
| Interest earnings | 0 | 0 | 14,741 | 1,312 | 16,053 |
| Other revenue | 0 | 0 | 0 | 36,359 | 36,359 |
| Non-operating grants, subsidies and contributions | 0 | 1,228,260 | 0 | 0 | 1,228,260 |
| Total | 0 | 3,308,010 | 3,240,414 | 37,671 | 6,586,095 |

| Note | 2022 Actual | 2022 Budget | 2021 Actual |
|--|----------------|----------------|----------------|
| | \$ | \$ | \$ |
| (b) Revenue (Continued) | | | |
| Interest earnings | | | |
| Interest on reserve funds | 157 | 288 | 266 |
| Rates instalment and penalty interest (refer Note 24(c)) | 19,262 | 12,000 | 14,741 |
| Other interest earnings | 702 | 1,187 | 1,046 |
| | 20,121 | 13,475 | 16,053 |
| (c) Expenses | | | |
| Auditors remuneration | | | |
| - Audit of the Annual Financial Report | 46,500 | 42,800 | 42,800 |
| | 46,500 | 42,800 | 42,800 |
| Finance costs | | | |
| Borrowings | 26(a) 798 | 836 | 2,018 |
| Lease liabilities | 26(b) 1,405 | 0 | 1,602 |
| Overdraft | 6 | | |
| | 2,209 | 836 | 3,620 |
| Other expenditure | | | |
| Elected member remuneration | 87,615 | 92,180 | 84,315 |
| Sundry expenses | 24,068 | 44,751 | 29,130 |
| | 111,683 | 136,931 | 113,445 |

SIGNIFICANT ACCOUNTING POLICIES

Grants, subsidies and contributions

Operating grants subsidies and contributions are grants, subsidies or contributions that are not non-operating in nature.

Non-operating grants, subsidies and contributions are amounts received for the acquisition or construction of recognisable non-financial assets to be controlled by the local government.

Fees and Charges

Revenue (other than service charges) from the use of facilities and charges made for local government services: sewerage rates, rentals, hire charges, fee for service, photocopying charges, licences, sale of goods or information, fines, penalties and administration fees.

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

3. CASH AND CASH EQUIVALENTS

| Note | 2022 | 2021 |
|-------|-----------|-----------|
| | \$ | \$ |
| | 4,941,705 | 3,786,799 |
| 17(a) | 4,941,705 | 3,786,799 |
| | | |
| | 3,623,639 | 2,626,312 |
| 17(a) | 1,318,066 | 1,160,487 |
| | 4,941,705 | 3,786,799 |

Cash at bank and on hand
Total cash and cash equivalents

Held as
 - Unrestricted cash and cash equivalents
 - Restricted cash and cash equivalents

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

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

Restricted financial assets

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

Details of restrictions on financial assets can be found at Note 17.

4. OTHER FINANCIAL ASSETS

(a) Non-current assets
 Financial assets at fair value through profit and loss

| | 2022 | 2021 |
|--|--------|--------|
| | \$ | \$ |
| | 58,353 | 55,355 |
| | 58,353 | 55,355 |
| | | |
| | 58,353 | 55,355 |
| | 58,353 | 55,355 |

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

SIGNIFICANT ACCOUNTING POLICIES

Financial assets at fair value through profit and loss

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

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

Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 20

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

5. TRADE AND OTHER RECEIVABLES

| Note | 2022 | 2021 |
|------------------------------------|----------------|----------------|
| | \$ | \$ |
| Current | | |
| Rates receivable | 213,887 | 97,209 |
| Trade and other receivables | 2,848 | 29,837 |
| GST receivable | 0 | 50,219 |
| Emergency services levy receivable | 4,850 | 3,524 |
| | <u>221,585</u> | <u>180,789</u> |
| Non-current | | |
| Pensioner's rates and ESL deferred | 8,342 | 4,938 |
| | <u>8,342</u> | <u>4,938</u> |

SIGNIFICANT ACCOUNTING POLICIES

Trade and other receivables

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

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

Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 20.

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.

6. INVENTORIES

| Note | 2022 | 2021 |
|--------------------|--------------|--------------|
| | \$ | \$ |
| Current | | |
| Fuel and materials | 6,767 | 5,140 |
| | <u>6,767</u> | <u>5,140</u> |

The following movements in inventories occurred during the year:

| | | |
|--------------------------------------|--------------|--------------|
| Balance at beginning of year | 5,140 | 1,170 |
| Inventories expensed during the year | (167,598) | (101,626) |
| Additions to inventory | 169,225 | 105,596 |
| Balance at end of year | <u>6,767</u> | <u>5,140</u> |

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.

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

7. OTHER ASSETS

Other assets - current
 Prepayments

| | 2022 | 2021 |
|--|-------|-------|
| | \$ | \$ |
| | 9,068 | 8,382 |
| | 9,068 | 8,382 |

SIGNIFICANT ACCOUNTING POLICIES

Other current assets

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

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

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 - specialised | Total land and buildings | Furniture and equipment | Plant and equipment | Tools and equipment | Total property, plant and equipment |
|---|-----------|-------------------------|--------------------------|-------------------------|---------------------|---------------------|-------------------------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance at 1 July 2020 | 2,342,113 | 11,363,250 | 13,705,363 | 185,896 | 3,818,113 | 49,308 | 17,758,680 |
| Additions | 0 | 376,199 | 376,199 | 9,252 | 489,116 | 23,645 | 898,212 |
| Disposals | 0 | 0 | 0 | 0 | (29,719) | 0 | (29,719) |
| Depreciation | 0 | (239,221) | (239,221) | (4,233) | (565,630) | (8,502) | (817,586) |
| Transfers | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Balance at 30 June 2021 | 2,342,113 | 11,500,228 | 13,842,341 | 190,915 | 3,711,880 | 64,451 | 17,809,587 |
| Comprises: | | | | | | | |
| Gross balance amount at 30 June 2021 | 2,342,113 | 12,415,114 | 14,757,227 | 199,001 | 4,732,972 | 80,185 | 19,769,385 |
| Accumulated depreciation at 30 June 2021 | 0 | (914,886) | (914,886) | (8,086) | (1,021,092) | (15,734) | (1,959,798) |
| Balance at 30 June 2021 | 2,342,113 | 11,500,228 | 13,842,341 | 190,915 | 3,711,880 | 64,451 | 17,809,587 |
| Additions | 0 | 100,683 | 100,683 | 9,497 | 796,677 | 30,638 | 937,495 |
| Disposals | 0 | 0 | 0 | 0 | (28,144) | 0 | (28,144) |
| Revaluation increments transferred to revaluation surplus | 198,218 | 1,361,504 | 1,559,722 | 0 | 0 | 0 | 1,559,722 |
| Depreciation | 0 | (251,425) | (251,425) | (5,116) | (537,506) | (10,542) | (804,589) |
| Transfers | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Balance at 30 June 2022 | 2,540,331 | 12,710,990 | 15,251,321 | 195,296 | 3,942,907 | 84,547 | 19,474,071 |
| Comprises: | | | | | | | |
| Gross balance amount at 30 June 2022 | 2,540,331 | 18,780,364 | 21,320,695 | 208,498 | 5,389,649 | 110,823 | 27,029,665 |
| Accumulated depreciation at 30 June 2022 | 0 | (6,069,374) | (6,069,374) | (13,202) | (1,446,742) | (26,276) | (7,555,594) |
| Balance at 30 June 2022 | 2,540,331 | 12,710,990 | 15,251,321 | 195,296 | 3,942,907 | 84,547 | 19,474,071 |

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

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying Value Measurements

| (i) Fair Value | Asset Class | Fair Value Hierarchy | Valuation Technique | Basis of Valuation | Date of Last Valuation | Inputs Used |
|--|-------------|----------------------|--|--------------------------------|------------------------|--|
| Land and buildings | | | | | | |
| Land | | 2 | Market approach using recent observable market data for similar properties | Independent Registered Valuers | June 2022 | Direct comparison to similar type recently sold properties. |
| Buildings - specialised | | 3 | Cost approach using depreciated replacement cost | Independent Registered Valuers | June 2022 | Residual value, useful life, pattern of consumption and asset condition in relation to level of remaining service potential of the depreciable amount, valuers professional judgement. |
| <p>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.</p> <p>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.</p> | | | | | | |
| (ii) Cost | | | | | | |
| Furniture and equipment | | 2 | Cost approach using current replacement cost | Cost | Not Applicable | N/A |
| Plant and equipment | | 2 | Cost approach using current replacement cost | Cost | Not Applicable | N/A |
| Tools and equipment | | 2 | Cost approach using current replacement cost | Cost | Not Applicable | N/A |

