

ANNUAL REPORT

2022/2023



ACKNOWLEDGEMENT OF COUNTRY

The Shire of Chapman Valley would like to respectfully acknowledge the Naaguja peoples who are the traditional owners and first people of the land on which we stand.

We would like to pay our respect to the elders past, present and emerging for they hold the memories, the traditions, the culture and hopes of the Naaguja peoples.

DISCLAIMER

No responsibility whatsoever is implied or accepted by the Shire of Chapman Valley for any act, omission or statement or intimation occurring during Council Meeting. The Shire of Chapman Valley disclaims any liability for any loss whatsoever and howsoever caused arising out of reliance by any person or legal entity on any such act, omission or statement or intimation occurring during Council or Committee Meetings.

Any person or legal entity who acts or fails to act in reliance upon any statement, act or omission made in a Council Meeting does so at that person's or legal entity's own risk.

The Shire of Chapman Valley warns that anyone who has any application or request with the Shire of Chapman Valley must obtain and should rely on WRITTEN CONFIRMATION of the outcome of the application or request of the decision made by the Shire of Chapman Valley.

PRESIDENTS ANNUAL REPORT TO ELECTORS



As we reflect upon the events and achievements of the past year, I am filled with immense gratitude for the dedication, hard work, and collaborative spirit that defines the Shire of Chapman Valley.

It is with great pleasure and pride that I extend my heartfelt thanks to each and every one of you for your unwavering commitment to our community. Our volunteers, the lifeblood of our Shire, have once again proven that their selfless contributions make the Valley a truly special place. Your tireless efforts in community events, emergency response, and various initiatives have not only enriched the lives of our residents but have also showcased the strength of our community bonds.

I would like to express my deepest appreciation to our Chief Executive Officer, the Executive Team, and all employees for their exceptional professionalism, innovation, and resilience. In a year filled with challenges, your collective efforts have been instrumental in steering the Shire of Chapman Valley towards progress and success. Your commitment to service and your ability to adapt to changing circumstances have been nothing short of remarkable.

To my fellow Elected Members, including former Councillors Darrell Forth, Bev Davidson and Peter Humphrey who left us at the October 2023 election, thank you all for your dedication to public service and your unwavering commitment to representing the interests of our community. Your diverse perspectives and collaborative approach have played a pivotal role in shaping policies that benefit our residents and contribute to the overall prosperity of Chapman Valley.

With the presentation of the Annual Report for 2022/23, let it stand as a testament to the unity, resilience, and strength of the Shire of Chapman Valley. It is through the collective efforts of volunteers, employees, and elected officials that we continue to build a vibrant, inclusive, and thriving community. I look forward to another year of working together achieving new milestones, and making Chapman Valley a great place to live, work & play.

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

Kirrilee Warr
Shire President

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 did not hold any elections for 2022/2023.

Councillors Kirrilee Warr (President), Darrell Forth (Deputy President), Nicole Batten, Beverley Davidson, Peter Humphrey, Trevor Royce, Liz Elliott-Lockhart and Catherine Low retained their positions on council.

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 |
| Catherine 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 Bill Hemsley Park Community Centre, Redcliffe Concourse, White Peak.

All meetings are open to the public.

| Council Member | Ordinary Council Meetings (11) | Special Meetings of Council | Apologies | Leave of Absence |
|-----------------------|---------------------------------------|------------------------------------|------------------|-------------------------|
| Kirrilee Warr | 11 | 1 | Nil | Nil |
| Darrell Forth | 11 | 1 | Nil | Nil |
| Nicole Batten | 10 | 1 | Nil | 1 |
| Beverley Davidson | 9 | 1 | 1 | 1 |
| Peter Humphrey | 9 | 1 | Nil | 2 |
| Trevor Royce | 10 | 1 | Nil | 1 |
| Liz Elliott-Lockhart | 10 | 1 | Nil | 1 |
| Catherine Low | 10 | 1 | 1 | 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 electors meeting are to be considered at the next Ordinary meeting of Council.

The Annual Meeting of Electors for this year will be held on 15th March 2024 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> <ul style="list-style-type: none"> • CEO • Building Surveyor |
| Finance Audit & Risk Management Committee | Purpose: To provide a review of Council's ongoing financial situation, provide a forum for ongoing review of strategic management plan for Council operations and discuss the Audit System. Delegation - Nil | <u>4 x Councillors</u> <ul style="list-style-type: none"> • Cr Warr • Cr Forth • Cr Davidson • Cr Batten <ul style="list-style-type: none"> • Grant Middleton CPA (External, Independent Member) <u>Observers:</u> |

| | | |
|--------------------------------------|---|--|
| | | <ul style="list-style-type: none"> • CEO • Manager Finance & Corporate Services |
| Road Infrastructure Committee | <p>Purpose: Undertake an annual review of the following:</p> <ul style="list-style-type: none"> - Roads Works Program - Road Hierarchy - Heavy Haulage Vehicle Permit Roads; and - Any other works infrastructure items 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 of Internal Groups – Working, Advisory, Steering, etc. (SIMPLE MAJORITY REQUIRED) (Numbers not legislated) | | |
|--|--|---|
| Bush Fire Brigades Group Management Advisory Committee | <p>Purpose: Will meet at least annually to:</p> <ul style="list-style-type: none"> - Elect Office Bearers - Review previous years 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. <p>Delegation - Nil</p> | <p><u>President (Presiding Member) and 2 x Councillors</u></p> <ul style="list-style-type: none"> • Cr Warr (President) • Cr Royce • Cr Humphrey • CBFCO • DCBFCO • All Brigade FCOs • CEO • Senior Ranger <p><u>Observers:</u></p> <p>1 x DFES Rep</p> <p><u>Proxy Councillor Rep</u></p> <ul style="list-style-type: none"> • Cr Elliot-Lockhart (Proxy) |
| Batavia Local Emergency Management Committee (BLEMC) | <p>Purpose: Meet as required in accordance with legislation and Council endorsed Local Emergency Management Arrangements (LEMA) to:</p> <ul style="list-style-type: none"> - Review the LEMA & Recovery Plan. | <p><u>2 x Councillor</u></p> <ul style="list-style-type: none"> • Cr Davidson • Cr Humphrey |