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

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 | Other infrastructure - footpaths | Other infrastructure - drainage | Other infrastructure - carparks | Total Infrastructure |
|--|------------------------|----------------------------------|---------------------------------|---------------------------------|----------------------|
| | \$ | \$ | \$ | \$ | \$ |
| Balance at 1 July 2020 | 120,827,636 | 161,910 | 8,587,934 | 211,428 | 129,788,908 |
| Additions | 1,458,537 | 0 | 215,693 | 0 | 1,674,230 |
| Depreciation | (1,054,659) | (5,776) | (153,256) | (11,663) | (1,225,354) |
| Balance at 30 June 2021 | 121,231,514 | 156,134 | 8,650,371 | 199,765 | 130,237,784 |
| Comprises: | | | | | |
| Gross balance at 30 June 2021 | 124,257,121 | 173,463 | 9,106,534 | 233,266 | 133,770,384 |
| Accumulated depreciation at 30 June 2021 | (3,025,607) | (17,329) | (456,163) | (33,501) | (3,532,600) |
| Balance at 30 June 2021 | 121,231,514 | 156,134 | 8,650,371 | 199,765 | 130,237,784 |
| Additions | 1,874,920 | 0 | 277,297 | 0 | 2,152,217 |
| (Disposals) | 0 | 0 | 0 | 0 | 0 |
| Depreciation | (1,103,217) | (5,776) | (156,653) | (11,663) | (1,277,309) |
| Balance at 30 June 2022 | 122,003,217 | 150,358 | 8,771,015 | 188,102 | 131,112,692 |
| Comprises: | | | | | |
| Gross balance at 30 June 2022 | 126,132,041 | 173,463 | 9,383,831 | 233,266 | 135,922,601 |
| Accumulated depreciation at 30 June 2022 | (4,128,824) | (23,105) | (612,816) | (45,164) | (4,809,909) |
| Balance at 30 June 2022 | 122,003,217 | 150,358 | 8,771,015 | 188,102 | 131,112,692 |

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

9. INFRASTRUCTURE (Continued)

(b) Carrying Value Measurements

| (i) Fair Value | Asset Class | Fair Value Hierarchy | Valuation Technique | Basis of Valuation | Date of Last Valuation | Inputs Used |
|----------------|----------------------------------|----------------------|--|--|------------------------|--|
| | Infrastructure - roads | 3 | Cost approach using depreciated replacement cost | Management Value based around Independent Registered Valuer Report | June 2018 | Construction costs, current conditions, residual values and remaining useful life assessments. |
| | Other infrastructure - footpaths | 3 | Cost approach using depreciated replacement cost | Management Value based around Independent Registered Valuer Report | June 2018 | Construction costs, current conditions, residual values and remaining useful life assessments. |
| | Other infrastructure - drainage | 3 | Cost approach using depreciated replacement cost | Management Value based around Independent Registered Valuer Report | June 2018 | Construction costs, current conditions, residual values and remaining useful life assessments. |
| | Other infrastructure - carparks | 3 | Cost approach using depreciated replacement cost | Management Value based on costs | June 2018 | Actual construction costs, residual values, asset conditions and remaining useful life assessments |

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 CHAPMAN VALLEY
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2022

10. FIXED ASSETS

(a) Depreciation

| | Note | 2022 Actual | 2022 Budget | 2021 Actual |
|---|-------|----------------|----------------|----------------|
| | | \$ | \$ | \$ |
| Buildings - specialised | 8(a) | 251,425 | 225,824 | 239,221 |
| Furniture and equipment | 8(a) | 5,116 | 3,996 | 4,233 |
| Plant and equipment | 8(a) | 537,506 | 533,954 | 565,630 |
| Tools and equipment | 8(a) | 10,542 | 8,026 | 8,502 |
| Infrastructure - roads | 9(a) | 1,103,217 | 1,006,940 | 1,054,659 |
| Other infrastructure - footpaths | 9(a) | 5,776 | 5,453 | 5,776 |
| Other infrastructure - drainage | 9(a) | 156,653 | 134,658 | 153,256 |
| Other infrastructure - carparks | 9(a) | 11,663 | 11,663 | 11,663 |
| Right-of-use assets - land and buildings | 11(a) | 8,100 | 7,773 | 8,235 |
| Right-of-use assets - plant and equipment | 11(a) | 0 | 602 | 637 |
| | | 2,089,998 | 1,938,889 | 2,051,812 |

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 | 25 to 100 years |
| Furniture and equipment | 2 to 10 years |
| Plant and equipment | 2 to 15 years |
| Sealed roads and streets | |
| Formation | Not depreciated |
| Pavement | 100 years |
| Seal | |
| - Bituminous seals | 15 to 25 years |
| - Asphalt surfaces | 15 to 25 years |
| Formation | Not depreciated |
| Footpaths - slab | 30 years |
| Carparks | 20 years |
| Sewerage piping | 65 years |
| Water supply piping and drainage systems | 50 to 65 years |
| Right of use (buildings) | Based on the remaining lease |
| Right of use (plant and equipment) | Based on the remaining lease |

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

10. FIXED ASSETS (Continued)

(b) Disposals of assets

| | 2022 Actual Net Book Value | 2022 Actual Sale Proceeds | 2022 Actual Profit | 2022 Actual Loss | 2022 Budget Net Book Value | 2022 Budget Sale Proceeds | 2022 Budget Profit | 2022 Budget Loss | 2021 Actual Net Book Value | 2021 Actual Sale Proceeds | 2021 Actual Profit | 2021 Actual Loss |
|----------------------|-------------------------------------|------------------------------------|--------------------------|------------------------|-------------------------------------|------------------------------------|--------------------------|------------------------|-------------------------------------|------------------------------------|--------------------------|------------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Land - freehold land | 0 | 0 | 0 | 0 | 20,000 | 20,000 | 0 | 0 | 0 | 0 | 0 | 0 |
| Plant and equipment | 28,144 | 115,000 | 86,856 | 0 | 45,994 | 106,000 | 60,006 | 0 | 29,719 | 102,273 | 72,554 | 0 |
| | <u>28,144</u> | <u>115,000</u> | <u>86,856</u> | <u>0</u> | <u>65,994</u> | <u>126,000</u> | <u>60,006</u> | <u>0</u> | <u>29,719</u> | <u>102,273</u> | <u>72,554</u> | <u>0</u> |

The following assets were disposed of during the year.

| | 2022 Actual Net Book Value | 2022 Actual Sale Proceeds | 2022 Actual Profit | 2022 Actual Loss |
|------------------------------|-------------------------------------|------------------------------------|--------------------------|------------------------|
| Plant and Equipment | | | | |
| Transport | | | | |
| 374 - Caterpillar 140 Grader | 28,144 | 115,000 | 86,856 | 0 |
| | <u>28,144</u> | <u>115,000</u> | <u>86,856</u> | <u>0</u> |

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

10. FIXED ASSETS (Continued)

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement for assets held at cost

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

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

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

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

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

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

They are subject to subsequent revaluation at the next revaluation date in accordance with the mandatory measurement framework.

Revaluation

The fair value of land, buildings and infrastructure 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 land acquired by the Shire.

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

Revaluation (continued)

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

Depreciation

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

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

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

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

Depreciation on revaluation

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

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

Amortisation

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

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

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

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

11. LEASES

(a) Right-of-Use Assets

| Movement in the balance of each class of right-of-use asset between the beginning and the end of the current financial year. | Note | Right-of-use assets - land and buildings \$ | Right-of-use assets - plant and equipment \$ | Right-of-use assets Total \$ |
|--|-------|--|---|---------------------------------|
| Balance at 1 July 2020 | | 64,871 | 637 | 65,508 |
| Depreciation | | (8,235) | (637) | (8,872) |
| Balance at 30 June 2021 | | 56,636 | 0 | 56,636 |
| Depreciation | 10(a) | (8,100) | 0 | (8,100) |
| Balance at 30 June 2022 | | 48,536 | 0 | 48,536 |

The following amounts were recognised in the statement of comprehensive income during the period in respect of leases where the entity is the lessee:

| | | 2022 Actual \$ | 2021 Actual \$ |
|--|-------|-------------------|-------------------|
| Depreciation on right-of-use assets | 10(a) | (8,100) | (8,872) |
| Interest expense on lease liabilities | 26(b) | (1,405) | (1,602) |
| Total amount recognised in the statement of comprehensive income | | (9,505) | (10,474) |
| Total cash outflow from leases | | (9,091) | (9,726) |

(b) Lease Liabilities

| | | | |
|-------------|-------|--------|--------|
| Current | | 7,886 | 7,686 |
| Non-current | | 42,608 | 50,494 |
| | 26(b) | 50,494 | 58,180 |

Secured liabilities and assets pledged as security
 Lease liabilities are effectively secured, as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default.

SIGNIFICANT ACCOUNTING POLICIES

Leases

At inception of a contract, the Shire assesses if the contract contains or is a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At the commencement date, a right-of-use asset is recognised at cost and lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Shire uses its incremental borrowing rate.

All contracts that are classified as short-term leases (i.e. a lease with a term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Details of individual lease liabilities required by regulations are provided at Note 26(b).

Right-of-use assets - valuation measurement

Right-of-use assets are measured at cost. This means that all right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost (i.e. not included in the Statement of Financial Position). The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which are reported at fair value.

Refer to Note 10 under revaluation for details on the significant accounting policies applying to vested improvements.

Right-of-use assets - depreciation

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shorter. Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Shire anticipates to exercise a purchase option, the specific asset is amortised over the useful life of the underlying asset.

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

12. TRADE AND OTHER PAYABLES

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

| | 2022 | 2021 |
|--|------------------|----------------|
| | \$ | \$ |
| | 825,607 | 651,151 |
| | 116,735 | 50,778 |
| | 56,985 | 48,878 |
| | 3,726 | 0 |
| | 61,685 | 43,754 |
| | 6,600 | 61,042 |
| | 1,071,338 | 855,603 |

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

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

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

Trade and other payables

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

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

Prepaid rates

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

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

13. OTHER LIABILITIES

Current
 Contract liabilities
 Capital grant/contributions liabilities

Non-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

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

Reconciliation of changes in capital grant/contribution liabilities

Opening balance
 Additions
 Revenue from capital grant/contributions held as a liability at the start of the period

Expected satisfaction of capital grant/contribution liabilities
 Less than 1 year

| | 2022 | 2021 |
|--|-----------|---------|
| | \$ | \$ |
| | 0 | 84,202 |
| | 601,656 | 101,254 |
| | 601,656 | 185,456 |
| | 159,515 | 159,515 |
| | 159,515 | 159,515 |
| | 243,717 | 0 |
| | 0 | 243,717 |
| | (84,202) | 0 |
| | 159,515 | 243,717 |
| | 101,254 | 0 |
| | 601,656 | 101,254 |
| | (101,254) | 0 |
| | 601,656 | 101,254 |
| | 601,656 | 101,254 |
| | 601,656 | 101,254 |

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

SIGNIFICANT ACCOUNTING POLICIES

Contract liabilities

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

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

Capital grant/contribution liabilities

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

Non-current capital grant/contribution liabilities fair values are based on discounted cash flows of expected cashflows to satisfy the obligations using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 22(ii)) due to the unobservable inputs, including own credit risk.

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

14. BORROWINGS

| | Note | 2022 | | | 2021 | | |
|---------------------------------|-------|---------|-------------|-------|---------|-------------|--------|
| | | Current | Non-current | Total | Current | Non-current | Total |
| Secured | | \$ | \$ | \$ | \$ | \$ | \$ |
| Debentures | | 0 | 0 | 0 | 42,125 | 0 | 42,125 |
| Total secured borrowings | 26(a) | 0 | 0 | 0 | 42,125 | 0 | 42,125 |

Secured liabilities and assets pledged as security

Debentures, bank overdrafts and bank loans are secured by a floating charge over the assets of the Shire of Chapman Valley.

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

SIGNIFICANT ACCOUNTING POLICIES

Borrowing costs

Borrowing costs are recognised as an expense when incurred.

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.

Risk

Information regarding exposure to risk can be found at Note 20.

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

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

16. REVALUATION SURPLUS

| | 2022 | | 2022 | | 2022 | | 2022 | | 2021 | | 2021 | | 2021 | |
|---|-----------------|-----------------------------|-----------------------|-------------------------|-------------------------|-----------------------|-----------------|----------------------|-----------------|-----------------------|-------------------------|----------------------|-------------------------------|----------------------|
| | Opening Balance | Change in Accounting Policy | Revaluation Increment | Revaluation (Decrement) | Revaluation (Decrement) | Revaluation Increment | Closing Balance | 2022 Closing Balance | Opening Balance | Revaluation Increment | Revaluation (Decrement) | 2021 Closing Balance | Total Revaluation Movement on | 2021 Closing Balance |
| Revaluation surplus - Land - freehold land | 8,626,533 | 0 | 198,218 | 0 | 0 | 198,218 | 8,824,751 | 8,824,751 | 8,626,533 | 0 | 0 | 8,626,533 | 0 | 8,626,533 |
| Revaluation surplus - Buildings - specialised | 0 | 0 | 1,361,504 | 0 | 0 | 1,361,504 | 1,361,504 | 1,361,504 | 0 | 0 | 0 | 0 | 0 | 0 |
| Revaluation surplus - Plant and equipment | 496,127 | 0 | 0 | 0 | 0 | 0 | 496,127 | 496,127 | 496,127 | 0 | 0 | 496,127 | 0 | 496,127 |
| Revaluation surplus - Infrastructure | 107,438,489 | 0 | 0 | 0 | 0 | 0 | 107,438,489 | 107,438,489 | 107,438,489 | 0 | 0 | 107,438,489 | 0 | 107,438,489 |
| | 116,561,149 | 0 | 1,559,722 | 0 | 0 | 1,559,722 | 118,120,871 | 118,120,871 | 116,561,149 | 0 | 0 | 116,561,149 | 0 | 116,561,149 |

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

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

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 | 2022 Actual \$ | 2022 Budget \$ | 2021 Actual \$ | |
|--|----------------------|----------------------|----------------------|------------------|
| Cash and cash equivalents | 3 | 4,941,705 | 2,149,805 | 3,786,799 |
| 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 | 1,318,066 | 1,318,096 | 1,160,487 |
| | | 1,318,066 | 1,318,096 | 1,160,487 |
| The restricted financial assets are a result of the following specific purposes to which the assets may be used: | | | | |
| Restricted reserve accounts | 27 | 1,318,066 | 1,318,096 | 1,160,487 |
| Total restricted financial assets | | 1,318,066 | 1,318,096 | 1,160,487 |

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

| | | | | |
|---|-------|-------------|-------------|-------------|
| Net result | | 1,551,500 | 289,113 | 648,765 |
| Non-cash items: | | | | |
| Adjustments to fair value of financial assets at fair value through profit and loss | | (2,998) | 0 | (2,804) |
| Depreciation/amortisation | 10(a) | 2,089,998 | 1,938,889 | 2,051,812 |
| (Profit)/loss on sale of asset | 10(b) | (86,856) | (60,006) | (72,554) |
| Changes in assets and liabilities: | | | | |
| (Increase)/decrease in trade and other receivables | | (42,874) | 0 | (85,981) |
| (Increase)/decrease in other assets | | (686) | 0 | 0 |
| (Increase)/decrease in inventories | | (1,627) | 0 | (3,970) |
| Increase/(decrease) in trade and other payables | | 215,735 | 0 | 616,124 |
| Increase/(decrease) in employee related provisions | | 42,362 | 0 | (41,840) |
| Increase/(decrease) in other liabilities | | 414,875 | 4,500 | 186,010 |
| Non-operating grants, subsidies and contributions | | (2,029,599) | (1,528,260) | (1,228,260) |
| Net cash provided by/(used in) operating activities | | 2,149,830 | 644,236 | 2,067,302 |

(c) Undrawn Borrowing Facilities

| | | | | |
|--|--|----------------|--|----------------|
| Credit Standby Arrangements | | | | |
| Bank overdraft limit | | 250,000 | | 250,000 |
| Bank overdraft at balance date | | 0 | | 0 |
| Credit card limit | | 10,000 | | 10,000 |
| Credit card balance at balance date | | 538 | | 0 |
| Total amount of credit unused | | 260,538 | | 260,000 |
| Loan facilities | | | | |
| Loan facilities - current | | 0 | | 42,125 |
| Loan facilities - non-current | | 0 | | 0 |
| Total facilities in use at balance date | | 0 | | 42,125 |
| Unused loan facilities at balance date | | 0 | | 0 |

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

18. CONTINGENT LIABILITIES

The Shire did not have any contingent liabilities during the financial year.