| | | |
|---|---|--|
| | <ul style="list-style-type: none"> - Implement Emergency Exercises as required. - Any other emergency management related items referred to the Committee by Council. <p>Delegation - Nil</p> | <ul style="list-style-type: none"> • CEO |
| Community Growth Advisory Group | <p>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.</p> <p>Delegation - Nil</p> | <p><u>President (Presiding Member) & 3 x Councillors (Members)</u></p> <ul style="list-style-type: none"> • Cr Warr (President) • Cr Davidson • Cr Low • Cr Royce • CEO • Manager Finance & Corporate Services • 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 • CEO • Deputy CEO • Community 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>1 x Councillor</u></p> <ul style="list-style-type: none"> • Cr Forth (Chairperson) • DCEO |

| | | |
|--|--|---|
| | | <ul style="list-style-type: none"> • 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 • CEO • Deputy CEO • 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 • CEO <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 • CEO • 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 Councillor</u></p> <ul style="list-style-type: none"> • Cr Batten <ul style="list-style-type: none"> • CEO • Deputy CEO <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 Councillor</u></p> <ul style="list-style-type: none"> • Cr Warr <ul style="list-style-type: none"> • CEO <p><u>1 x Proxy Councillor</u></p> <ul style="list-style-type: none"> • Cr Royce (Proxy) |
| Strategic Community Plan 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> | <ul style="list-style-type: none"> • Shire President • Cr Elliott-Lockhart • Cr Humphrey • CEO |

| | | |
|--|--|---|
| | | <ul style="list-style-type: none"> • Deputy CEO • 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 2023.

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 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 2023.

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 2022/2023.

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 to 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 2022/2023

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 2022/2023 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 in 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 \$1,708,332 in Financial Assistance Grants in 2022/2023. 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 2023, 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 \$205,283 in the 2022/2023 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 have 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.

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 fulfill 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.

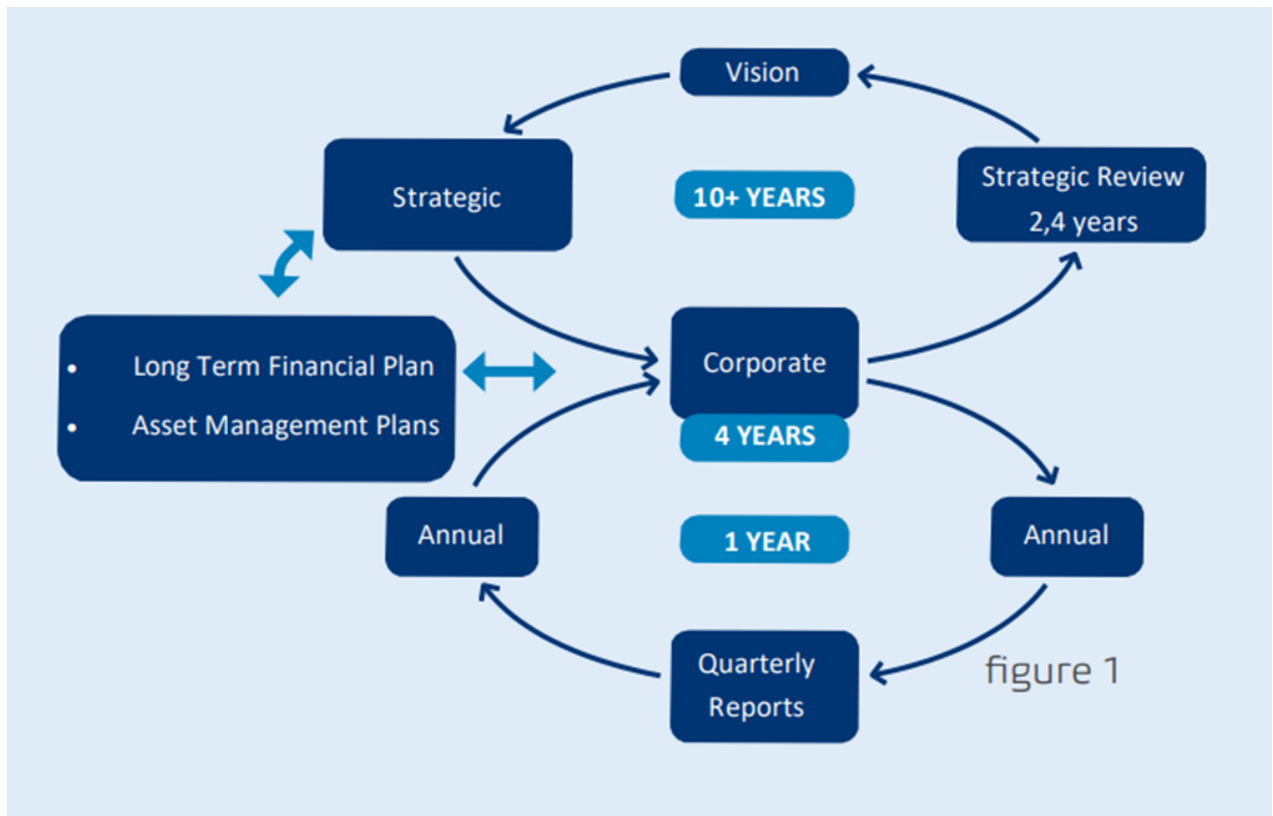
Our Vision

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



As we come together to reflect on the achievements and milestones of the past year, I am filled with gratitude and a deep sense of pride for the Shire of Chapman Valley community. It is with immense pleasure that I extend my heartfelt thanks to all employees, Elected Members, and their families for their unwavering commitment to our shared vision. I would like to express my sincere appreciation to the Shire President, outgoing Deputy Shire President, Darrell Forth and incoming Deputy, Nicole Batten for their steadfast support and dedication. Your leadership has been instrumental in guiding our community towards progress and success. To all Elected Members and their families, your sacrifice and commitment to public service do not go unnoticed, and I extend my gratitude for your tireless efforts.

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 have ended the year in a sound financial position with an untied accrued surplus of \$2,296,947 with cash backed Reserves of \$1,331,447 and no outstanding loans. I am pleased to report on the following major projects undertaken in 2022-2023 that have provided new and exciting amenity to the community, based on an annual expenditure of \$7.5m.

MAJOR PROJECTS

| | |
|-------------------------|-----------|
| Coronation Beach Road | \$529,060 |
| Valentine Road | \$529,254 |
| East Nabawa Road | \$478,122 |
| Northampton Nabawa Road | \$458,317 |
| Plant Replacement & Add | \$697,104 |
| Newmarracarra Road | \$361,495 |

COMMUNITY HIGHLIGHTS

| | |
|--|-----------|
| Plant Purchases | \$697,000 |
| Community Growth Fund | \$17,500 |
| Nanson Showgrounds Arena Lighting | \$85,056 |
| Nabawa Community Centre-Lessor Hall Upgrades | \$40,000 |
| Electronic Display Signs-Nabawa | \$15,000 |
| Coronation Beach | \$15,000 |

CCTV-Coronation Beach, Yuna Golf Club, Fig Tree \$25,000

These accomplishments stand as a testament to the dedication, collaboration, and hard work of everyone involved in the Shire of Chapman Valley. Together, we have built a community that is vibrant, inclusive, and thriving. As we look forward to the coming year, I am excited about the possibilities and the continued progress we can achieve together. Your commitment to Chapman Valley is the driving force behind our success, and I am confident that the future holds even greater accomplishments.

A handwritten signature in black ink, appearing to read 'Jamie Criddle', with a stylized, flowing script.

JAMIE CRIDDLE
CHIEF EXECUTIVE OFFICER

ANNUAL FINANCIAL REPORTS

AUDITED FINANCIAL STATEMENTS

INDEPENDENT AUDIT REPORT

MANAGEMENT REPORT



SHIRE OF
Chapman Valley
love the rural life!

SHIRE OF CHAPMAN VALLEY
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

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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

Nexia Perth Audit Services Pty Ltd

**SHIRE OF CHAPMAN VALLEY
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

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

STATEMENT BY CEO

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

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

Signed on the **Nineteenth** day of **February** 2024



Chief Executive Officer

Jameon Criddle

Name of Chief Executive Officer



Nexia Perth Audit Services Pty Ltd

SHIRE OF CHAPMAN VALLEY
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023

| | NOTE | 2023 Actual | 2023 Budget | 2022 Actual |
|---|---------|-------------------|--------------------|------------------|
| | | \$ | \$ | \$ |
| Revenue | | | | |
| Rates | 2(a),24 | 3,051,734 | 3,049,621 | 2,946,952 |
| Grants, subsidies and contributions | 2(a) | 2,786,614 | 2,481,632 | 2,408,298 |
| Fees and charges | 2(a) | 440,190 | 357,252 | 370,093 |
| Interest revenue | 2(a) | 60,833 | 14,615 | 20,121 |
| Other revenue | 2(a) | 15,043 | 17,374 | 46,099 |
| | | 6,354,414 | 5,920,494 | 5,791,563 |
| Expenses | | | | |
| Employee costs | 2(b) | (2,193,641) | (2,466,051) | (1,802,378) |
| Materials and contracts | | (2,641,074) | (3,335,131) | (1,633,375) |
| Utility charges | | (55,086) | (65,969) | (51,750) |
| Depreciation | | (2,287,287) | (2,132,983) | (2,089,998) |
| Finance costs | 2(b) | (1,371) | (2,456) | (2,209) |
| Insurance | | (181,505) | (184,624) | (167,721) |
| Other expenditure | 2(b) | (111,226) | (128,136) | (111,683) |
| | | (7,471,190) | (8,315,350) | (5,859,114) |
| | | (1,116,776) | (2,394,856) | (67,551) |
| Capital grants, subsidies and contributions | 2(a) | 1,175,260 | 928,620 | 1,529,197 |
| Profit on asset disposals | | 17,200 | 55,876 | 86,856 |
| Loss on asset disposals | | (25,532) | (19,302) | 0 |
| Fair value adjustments to financial assets at fair value through profit or loss | 4 | 2,764 | 0 | 2,998 |
| | | 1,169,692 | 965,194 | 1,619,051 |
| Net result for the period | | 52,916 | (1,429,662) | 1,551,500 |
| 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 | 59,965,597 | 0 | 1,559,722 |
| Total other comprehensive income for the period | 16 | 59,965,597 | 0 | 1,559,722 |
| Total comprehensive income for the period | | 60,018,513 | (1,429,662) | 3,111,222 |