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

19. RELATED PARTY TRANSACTIONS

| (a) Elected Member Remuneration | Note | 2022 Actual \$ | 2022 Budget \$ | 2021 Actual \$ |
|--|------|----------------------|----------------------|----------------------|
| Cr Warr | | | | |
| President's annual allowance | | 8,125 | 10,000 | 0 |
| Deputy President's annual allowance | | 0 | 0 | 2,520 |
| Meeting attendance fees | | 9,410 | 9,410 | 9,487 |
| Annual allowance for ICT expenses | | 500 | 500 | 504 |
| Annual allowance for travel and accommodation expenses | | 50 | 50 | 51 |
| | | 18,085 | 19,960 | 12,562 |
| Cr Forth | | | | |
| Deputy President's annual allowance | | 1,875 | 2,500 | 0 |
| Meeting attendance fees | | 9,410 | 9,410 | 9,487 |
| Annual allowance for ICT expenses | | 500 | 500 | 504 |
| Annual allowance for travel and accommodation expenses | | 50 | 50 | 51 |
| | | 11,835 | 12,460 | 10,042 |
| Cr Batten | | | | |
| Meeting attendance fees | | 9,410 | 9,410 | 9,487 |
| Annual allowance for ICT expenses | | 500 | 500 | 504 |
| Annual allowance for travel and accommodation expenses | | 50 | 50 | 51 |
| | | 9,960 | 9,960 | 10,042 |
| Cr Davidson | | | | |
| Meeting attendance fees | | 9,410 | 9,410 | 9,487 |
| Annual allowance for ICT expenses | | 500 | 500 | 504 |
| Annual allowance for travel and accommodation expenses | | 50 | 50 | 51 |
| | | 9,960 | 9,960 | 10,042 |
| Cr Elitt-Lockhart | | | | |
| Meeting attendance fees | | 7,058 | 9,410 | 0 |
| Annual allowance for ICT expenses | | 500 | 500 | 0 |
| Annual allowance for travel and accommodation expenses | | 50 | 50 | 0 |
| | | 7,608 | 9,960 | 0 |
| Cr Humphrey | | | | |
| Meeting attendance fees | | 9,410 | 9,410 | 9,487 |
| Annual allowance for ICT expenses | | 500 | 500 | 504 |
| Annual allowance for travel and accommodation expenses | | 50 | 50 | 51 |
| | | 9,960 | 9,960 | 10,042 |
| Cr Low | | | | |
| Meeting attendance fees | | 5,097 | 9,410 | 0 |
| Annual allowance for ICT expenses | | 270 | 500 | 0 |
| Annual allowance for travel and accommodation expenses | | 27 | 50 | 0 |
| | | 5,394 | 9,960 | 0 |
| Cr Royce | | | | |
| Meeting attendance fees | | 9,410 | 9,410 | 9,487 |
| Annual allowance for ICT expenses | | 500 | 500 | 504 |
| Annual allowance for travel and accommodation expenses | | 50 | 50 | 51 |
| | | 9,960 | 9,960 | 10,042 |
| Cr Farrell (Resigned - 2021/2022) | | | | |
| Meeting attendance fees | | 2,353 | 0 | 9,487 |
| President's annual allowance | | 2,500 | 0 | 10,082 |
| Annual allowance for ICT expenses | | 0 | 0 | 504 |
| Annual allowance for travel and accommodation expenses | | 0 | 0 | 51 |
| | | 4,853 | 0 | 20,124 |
| Cr Maluish (Resigned - 2020/2021) | | | | |
| Meeting attendance fees | | 0 | 0 | 1,341 |
| Annual allowance for ICT expenses | | 0 | 0 | 71 |
| Annual allowance for travel and accommodation expenses | | 0 | 0 | 7 |
| | | 0 | 0 | 1,419 |
| | | 87,615 | 92,180 | 84,315 |

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

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

| | 2022 Actual | 2022 Budget | 2021 Actual |
|--|----------------|----------------|----------------|
| | \$ | \$ | \$ |
| President's annual allowance | 10,625 | 10,000 | 10,082 |
| Deputy President's annual allowance | 1,875 | 2,500 | 2,520 |
| Meeting attendance fees | 70,968 | 75,280 | 67,750 |
| Annual allowance for ICT expenses | 3,770 | 4,000 | 3,599 |
| Annual allowance for travel and accommodation expenses | 377 | 400 | 364 |
| | <u>87,615</u> | <u>92,180</u> | <u>84,315</u> |

(b) Key Management Personnel (KMP) Compensation

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

| | 2022 Actual | 2021 Actual |
|-------------------------------------|----------------|----------------|
| | \$ | \$ |
| Short-term employee benefits | 794,997 | 720,227 |
| Post-employment benefits | 84,980 | 79,255 |
| Employee - other long-term benefits | 15,956 | 19,005 |
| | <u>895,933</u> | <u>818,487</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.

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

19. RELATED PARTY TRANSACTIONS

(c) Transactions with related parties

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

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

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

Purchase of goods and services - Telecommunication Services

| | 2022 Actual | 2021 Actual |
|--|----------------|----------------|
| | \$ | \$ |
| | 6,663 | 4,707 |

(d) Related Parties

The Shire's main related parties are as follows:

i. Key management personnel

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

ii. Other Related Parties

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

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

iii. Entities subject to significant influence by the Shire

An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity which holds significant influence. Significant influence may be gained by share ownership, statute or agreement.

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

20. FINANCIAL RISK MANAGEMENT

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

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

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

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

(a) Interest rate risk

Cash and cash equivalents

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

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

| | Weighted Average Interest Rate | Carrying Amounts | Fixed Interest Rate | Variable Interest Rate | Non Interest Bearing |
|---------------------------|--------------------------------|------------------|---------------------|------------------------|----------------------|
| | % | \$ | \$ | \$ | \$ |
| 2022 | | | | | |
| Cash and cash equivalents | 0.55% | 4,941,705 | 0 | 4,941,705 | 0 |
| 2021 | | | | | |
| Cash and cash equivalents | 0.01% | 3,786,799 | 0 | 3,786,799 | 0 |

Sensitivity

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

| | 2022 | 2021 |
|--|--------|--------|
| | \$ | \$ |
| Impact of a 1% movement in interest rates on profit and loss and equity* | 49,417 | 37,868 |

* Holding all other variables constant

Borrowings

Borrowings are subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The Shire manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation. The Shire does not consider there to be any interest rate risk in relation to borrowings. Details of interest rates applicable to each borrowing may be found at Note 26(a).