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



Nexia Perth Audit Services Pty Ltd

SHIRE OF CHAPMAN VALLEY
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

| | NOTE | 2023 \$ | 2022 \$ |
|--------------------------------------|-------|--------------------|--------------------|
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 3 | 4,080,340 | 4,941,705 |
| Trade and other receivables | 5 | 200,113 | 221,585 |
| Inventories | 6 | 5,931 | 6,767 |
| Other assets | 7 | 10,908 | 9,068 |
| TOTAL CURRENT ASSETS | | 4,297,292 | 5,179,125 |
| NON-CURRENT ASSETS | | | |
| Trade and other receivables | 5 | 8,342 | 8,342 |
| Other financial assets | 4 | 61,117 | 58,353 |
| Property, plant and equipment | 8(a) | 19,277,039 | 19,474,071 |
| Infrastructure | 9(a) | 191,269,843 | 131,112,692 |
| Right-of-use assets | 11(a) | 40,436 | 48,536 |
| TOTAL NON-CURRENT ASSETS | | 210,656,777 | 150,701,994 |
| TOTAL ASSETS | | 214,954,069 | 155,881,119 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 12 | 668,868 | 1,071,338 |
| Other liabilities | 13 | 0 | 601,656 |
| Lease liabilities | 11(b) | 8,087 | 7,886 |
| Employee related provisions | 15 | 497,342 | 418,331 |
| TOTAL CURRENT LIABILITIES | | 1,174,297 | 2,099,211 |
| NON-CURRENT LIABILITIES | | | |
| Other liabilities | 13 | 159,515 | 159,515 |
| Lease liabilities | 11(b) | 34,521 | 42,608 |
| Employee related provisions | 15 | 21,897 | 34,459 |
| TOTAL NON-CURRENT LIABILITIES | | 215,933 | 236,582 |
| TOTAL LIABILITIES | | 1,390,230 | 2,335,793 |
| NET ASSETS | | 213,563,839 | 153,545,326 |
| EQUITY | | | |
| Retained surplus | | 34,145,894 | 34,106,389 |
| Reserve accounts | 27 | 1,331,477 | 1,318,066 |
| Revaluation surplus | 16 | 178,086,468 | 118,120,871 |
| TOTAL EQUITY | | 213,563,839 | 153,545,326 |

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



Nexia Perth Audit Services Pty Ltd

SHIRE OF CHAPMAN VALLEY
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023

| | NOTE | RETAINED SURPLUS \$ | RESERVE ACCOUNTS \$ | REVALUATION SURPLUS \$ | TOTAL EQUITY \$ |
|---|------|---------------------------|---------------------------|------------------------------|-----------------------|
| Balance as at 1 July 2021 | | 32,712,468 | 1,160,487 | 116,561,149 | 150,434,104 |
| 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 reserve accounts | 27 | 378,000 | (378,000) | 0 | 0 |
| Transfers to reserve accounts | 27 | (535,579) | 535,579 | 0 | 0 |
| Balance as at 30 June 2022 | | 34,106,389 | 1,318,066 | 118,120,871 | 153,545,326 |
| Comprehensive income for the period | | | | | |
| Net result for the period | | 52,916 | 0 | 0 | 52,916 |
| Other comprehensive income for the period | 16 | 0 | 0 | 59,965,597 | 59,965,597 |
| Total comprehensive income for the period | | 52,916 | 0 | 59,965,597 | 60,018,513 |
| Transfers to reserve accounts | 27 | (13,411) | 13,411 | 0 | 0 |
| Balance as at 30 June 2023 | | 34,145,894 | 1,331,477 | 178,086,468 | 213,563,839 |

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



Nexia Perth Audit Services Pty Ltd

SHIRE OF CHAPMAN VALLEY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023

| | NOTE | 2023 Actual \$ | 2022 Actual \$ |
|---|-------|----------------------|----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts | | | |
| Rates | | 3,062,344 | 2,892,827 |
| Grants, subsidies and contributions | | 2,786,614 | 2,349,759 |
| Fees and charges | | 422,198 | 370,093 |
| Interest revenue | | 60,833 | 20,121 |
| Other revenue | | 15,043 | 46,099 |
| | | 6,347,032 | 5,678,899 |
| Payments | | | |
| Employee costs | | (2,101,992) | (1,748,183) |
| Materials and contracts | | (3,040,894) | (1,497,743) |
| Utility charges | | (55,086) | (51,750) |
| Finance costs | | (1,371) | (2,209) |
| Insurance paid | | (181,505) | (167,721) |
| Goods and services tax paid | | 0 | 50,219 |
| Other expenditure | | (111,226) | (111,682) |
| | | (5,492,074) | (3,529,069) |
| Net cash provided by operating activities | | 854,958 | 2,149,830 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Payments for purchase of property, plant & equipment | 8(a) | (813,185) | (937,495) |
| Payments for construction of infrastructure | 9(a) | (1,537,327) | (2,152,217) |
| Capital grants, subsidies and contributions | | 573,604 | 2,029,599 |
| Proceeds from sale of property, plant & equipment | | 68,471 | 115,000 |
| Net cash (used in) investing activities | | (1,708,437) | (945,113) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Repayment of borrowings | 26(a) | 0 | (42,125) |
| Payments for principal portion of lease liabilities | 26(b) | (7,886) | (7,686) |
| Net cash (used in) financing activities | | (7,886) | (49,811) |
| Net increase (decrease) in cash held | | (861,365) | 1,154,906 |
| Cash at beginning of year | | 4,941,705 | 3,786,799 |
| Cash and cash equivalents at the end of the year | 3 | 4,080,340 | 4,941,705 |