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

20. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade and Other Receivables

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

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

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

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

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

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

| | Less than 1 year past due | More than 1 year past due | More than 2 years past due | More than 3 years past due | Total | Note |
|-----------------------|------------------------------|------------------------------|-------------------------------|-------------------------------|---------|------|
| 30 June 2022 | | | | | | |
| Rates receivable | | | | | | |
| Expected credit loss | 0.00% | 0.00% | 0.00% | 0.00% | | |
| Gross carrying amount | 34,586 | 18,361 | 153,597 | 7,343 | 213,887 | |
| Loss allowance | 0 | 0 | 0 | 0 | 0 | 5 |
| 30 June 2021 | | | | | | |
| Rates receivable | | | | | | |
| Expected credit loss | 0.00% | 0.00% | 0.00% | 0.00% | | |
| Gross carrying amount | 2,099 | 49,885 | 14,760 | 30,465 | 97,209 | |
| Loss allowance | 0 | 0 | 0 | 0 | 0 | 5 |

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

| | Less than 30 days past due | More than 30 days past due | More than 60 days past due | More than 90 days past due | Total | |
|-----------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|--------|---|
| 30 June 2022 | | | | | | |
| Trade and other receivables | | | | | | |
| Expected credit loss | 0.00% | 0.00% | 0.00% | 0.00% | | |
| Gross carrying amount | 1,815 | 11 | 0 | 1,022 | 2,848 | |
| Loss allowance | 0 | 0 | 0 | 0 | 0 | 5 |
| 30 June 2021 | | | | | | |
| Trade and other receivables | | | | | | |
| Expected credit loss | 0.00% | 0.00% | 0.00% | 0.00% | | |
| Gross carrying amount | 7,122 | 85 | 330 | 22,300 | 29,837 | |
| Loss allowance | 0 | 0 | 0 | 0 | 0 | 5 |

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

20. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables and borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The Shire manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required and disclosed in Note 17(c).

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

| | Due within 1 year | Due between 1 & 5 years | Due after 5 years | Total contractual cash flows | Carrying values |
|--------------------------|-------------------------|-------------------------------|-------------------------|------------------------------------|--------------------|
| | \$ | \$ | \$ | \$ | \$ |
| 2022 | | | | | |
| Trade and other payables | 1,071,338 | 0 | 0 | 1,071,338 | 1,071,338 |
| Lease liabilities | 7,886 | 8,087 | 34,521 | 50,494 | 50,494 |
| | <u>1,079,224</u> | <u>8,087</u> | <u>34,521</u> | <u>1,121,832</u> | <u>1,121,832</u> |
| 2021 | | | | | |
| Trade and other payables | 855,603 | 0 | 0 | 855,603 | 855,603 |
| Borrowings | 42,125 | 0 | 0 | 42,125 | 42,125 |
| Lease liabilities | 9,091 | 36,364 | 12,725 | 58,180 | 58,180 |
| | <u>906,819</u> | <u>36,364</u> | <u>12,725</u> | <u>955,908</u> | <u>955,908</u> |

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

21. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

The Shire of Chapman Valley did not have any events occurring after the reporting date that have a significant effect on the financial statements.

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

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 statements is presented.

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Interest earnings

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

i) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

j) Impairment of assets

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

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

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

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

k) Initial application of accounting standards

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

New accounting standards for application in future years

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

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

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

23. FUNCTION AND ACTIVITY

(a) Service objectives and descriptions

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

| Objective | Description |
|--|---|
| <p>Governance To provide a decision making process for the efficient allocation of scarce resources.</p> | <p>Includes the activities of members of council and the administrative support available to the council for the provision of governance of the district. Other costs relate to the task of assisting elected members and ratepayers on matters which do not concern specific council services.</p> |
| <p>General purpose funding To collect revenue to allow for the provision of services.</p> | <p>Revenue from rates levied, interest and fees on instalment arrangements and arrears, government subsidy for entitled pensioners and rates deferred, less discounts and concessions relating to rates levied. Expenditures incurred in administration and maintaining rate records, rating valuations, serving notices, postage, stationery, advertising, debt collection, printing, indirect administration costs etc. Income receivable from the WA Grants Commission and any other Government Grant of a general purpose nature. Interest earnings from deposits and investments, including reserve accounts. General overhead expenses.</p> |
| <p>Law, order, public safety To provide services to help ensure a safer and environmentally conscious community.</p> | <p>Administration and operations on fire prevention services, including volunteer fire brigades, outlays on roadside clearing operations and other protective burning. Revenues include fines and penalties imposed under relevant Acts and fines, fees or charges for clearing fire breaks. Administration enforcement and operations relating to the control of animals. Costs of impounding, destroying and disposal of stray animals. Revenues include dog registration fees, fines and penalties relating to straying animals, impounding and destruction fees. Ranner's expenses are collected here and apportioned throughout the various programs to which they relate.</p> |
| <p>Health To provide services to disadvantaged persons, the elderly, children and youth.</p> | <p>Food quality and pest control, inspections of eating houses, lodging and boarding houses, itinerant food vendors, offensive trade, and any other outlays concerned with general health inspections and administration services provided by the Council.</p> |
| <p>Education and welfare To provide services to disadvantaged persons, the elderly, children and youth.</p> | <p>Operation, improvements and maintenance of pre-school facilities; assistance to playgroups and other voluntary services. Annual awards and prizes to Nabawa and Yuna Primary Schools.</p> |
| <p>Housing To provide and maintain elderly residents housing.</p> | <p>Collection of revenue and expenditure in respect of the administration and operation of residential housing for council staff. The expenditure is reallocated to the relevant programmes using staff duties as a basis.</p> |
| <p>Community amenities To provide services required by the community.</p> | <p>Administration and operation of domestic refuse collection and disposal services, including delivery to a regional disposal site. Provision and maintenance of rubbish disposal sites. Collection and disposal of public litter bins, special rubbish clean ups, special litter enforcement and control. Includes administration and operation of foreshore protection project. Administration and operation of town planning and regional development services. These include planning control, the preparation of town planning development schemes, zoning and rezoning. Costs associated with resumption of land for recreational purposes. Accommodating a Natural Resource Management Officer to assist community groups and landowners.</p> |
| <p>Recreation and culture To establish and effectively manage infrastructure and resource which will help the social wellbeing of the community.</p> | <p>Maintenance of public halls, civic centres, aquatic centre, beaches. Provision and maintenance of parks, gardens and playgrounds. Operation of library, museum and other cultural facilities.</p> |
| <p>Transport To provide safe, effective and efficient transport services to the community.</p> | <p>Construction and maintenance of streets, roads, bridges, cleaning and lighting of streets and maintenance of depots. Purchase of plant used predominantly for the construction and maintenance of streets, roads, bridges etc. Operations relating to the licensing or regulating of traffic under the control of the local government.</p> |
| <p>Economic services To help promote the shire and its economic wellbeing.</p> | <p>Attempt to control and contain weeds and vermin. The development promotion, support etc. of tourism and area promotion to cater for tourists. Administration, inspection and operations concerned with application of the building standards including examination, processing and inspections services.</p> |
| <p>Other property and services To monitor and control Shire's overheads operating accounts.</p> | <p>Administration, inspection, and operation of work carried out on property or services not under the care, control and management of the Council. These include road works on private property. Public Works Overheads - Overheads incurred as the result of the use of direct labour which is subsequently apportioned to the appropriate works and services absorbing the total expenditure. Includes expenditure incurred in the maintenance and operation of plant, Council's hire rate absorbing the total expenditure of plant running costs and usage. The total salaries and wages incurred during the year is recorded here and allocated over the various works and services to which it relates.</p> |