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



Nexia Perth Audit Services Pty Ltd

SHIRE OF CHAPMAN VALLEY
STATEMENT OF FINANCIAL ACTIVITY
FOR THE YEAR ENDED 30 JUNE 2023

| | NOTE | 2023 Actual \$ | 2023 Budget \$ | 2022 Actual \$ |
|---|-------|----------------------|----------------------|----------------------|
| OPERATING ACTIVITIES | | | | |
| Revenue from operating activities | | | | |
| General rates | 24 | 2,918,234 | 2,916,121 | 2,810,752 |
| Rates excluding general rates | 24 | 133,500 | 133,500 | 136,200 |
| Grants, subsidies and contributions | | 2,786,614 | 2,481,632 | 2,408,298 |
| Fees and charges | | 440,190 | 357,252 | 370,093 |
| Interest revenue | | 60,833 | 14,615 | 20,121 |
| Other revenue | | 15,043 | 17,374 | 46,099 |
| Profit on asset disposals | | 17,200 | 55,876 | 86,856 |
| Fair value adjustments to financial assets at fair value through profit or loss | 4 | 2,764 | 0 | 2,998 |
| | | 6,374,378 | 5,976,370 | 5,881,417 |
| Expenditure from operating activities | | | | |
| Employee costs | | (2,193,641) | (2,466,051) | (1,802,378) |
| Materials and contracts | | (2,641,074) | (3,335,131) | (1,633,375) |
| Utility charges | | (55,086) | (65,969) | (51,750) |
| Depreciation | | (2,287,287) | (2,132,983) | (2,089,998) |
| Finance costs | | (1,371) | (2,456) | (2,209) |
| Insurance | | (181,505) | (184,624) | (167,721) |
| Other expenditure | | (111,226) | (128,136) | (111,683) |
| Loss on asset disposals | | (25,532) | (19,302) | 0 |
| | | (7,496,722) | (8,334,652) | (5,859,114) |
| Non-cash amounts excluded from operating activities | 25(a) | 2,359,304 | 2,058,909 | 2,039,102 |
| Amount attributable to operating activities | | 1,236,960 | (299,373) | 2,061,405 |
| INVESTING ACTIVITIES | | | | |
| Inflows from investing activities | | | | |
| Capital grants, subsidies and contributions | | 1,175,260 | 928,620 | 1,529,197 |
| Proceeds from disposal of assets | | 68,471 | 106,304 | 115,000 |
| | | 1,243,731 | 1,034,924 | 1,644,197 |
| Outflows from investing activities | | | | |
| Purchase of property, plant and equipment | 8(a) | (813,185) | (1,508,584) | (937,495) |
| Purchase and construction of infrastructure | 9(a) | (1,537,327) | (2,001,564) | (2,152,217) |
| | | (2,350,512) | (3,510,148) | (3,089,712) |
| Amount attributable to investing activities | | (1,106,781) | (2,475,224) | (1,445,515) |
| FINANCING ACTIVITIES | | | | |
| Inflows from financing activities | | | | |
| Proceeds from borrowings | 26(a) | 0 | 344,533 | 0 |
| Transfers from reserve accounts | 27 | 0 | 250,000 | 378,000 |
| | | 0 | 594,533 | 378,000 |
| Outflows from financing activities | | | | |
| Repayment of borrowings | 26(a) | 0 | 0 | (42,125) |
| Payments for principal portion of lease liabilities | 26(b) | (7,886) | (7,886) | (7,686) |
| Transfers to reserve accounts | 27 | (13,411) | (115) | (535,579) |
| | | (21,297) | (8,001) | (585,390) |
| Amount attributable to financing activities | | (21,297) | 586,532 | (207,390) |
| MOVEMENT IN SURPLUS OR DEFICIT | | | | |
| Surplus or deficit at the start of the financial year | 25(b) | 2,188,065 | 2,188,065 | 1,779,565 |
| Amount attributable to operating activities | | 1,236,960 | (299,373) | 2,061,405 |
| Amount attributable to investing activities | | (1,106,781) | (2,475,224) | (1,445,515) |
| Amount attributable to financing activities | | (21,297) | 586,532 | (207,390) |
| Surplus or deficit after imposition of general rates | 25(b) | 2,296,947 | 0 | 2,188,065 |

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



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

1. BASIS OF PREPARATION

The financial report of the Shire of Chapman Valley which is a Class 4 local government comprises general purpose financial statements which have been prepared in accordance with the *Local Government Act 1995* and accompanying regulations.

Local Government Act 1995 requirements

Section 6.4(2) of the *Local Government Act 1995* read with the *Local Government (Financial Management) Regulations 1996* prescribe that the financial report be prepared in accordance with the *Local Government Act 1995* and, to the extent that they are not inconsistent with the *Local Government Act 1995*, the Australian Accounting Standards. The Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and Interpretations of the Australian Accounting Standards Board were applied except for disclosure requirements of:

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

The *Local Government (Financial Management) Regulations 1996* specify that vested land is a right-of-use asset to be measured at cost, and is considered a zero cost concessionary lease. All right-of-use assets under zero cost concessionary leases are measured at zero cost rather than at fair value, except for vested improvements on concessionary land leases such as roads, buildings or other infrastructure which continue to be reported at fair value, as opposed to the vested land which is measured at zero cost. The measurement of vested improvements at fair value is a departure from AASB 16 *Leases* 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 0 of the financial report.

Judgements and estimates

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

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

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

- estimated fair value of certain financial assets
- impairment of financial assets
- estimation of fair values of land and buildings and infrastructure
- estimation uncertainties made in relation to lease accounting

Initial application of accounting standards

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

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

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

New accounting standards for application in future years

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

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

The amendment may result in changes to the fair value of non-financial assets. The impact is yet to be quantified. Except as described above these amendments are not expected to have any material impact on the financial report on initial application.

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

2. REVENUE AND EXPENSES

(a) Revenue

Contracts with customers

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

| Revenue Category | Nature of goods and services | When obligations typically satisfied | Payment terms | Returns/Refunds/Warranties | Timing of revenue recognition |
|---|---|--------------------------------------|--|--|---|
| Grants, subsidies and contributions | Community events, minor facilities, research, design, planning evaluation and services | Over time | Fixed terms transfer of funds based on agreed operating milestones and reporting | Contract obligation if operations and/or services not provided | Output method based on total service and/or operations performed matched to performance obligations |
| Capital Grants, subsidies and contributions | Community developments, facilities and infrastructure, research, design, planning evaluation and services | Over time | Fixed terms transfer of funds based on agreed project milestones and reporting | Contract obligation if project not complete | Output method based on project milestones and/or completion date matched to performance obligations |
| Fees and charges - licences, registrations, approvals | Building, planning, development and animal management. | Single point in time | Full payment prior to issue | None | On payment of the licence, registration or approval |
| Other revenue - private works | Contracted private works | Single point in time | Monthly in arrears | None | At point of service |

Revenue Recognition

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

For the year ended 30 June 2023

| Nature | Contracts with customers | Capital grant/contributions | Statutory Requirements | Other | Total |
|---|--------------------------|-----------------------------|------------------------|------------------|------------------|
| | \$ | \$ | \$ | \$ | \$ |
| Rates | 0 | 0 | 3,051,734 | 0 | 3,051,734 |
| Grants, subsidies and contributions | 0 | 0 | 0 | 2,786,614 | 2,786,614 |
| Fees and charges | 0 | 0 | 440,190 | 0 | 440,190 |
| Interest revenue | 0 | 0 | 22,599 | 38,234 | 60,833 |
| Other revenue | 0 | 0 | 0 | 15,043 | 15,043 |
| Capital grants, subsidies and contributions | 0 | 1,175,260 | 0 | 0 | 1,175,260 |
| Total | 0 | 1,175,260 | 3,514,523 | 2,839,891 | 7,529,674 |

For the year ended 30 June 2022

| Nature | Contracts with customers | Capital grant/contributions | Statutory Requirements | Other | Total |
|---|--------------------------|-----------------------------|------------------------|------------------|------------------|
| | \$ | \$ | \$ | \$ | \$ |
| Rates | 0 | 0 | 2,946,952 | 0 | 2,946,952 |
| Grants, subsidies and contributions | 0 | 0 | 0 | 2,408,298 | 2,408,298 |
| Fees and charges | 0 | 0 | 370,093 | 0 | 370,093 |
| Interest revenue | 0 | 0 | 19,262 | 859 | 20,121 |
| Other revenue | 0 | 0 | 0 | 46,099 | 46,099 |
| Capital grants, subsidies and contributions | 0 | 1,529,197 | 0 | 0 | 1,529,197 |
| Total | 0 | 1,529,197 | 3,336,307 | 2,455,256 | 7,320,760 |

Grants, subsidies and contributions

Operating grants, subsidies and contributions are grants, subsidies or contributions that are not capital in nature.

Capital 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 2023

2. REVENUE AND EXPENSES (Continued)

| (a) Revenue (Continued) | | 2023 | 2022 |
|--|-------|-----------|-----------|
| | Note | Actual | Actual |
| | | \$ | \$ |
| Interest revenue | | | |
| Interest on reserve account funds | | 13,411 | 157 |
| Trade and other receivables overdue interest | | 22,599 | 19,262 |
| Other interest revenue | | 24,823 | 702 |
| | | 60,833 | 20,121 |
| The 2023 original budget estimate in relation to: Trade and other receivables overdue interest was \$14,000. | | | |
| Fees and charges relating to rates receivable | | | |
| Charges on instalment plan | 24(a) | 4,218 | 5,602 |
| The 2023 original budget estimate in relation to: Charges on instalment plan was \$5,000. | | | |
| (b) Expenses | | | |
| Auditors remuneration | | | |
| - Audit of the Annual Financial Report | | 36,250 | 38,000 |
| - Other services – grant acquittals | | 2,100 | 1,800 |
| | | 38,350 | 39,800 |
| Employee Costs | | | |
| Employee benefit costs | | 1,833,527 | 1,493,672 |
| Other employee costs | | 360,114 | 308,706 |
| | | 2,193,641 | 1,802,378 |
| Finance costs | | | |
| Interest and financial charges paid/payable for lease liabilities and financial liabilities not at fair value through profit or loss | 26(b) | 1,205 | 2,203 |
| Other interest charges | | 166 | 6 |
| | | 1,371 | 2,209 |
| Other expenditure | | | |
| Members remuneration | 21(a) | 94,836 | 87,615 |
| Donations & Sponsorship | | 15,642 | 17,794 |
| Sundry expenses | | 748 | 6,274 |
| | | 111,226 | 111,683 |