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

23. FUNCTION AND ACTIVITY (Continued)

(b) Income and expenses

| | 2022 Actual | 2022 Budget | 2021 Actual |
|--|--------------------|--------------------|--------------------|
| | \$ | \$ | \$ |
| Income excluding grants, subsidies and contributions | | | |
| Governance | 5,687 | 1,200 | 9,372 |
| General purpose funding | 2,980,778 | 2,963,378 | 2,880,509 |
| Law, order, public safety | 44,003 | 11,600 | 17,352 |
| Health | 5,914 | 5,007 | 9,808 |
| Community amenities | 202,671 | 182,959 | 215,114 |
| Recreation and culture | 110,067 | 72,620 | 86,740 |
| Transport | 90,482 | 169,506 | 79,166 |
| Economic services | 27,280 | 23,430 | 43,179 |
| Other property and services | 6,237 | 41,000 | 12,203 |
| | 3,473,119 | 3,470,700 | 3,353,443 |
| Grants, subsidies and contributions | | | |
| Governance | 0 | 0 | 13,935 |
| General purpose funding | 1,553,865 | 590,142 | 976,309 |
| Law, order, public safety | 124,699 | 251,860 | 83,078 |
| Community amenities | 0 | 1,300 | 32,725 |
| Recreation and culture | 105,391 | 985,024 | 244,782 |
| Transport | 2,110,238 | 1,978,300 | 1,908,854 |
| Other property and services | 43,302 | 40,000 | 48,327 |
| | 3,937,495 | 3,846,626 | 3,308,010 |
| Total Income | 7,410,614 | 7,317,326 | 6,661,453 |
| Expenses | | | |
| Governance | (354,810) | (497,202) | (332,086) |
| General purpose funding | (112,202) | (125,533) | (100,951) |
| Law, order, public safety | (248,564) | (449,952) | (326,419) |
| Health | (22,053) | (31,390) | (24,583) |
| Community amenities | (608,499) | (793,386) | (608,127) |
| Recreation and culture | (852,280) | (1,194,790) | (779,857) |
| Transport | (3,108,557) | (3,500,990) | (3,479,110) |
| Economic services | (311,089) | (371,471) | (284,979) |
| Other property and services | (241,060) | (63,499) | (76,576) |
| Total expenses | (5,859,114) | (7,028,213) | (6,012,688) |
| Net result for the period | 1,551,500 | 289,113 | 648,765 |

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

23. FUNCTION AND ACTIVITY (Continued)

| | 2022 Actual | 2022 Budget | 2021 Actual |
|-----------------------------|--------------------|--------------------|----------------|
| (c) Fees and Charges | \$ | \$ | \$ |
| General purpose funding | 13,705 | 12,200 | 9,959 |
| Law, order, public safety | 13,405 | 11,600 | 17,352 |
| Health | 5,914 | 5,007 | 9,808 |
| Community amenities | 202,671 | 177,959 | 204,865 |
| Recreation and culture | 110,067 | 72,620 | 86,739 |
| Economic services | 18,651 | 15,750 | 33,630 |
| Other property and services | 5,680 | 11,000 | 8,824 |
| | <u>370,093</u> | <u>306,136</u> | <u>371,177</u> |
| | 2022 | 2021 | |
| (d) Total Assets | \$ | \$ | |
| Governance | 885,425 | 1,118,327 | |
| Law, order, public safety | 844,029 | 812,736 | |
| Community amenities | 651,276 | 545,000 | |
| Recreation and culture | 12,629,737 | 11,154,514 | |
| Transport | 132,071,539 | 131,157,311 | |
| Economic services | 8,531 | 21,021 | |
| Other property and services | 3,544,763 | 3,295,098 | |
| Unallocated | 5,245,819 | 4,041,403 | |
| | <u>155,881,119</u> | <u>152,145,410</u> | |

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

24. RATING INFORMATION

(a) General Rates

| RATE TYPE Rate Description | Basis of valuation | Rate in \$ | Number of Properties | 2021/22 | | 2021/22 | | 2021/22 | | 2021/22 | | 2021/22 | | 2020/21 | |
|--|------------------------|---------------|----------------------------|-------------------------------|---------------------------|----------------------------|-------------------------|---------------------------|---------------------------|------------------------|----------------------------|----------------------------|----------------------------|------------|--|
| | | | | Actual Rateable Value * | Actual Rate Revenue | Actual Interim Rates | Actual Back Rates | Budget Rate Revenue | Budget Interim Rate | Budget Back Rate | Budget Total Revenue | Actual Total Revenue | Actual Total Revenue | | |
| General Rate GRV | Gross rental valuation | 0.094315 | 288 | \$ 4,776,050 | \$ 450,453 | \$ 5,653 | \$ 430 | \$ 450,453 | \$ 0 | \$ 0 | \$ 450,453 | \$ 435,884 | \$ 435,884 | \$ 435,884 | |
| General Rate UV | Unimproved valuation | 0.010900 | 413 | 2,165,703 | 2,165,703 | 2,052 | (2,204) | 2,165,704 | 0 | 0 | 2,165,704 | 2,087,426 | 2,087,426 | | |
| Oakagee Industrial Estate Buffer Zone | Unimproved valuation | 0.021000 | 2 | 185,346 | 185,346 | 3,297 | 22 | 185,346 | 0 | 0 | 185,346 | 193,866 | 193,866 | | |
| Sub-Total | | | 703 | 7,127,099 | 2,801,502 | 11,002 | (1,752) | 2,801,503 | 0 | 0 | 2,801,503 | 2,717,196 | 2,717,196 | | |
| Minimum | | | | | | | | | | | | | | | |
| Minimum payment | | \$ | | | | | | | | | | | | | |
| General Rate GRV | Gross rental valuation | | 186 | | 130,200 | 0 | 0 | 130,200 | 0 | 0 | 130,200 | 130,900 | 130,900 | | |
| General Rate UV | Unimproved valuation | | 15 | | 6,000 | 0 | 0 | 6,000 | 0 | 0 | 6,000 | 6,400 | 6,400 | | |
| Sub-Total | | | 201 | | 136,200 | 0 | 0 | 136,200 | 0 | 0 | 136,200 | 137,300 | 137,300 | | |
| Total amount raised from general rates | | | | | | | | | | | | 2,937,703 | 2,854,496 | | |
| Sub-Total | | | | | | | | | | | | 2,946,952 | 2,854,496 | | |

* Rateable value is based on the value of properties at the time the rate is raised.

(b) Total Rates

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

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

24. RATING INFORMATION (Continued)

(b) Discounts, Incentives, Concessions, & Write-offs

| Rates Discounts Rate or Fee Discount Granted | Type | Discount % | Discount \$ | 2022 Actual \$ | 2022 Budget \$ | 2021 Actual \$ | Circumstances in which Discount is Granted |
|---|--|-----------------------|----------------|-------------------------------------|----------------------|----------------------|---|
| Rates | Rate | 100.00% | 400 | 0 | 0 | 0 | Council has granted a waiver of rates to the Yuna CWA for the 2020/2021 rating year on the basis it is a non-profit community organisation. |
| Instalment Administration Charge | Fee and charge | 100.00% | 2,160 | 0 | 0 | 0 | Council has granted a waiver of instalment charges (\$9) for any pensioner wishing to take advantage of making payment of current rates by instalments. |
| Waivers or Concessions | | | | 0 | 0 | 0 | |
| Rate or Fee and Charge to which the Waiver or Concession is Granted | Type | Waiver/ Concession | Discount % | Discount \$ | 2022 Actual \$ | 2022 Budget \$ | 2021 Actual \$ |
| Venue Hire; Photocopy, Charges & Private Works | Fee and charge | Waiver | 100.00% | 0 | 0 | 0 | 0 |
| Pool Inspections & Water Testing Charges | Fee and charge | Waiver | 100.00% | 0 | 0 | 0 | 0 |
| Venue Hire Recreation Facilities | Fee and charge | Waiver | 100.00% | 0 | 0 | 0 | 0 |
| Rate or Fee and Charge to which the Waiver or Concession is Granted | Circumstances in which the Waiver or Concession is Granted and to whom it was available | | | 0 | 0 | 0 | 0 |
| Venue Hire; Photocopy, Charges & Private Works | Council may grant a waiver to community groups who reside in the shire who wish to use the facilities in association with a community event. | | | Objects of the Waiver or Concession | | | Council considers support of these groups necessary for the overall benefit of the community. |
| Pool Inspections & Water Testing Charges | Council will grant a waiver to Yuna Primary School for pool inspection and water testing at the Yuna Primary School pool under the condition the school has the pool open outside of school hours during summer. | | | | | | Council considers support of these groups necessary for the overall benefit of the community. |
| Venue Hire Recreation Facilities | Council will grant a waiver to Yuna and Nabawa Parents and Citizens Association for the use of recreation facilities within the Shire. | | | | | | Council considers support of these groups necessary for the overall benefit of the community. |

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

25. RATE SETTING STATEMENT INFORMATION

| Note | 2021/22 | 2021/22 | 2021/22 | 2020/21 |
|--|--------------------------------------|--|-------------------------------------|--------------------------------------|
| | (30 June 2022 Carried Forward) | Budget (30 June 2022 Carried Forward) | (1 July 2021 Brought Forward) | (30 June 2021 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 Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> . | | | | |
| Adjustments to operating activities | | | | |
| | | | | |
| Less: Profit on asset disposals | 10(b) | (86,856) | (60,006) | (72,554) |
| Less: Movement in liabilities associated with restricted cash | | 24,213 | 0 | 0 |
| Less: Fair value adjustments to financial assets at fair value through profit and loss | | (2,998) | 0 | (2,804) |
| Add: Depreciation | 10(a) | 2,089,998 | 1,938,889 | 2,051,812 |
| Non-cash movements in non-current assets and liabilities: | | | | |
| Pensioner deferred rates | | (3,404) | 0 | 114 |
| Employee benefit provisions | | 18,149 | 14,139 | 79,251 |
| Contract liabilities | | 0 | 0 | 554 |
| Non-cash amounts excluded from operating activities | | 2,039,102 | 1,893,021 | 2,056,373 |
| (b) Surplus/(deficit) after imposition of general rates | | | | |
| The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates. | | | | |
| Adjustments to net current assets | | | | |
| Less: Reserve accounts | 27 | (1,318,066) | (1,318,096) | (1,160,486) |
| Add: Current liabilities not expected to be cleared at end of year | | | | |
| - Current portion of borrowings | 14 | 0 | 0 | 42,125 |
| - Current portion of lease liabilities | 11(b) | 7,886 | 7,886 | 7,686 |
| - Employee benefit provisions | | 418,331 | 0 | 394,118 |
| Total adjustments to net current assets | | (891,849) | (1,310,210) | (716,557) |
| Net current assets used in the Rate Setting Statement | | | | |
| Total current assets | | 5,179,125 | 5,054,900 | 3,981,110 |
| Less: Total current liabilities | | (2,099,211) | (3,744,690) | (1,484,988) |
| Less: Total adjustments to net current assets | | (891,849) | (1,310,210) | (716,557) |
| Net current assets used in the Rate Setting Statement | | 2,188,065 | 0 | 1,779,565 |

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

26. BORROWING AND LEASE LIABILITIES

(a) Borrowings

| Purpose | Note | Actual | | | | Budget | | | | |
|--------------------------|------|--------------------------|--------------------------|---------------------------|--------------------------|---------------------------|--------------------------|--------------------------|---------------------------|--------|
| | | Principal at 1 July 2020 | New Loans During 2020-21 | Principal at 30 June 2021 | New Loans During 2021-22 | Principal at 30 June 2022 | Principal at 1 July 2021 | New Loans During 2021-22 | Principal at 30 June 2022 | |
| Upgrade Community Centre | | \$ 4,961 | 0 | \$ (4,961) | 0 | \$ 0 | 0 | \$ 0 | 0 | \$ 0 |
| Bill Hemseley Park | | 83,160 | 0 | (41,035) | 42,125 | (42,125) | 0 | 42,125 | 0 | 42,125 |
| Total Borrowings | 14 | 88,121 | 0 | (45,996) | 42,125 | (42,125) | 0 | 42,125 | 0 | 42,125 |

* WA Treasury Corporation

All other loan repayments were financed by general purpose revenue.

Borrowing Interest Repayments

| Purpose | Note | Function and activity | Loan Number | Institution | Interest Rate | Actual for year ending 30 June 2022 | Budget for year ending 30 June 2022 | Actual for year ending 30 June 2021 |
|---------------------------|------|------------------------|-------------|-------------|---------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Upgrade Community Centre | | Recreation and culture | 89 | Westpac | 5.99% | 0 | 0 | (1,867) |
| Bill Hemseley Park | | Recreation and culture | 98 | Westpac | 2.64% | (798) | (836) | (151) |
| Total Interest Repayments | | | | | | (798) | (836) | (2,018) |

(b) Lease Liabilities

| Purpose | Note | Actual | | | | Budget | | | |
|-------------------------|-------|--------------------------|---------------------------|---------------------------|---------------------------|---------------------------|--------------------------|---------------------------|---------------------------|
| | | Principal at 1 July 2020 | New Leases During 2020-21 | Principal at 30 June 2021 | New Leases During 2021-22 | Principal at 30 June 2022 | Principal at 1 July 2021 | New Leases During 2021-22 | Principal at 30 June 2022 |
| Konica Minolta Printer | | \$ 633 | 0 | \$ (633) | 0 | \$ 0 | 0 | \$ 0 | 0 |
| Nabawa Fuel Station | | 65,671 | 0 | (7,491) | 58,180 | (7,686) | 0 | 58,180 | 0 |
| Total Lease Liabilities | 11(b) | 66,304 | 0 | (8,124) | 58,180 | (7,686) | 0 | 58,180 | 0 |

Lease Interest Repayments

| Purpose | Note | Function and activity | Lease Number | Institution | Interest Rate | Actual for year ending 30 June 2022 | Budget for year ending 30 June 2022 | Actual for year ending 30 June 2021 | Lease Term |
|---------------------------|------|-----------------------|--------------|----------------------------|---------------|-------------------------------------|-------------------------------------|-------------------------------------|------------|
| Konica Minolta Printer | | Governance | LE13 | De Lage Landen Pty Limited | 2.00% | 0 | 0 | (2) | 48 Months |
| Nabawa Fuel Station | | Community amenities | LE01 | Searange Holdings Pty Ltd | 2.60% | (1,405) | 0 | (1,600) | 120 Months |
| Total Interest Repayments | | | | | | (1,405) | 0 | (1,602) | |

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

27. RESERVE ACCOUNTS

| | 2022 | | 2022 | | 2022 | | 2022 | | 2022 | | 2021 | | 2021 | |
|---|-----------|---------|-----------|-----------------|-----------|-----------------|-----------|-----------|---------|---------|----------|-----------|----------|--------|
| | Actual | Actual | Actual | Transfer (from) | Actual | Transfer (from) | Budget | Budget | Actual | Actual | Actual | Actual | Actual | Actual |
| Restricted by council | | | | | | | | | | | | | | |
| (a) Leave reserve | 115,716 | 50,024 | 0 | 0 | 115,716 | 50,039 | 0 | 165,755 | 115,678 | 38 | 0 | 115,716 | 0 | 0 |
| (b) Water Strategy Reserve | 14,245 | 3 | 0 | 0 | 14,245 | 5 | 0 | 14,250 | 14,240 | 5 | 0 | 14,245 | 0 | 0 |
| (c) Plant/Light Vehicle Reserve | 547,211 | 250,114 | (278,000) | 0 | 547,211 | 250,080 | (278,000) | 519,291 | 256,877 | 290,334 | 0 | 547,211 | 0 | 0 |
| (d) Unspent Grant Reserve | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 9,500 | 0 | (9,500) | 0 | 0 | 0 |
| (e) Computer & Office Equipment Reserve | 39,763 | 9 | 0 | 0 | 39,763 | 16 | 0 | 39,779 | 39,751 | 12 | 0 | 39,763 | 0 | 0 |
| (f) Legal Reserve | 40,037 | 8 | 0 | 0 | 40,037 | 14 | 0 | 40,051 | 40,024 | 13 | 0 | 40,037 | 0 | 0 |
| (g) Land Development Reserve | 52,102 | 20,011 | 0 | 0 | 52,102 | 20,019 | 0 | 72,121 | 52,085 | 17 | 0 | 52,102 | 0 | 0 |
| (h) Infrastructure Reserve | 167,223 | 115,372 | 0 | 0 | 167,223 | 115,371 | 0 | 282,594 | 102,170 | 65,053 | 0 | 167,223 | 0 | 0 |
| (i) Building Reserve | 184,190 | 100,038 | (100,000) | 0 | 184,190 | 100,065 | (100,000) | 184,255 | 209,126 | 64 | (25,000) | 184,190 | (34,500) | 0 |
| | 1,160,487 | 535,579 | (378,000) | 0 | 1,160,487 | 535,609 | (378,000) | 1,318,096 | 839,451 | 355,536 | 0 | 1,160,487 | 0 | 0 |

All reserves are supported by cash and cash equivalents and are restricted within equity as Reserves - cash backed.