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

3. CASH AND CASH EQUIVALENTS

| Note | 2023 | 2022 |
|--|------------------|------------------|
| | \$ | \$ |
| Cash at bank and on hand | 4,080,340 | 4,941,705 |
| Total cash and cash equivalents | 4,080,340 | 4,941,705 |
| Held as | | |
| - Unrestricted cash and cash equivalents | 2,589,348 | 3,464,124 |
| - Restricted cash and cash equivalents | 1,490,992 | 1,477,581 |
| 17 | 4,080,340 | 4,941,705 |

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

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

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

Restricted financial assets

Restricted financial asset balances are not available for general use by the local government due to externally imposed restrictions. Restrictions are specified in an agreement, contract or legislation. This applies to reserve accounts, unspent grants, subsidies and contributions and unspent loans that have not been fully expended in the manner specified by the contributor, legislation or loan agreement and for which no liability has been recognised.

4. OTHER FINANCIAL ASSETS

| 2023 | 2022 |
|---------------|---------------|
| \$ | \$ |
| 61,117 | 58,353 |
| 61,117 | 58,353 |
| 58,353 | 55,355 |
| 2,764 | 2,998 |
| 61,117 | 58,353 |

Non-current assets

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss

Units in Local Government House Trust - opening balance

Movement attributable to fair value increment

Units in Local Government House Trust - closing balance

Fair value of financial assets at fair value through profit or loss is determined from the net asset value of the units held in the Trust at balance date as compiled by WALGA.

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

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

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

Fair values of financial assets at amortised cost are not materially different to their carrying amounts, since the interest receivable on those assets is either close to current market rates or the assets are of a short term nature. Non-current financial assets at amortised cost fair values are based on discounted cash flows using a current market rates. They are classified as level 2 fair values in the fair value hierarchy (see Note 23 (i)) due to the observable market rates).

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

Financial assets at fair value through profit or loss

The Shire has elected to classify the following financial assets at fair value through profit or loss:

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

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

5. TRADE AND OTHER RECEIVABLES

Current

Rates and statutory receivables
 Trade receivables

Non-current

Rates and statutory receivables

| Note | 2023 | 2022 |
|------|---------|---------|
| | \$ | \$ |
| | 179,273 | 218,737 |
| | 20,840 | 2,848 |
| | 200,113 | 221,585 |
| | 8,342 | 8,342 |
| | 8,342 | 8,342 |

Disclosure of opening and closing balances related to contracts with customers

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

| Note | 30 June 2023 Actual | 30 June 2022 Actual | 1 July 2021 Actual |
|---|---------------------------|---------------------------|--------------------------|
| | \$ | \$ | \$ |
| Trade and other receivables from contracts with customers | 20,840 | 2,848 | 23,402 |
| Total trade and other receivables from contracts with customers | 20,840 | 2,848 | 23,402 |

SIGNIFICANT ACCOUNTING POLICIES

Rates and statutory receivables

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

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

Trade receivables

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

Other receivables

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

Measurement

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

Classification and subsequent measurement

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

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

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

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

6. INVENTORIES

| | Note | 2023 | 2022 |
|--|------|--------------|--------------|
| Current | | \$ | \$ |
| Fuel and materials | | 5,931 | 6,767 |
| | | 5,931 | 6,767 |
| The following movements in inventories occurred during the year: | | | |
| Balance at beginning of year | | 6,767 | 5,140 |
| Inventories expensed during the year | | (215,182) | (167,598) |
| Additions to inventories | | 214,346 | 169,225 |
| Balance at end of year | | 5,931 | 6,767 |

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 2023

7. OTHER ASSETS

Other assets - current

Prepayments

| 2023 | 2022 |
|---------------|--------------|
| \$ | \$ |
| 10,908 | 9,068 |
| 10,908 | 9,068 |

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 2023

8. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Balances

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

| | 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 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 / (decrements) 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) |
| 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 |
| Additions | 0 | 456,578 | 456,578 | 0 | 356,607 | 0 | 813,185 |
| Disposals | (32,000) | 0 | (32,000) | 0 | (44,803) | 0 | (76,803) |
| Depreciation | 0 | (377,141) | (377,141) | (5,530) | (539,064) | (11,679) | (933,414) |
| Balance at 30 June 2023 | 2,508,331 | 12,790,427 | 15,298,758 | 189,766 | 3,715,647 | 72,868 | 19,277,039 |
| Comprises: | | | | | | | |
| Gross balance amount at 30 June 2023 | 2,508,331 | 19,236,942 | 21,745,273 | 208,498 | 5,648,256 | 110,823 | 27,712,850 |
| Accumulated depreciation at 30 June 2023 | 0 | (6,446,515) | (6,446,515) | (18,732) | (1,932,609) | (37,955) | (8,435,811) |
| Balance at 30 June 2023 | 2,508,331 | 12,790,427 | 15,298,758 | 189,766 | 3,715,647 | 72,868 | 19,277,039 |

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

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying Value Measurements

| Asset Class | Fair Value Hierarchy | Valuation Technique | Basis of Valuation | Date of Last Valuation | Inputs Used |
|---------------------------|-----------------------------|--|--------------------------------|-------------------------------|--|
| (i) Fair Value | | | | | |
| 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. |