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

| Name of Reserve | Anticipated date of use | Purpose of the reserve |
|---|-------------------------|---|
| (a) Leave reserve | 30/06/2023 | To be used to fund annual and long service leave requirements. |
| (b) Water Strategy Reserve | N/A | To be used for the construction and operational costs of facilities for fire fighting purposes. |
| (c) Plant/Light Vehicle Reserve | 30/06/2023 | To be used for the purchase of and/or major repair of major plant and light vehicles. |
| (d) Unspent Grant Reserve | N/A | To be used to quarantine unspent grant and loans. |
| (e) Computer & Office Equipment Reserve | N/A | To be used to replace Information and Communications Technology equipment. |
| (f) Legal Reserve | N/A | To be used to fund legal expenses incurred as a result of tribunals, hearings, litigation etc. |
| (g) Land Development Reserve | 30/06/2023 | To be used for further subdivisional development in the Shire of Chapman Valley. |
| (h) Infrastructure Reserve | 30/06/2023 | To be used to fund road and building infrastructure projects, including yet not limited to, natural disasters upfront or insurance excess costs, annual roadworks maintenance and construction works. |
| (i) Building Reserve | 30/06/2023 | To be used for the construction of shire buildings or capital upgrades of existing buildings, including yet not limited to, covering insurance excess component of claims for repair/replace buildings. |

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

28. TRUST FUNDS

Funds held at balance date which are required to be held in trust and which are not included in the financial statements are as follows:

| | 1 July 2021 | Amounts Received | Amounts Paid | 30 June 2022 |
|---|----------------|------------------|-----------------|----------------|
| | \$ | \$ | \$ | \$ |
| Developer Contributions - Public Open Space | 150,357 | 0 | 0 | 150,357 |
| Construction Training Fund Levies | 4,350 | 10,879 | (13,714) | 1,515 |
| Building Commission Levies | 3,686 | 7,993 | (10,240) | 1,439 |
| Unclaimed Monies | 250 | 236 | (486) | 0 |
| | <u>158,643</u> | <u>19,108</u> | <u>(24,440)</u> | <u>153,311</u> |



Auditor General

INDEPENDENT AUDITOR'S REPORT 2022 Shire of Chapman Valley

To the Councillors of the Shire of Chapman Valley

Opinion

I have audited the financial report of the Shire of Chapman Valley (Shire) which comprises:

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

In my opinion, the financial report is:

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

Basis for opinion

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

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

Other information

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

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

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

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I did not receive the other information prior to the date of this auditor's report. When I do receive it, I will read it and if I conclude that there is a material misstatement in this information, I am required to communicate the matter to the CEO and Council and request them to correct the misstated information. If the misstated information is not corrected, I may need to retract this auditor's report and re-issue an amended report.

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

The Chief Executive Officer of the Shire is responsible for:

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

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

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

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

Auditor's responsibilities for the audit of the financial report

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

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

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

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

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

Matters relating to the electronic publication of the audited financial report

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

Grant Robinson
Assistant Auditor General Financial Audit
Delegate of the Auditor General for Western Australia
Perth, Western Australia
12 December 2022

SHIRE OF CHAPMAN VALLEY

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2022

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

| INDEX OF FINDINGS | RATING | | |
|---|-------------|----------|-------|
| | Significant | Moderate | Minor |
| 1. Fair Value of Infrastructure Assets – Frequency of Valuations | ✓ | | |
| 2. Non-Compliance with Regulation 5 of the Local Government (Financial Management) Regulations 1996 | | ✓ | |
| 3. Bank reconciliation prepared without review | | ✓ | |

KEY TO RATINGS

The Ratings in this management letter are based on the audit team's assessment of risks and concerns with respect to the probability and/or consequence of adverse outcomes if action is not taken. We give consideration to these potential adverse outcomes in the context of both quantitative impact (for example financial loss) and qualitative impact (for example inefficiency, non-compliance, poor service to the public or loss of public confidence).

- Significant** - Those findings where there is potentially a significant risk to the entity should the finding not be addressed by the entity promptly. A significant rating could indicate the need for a modified audit opinion in the current year, or in a subsequent reporting period if not addressed. However, even if the issue is not likely to impact the audit report, it should be addressed promptly.
- Moderate** - Those findings which are of sufficient concern to warrant action being taken by the entity as soon as practicable.
- Minor** - Those findings that are not of primary concern but still warrant action being taken.

SHIRE OF CHAPMAN VALLEY

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2022

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

1. Fair Value of Infrastructure Assets – Frequency of Valuations**Finding**

The Shire has performed a high-level assessment to determine whether the carrying value of its infrastructure assets represent their fair value. This assessment is based on an internal assessment of current market conditions, based on which management has concluded that in their view, the value of infrastructure assets at 30 June 2022 was not materially different from their fair value. The assessment however does not include detailed assessments of the specific market factors considered.

Rating: Significant**Implication**

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

Recommendation

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

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

Management Comment

Management believe compliance with Regulation 17A(4)(b) has been met by an external professional revaluation taken place 30 June 2018, with the next revaluation scheduled for the 22/23 financial year. With regards to AASB 13, management believe adequate assessment of infrastructure fair value has taken place, given the resources, costs involved and the lack of any material change to infrastructure assets after internal review. Ultimately management endeavours to balance the cost of additional compliance with our obligation to provide our constituents a clear overview of the Shire financial position whilst ensuring municipal funds are utilised in the most beneficial manner.

Responsible Person: Manager Finance and Corporate Services

Completion Date: 6 December 2022

SHIRE OF CHAPMAN VALLEY

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2022

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

2. Non-Compliance with Regulation 5 of the Local Government (Financial Management) Regulations 1996

Finding

We noted that the Shire had not undertaken a review of the appropriateness and effectiveness of its financial management systems and procedures every 3 years, as required by Regulation 5 of the Local Government (Financial Management) Regulations 1996. The Shire completed the last review in May 2019.

We acknowledged that while management had engaged an external contractor to perform this work on their behalf, this work had commenced only in October 2022.

Rating: Moderate

Implication

By not reviewing its financial management systems and procedures regularly (at least every 3 years), the Shire is in breach of Regulation 5 of the Local Government (Financial Management) Regulations 1996.

Furthermore, the Shire risks procedures becoming outdated if regular reviews are not performed.

Recommendation

Management should ensure that Regulation 5 of the Local Government (Financial Management) Regulations 1996 is complied with going forward and that a review of the Shire's financial management systems and procedures is completed every 3 years.

Management Comment

Management understands the timing of the Shires financial management review has caused issues with compliance with Regulation 5 of the Local Government (Financial Management) Regulations 1996. Unfortunately, the Shire was unable to source a contractor to perform this review until after 30 June 2022. The review is now completed with reports expected to be provided in the near future.

Responsible person: Manager Finance and Corporate Services

Completion date: 6 December 2022

SHIRE OF CHAPMAN VALLEY
PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2022
FINDINGS IDENTIFIED DURING THE FINAL AUDIT

3. Bank reconciliation prepared without review

Finding

We noted that the June 2022 Municipal bank reconciliation was prepared by the Senior Finance Officer but was not independently reviewed by the Manager Finance and Corporate Services.

Rating: Moderate

Implication

The absence of an independent review process could prevent issues in the bank reconciliations from being detected and corrected in a timely manner, which could potentially lead to misstatements in the cash and cash equivalents balances in the financial report.

Recommendation

Management should ensure that the bank reconciliation is reviewed by an independent senior officer, to ensure that the cash and cash equivalents balances in the financial report are not misstated.

Management Comment

Management believes this issue is information technology related only. All bank reconciliations are thoroughly reviewed by the Manager of Finance and Corporate Services after being completed by the Senior Finance Officer. What appears to have occurred is the MFCS has omitted to save the PDF document after reviewing and digitally signing the document. Management can confirm no absence in review has occurred in this instance.

Responsible Person: Manager Finance and Corporate Services
Completion Date: 6 December 2022