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

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

| | | | | | |
|--------------------------------|--|----------------|------|----------------|----------------|
| (ii) Cost | | | | | |
| Furniture and equipment | | Not Applicable | Cost | Not Applicable | Not Applicable |
| Plant and equipment | | Not Applicable | Cost | Not Applicable | Not Applicable |
| Tools and equipment | | Not Applicable | Cost | Not Applicable | Not Applicable |

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

9. INFRASTRUCTURE

(a) Movements in Balances

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

| | Infrastructure - roads | Infrastructure - footpaths | Infrastructure - drainage | Infrastructure - carparks | Total Infrastructure |
|--|---------------------------|-------------------------------|------------------------------|------------------------------|-------------------------|
| | \$ | \$ | \$ | \$ | \$ |
| Balance at 1 July 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 |
| 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 |
| Additions | 1,448,245 | 0 | 89,082 | 0 | 1,537,327 |
| Revaluation increments / (decrements) transferred to revaluation surplus | 63,986,861 | 17,622 | (3,956,323) | (82,563) | 59,965,597 |
| Depreciation | (1,167,466) | (5,776) | (160,868) | (11,663) | (1,345,773) |
| Balance at 30 June 2023 | 186,270,857 | 162,204 | 4,742,906 | 93,876 | 191,269,843 |
| Comprises: | | | | | |
| Gross balance at 30 June 2023 | 211,395,860 | 312,500 | 6,626,832 | 102,703 | 218,437,895 |
| Accumulated depreciation at 30 June 2023 | (25,125,003) | (150,296) | (1,883,926) | (8,827) | (27,168,052) |
| Balance at 30 June 2023 | 186,270,857 | 162,204 | 4,742,906 | 93,876 | 191,269,843 |

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

9. INFRASTRUCTURE (Continued)

(b) Carrying Value Measurements

| Asset Class | Fair Value Hierarchy | Valuation Technique | Basis of Valuation | Date of Last Valuation | Inputs Used |
|-----------------------------------|-----------------------------|--|--|-------------------------------|--|
| (i) Fair Value | | | | | |
| Infrastructure - roads | 3 | Cost approach using depreciated replacement cost | Management Value based around Independent Registered Valuer Report | June 2023 | Construction costs, current conditions, residual values and remaining useful life assessments. |
| Infrastructure - footpaths | 3 | Cost approach using depreciated replacement cost | Management Value based around Independent Registered Valuer Report | June 2023 | Construction costs, current conditions, residual values and remaining useful life assessments. |
| Infrastructure - drainage | 3 | Cost approach using depreciated replacement cost | Management Value based around Independent Registered Valuer Report | June 2023 | Construction costs, current conditions, residual values and remaining useful life assessments. |
| Infrastructure - carparks | 3 | Cost approach using depreciated replacement cost | Management Value based on costs | June 2023 | 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 2023

10. FIXED ASSETS

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement for assets held at cost

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

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

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

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

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

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

They are subject to subsequent revaluation at the next revaluation date consistent with *Financial Management Regulation 17A(4)*.

Revaluation

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

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

Revaluation (continued)

For land, buildings and infrastructure increases in the carrying amount arising on revaluation of asset classes are credited to a revaluation surplus in equity.

Decreases that offset previous increases of the same class of asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

Subsequent increases are then recognised in profit or loss to the extent they reverse a net revaluation decrease previously recognised in profit or loss for the same class of asset.

Depreciation

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

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

Depreciation on revaluation

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

- (i) The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset.
- (ii) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Impairment

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

Gains or losses on disposal

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

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

10. FIXED ASSETS (Continued)

(a) Depreciation

Depreciation rates

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

| Asset Class | Sub Class | Component | Useful life |
|----------------------------------|------------------|-----------------------------|--------------------------|
| Land - freehold land | | | Not depreciated |
| Buildings - specialised | | | 25 to 100 years |
| Furniture and equipment | | | 2 to 10 years |
| Plant and equipment | | | 2 to 15 years |
| Tools and equipment | | | 2 to 15 years |
| Right of Use - Land and building | | | Based on remaining lease |
| Infrastructure - Roads | Sealed | Pavement | 80 years |
| Infrastructure - Roads | Sealed | Formation | Not depreciated |
| Infrastructure - Roads | Sealed | Surface | 15 to 60 years |
| Infrastructure - Roads | Unsealed | Pavement | 10 years |
| Infrastructure - Roads | Unsealed | Formation (Formed/Unformed) | Not depreciated |
| Infrastructure - Roads | Drainage | Kerbs | 40 years |
| Infrastructure - Roads | Drainage | Table Drains | Not depreciated |
| Infrastructure - Footpaths | | | 50 years |
| Infrastructure - Drainage | Culvert | Box | 80 years |
| Infrastructure - Drainage | Culvert | Circular | 80 years |

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

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 Total |
|--|--|---------------------------|
| | \$ | \$ |
| Balance at 1 July 2021 | 56,636 | 56,636 |
| Depreciation | (8,100) | (8,100) |
| Balance at 30 June 2022 | 48,536 | 48,536 |
| Gross balance amount at 30 June 2022 | 72,973 | 72,973 |
| Accumulated depreciation at 30 June 2022 | (24,437) | (24,437) |
| Balance at 30 June 2022 | 48,536 | 48,536 |
| Depreciation | (8,100) | (8,100) |
| Balance at 30 June 2023 | 40,436 | 40,436 |
| Gross balance amount at 30 June 2023 | 72,973 | 72,973 |
| Accumulated depreciation at 30 June 2023 | (32,537) | (32,537) |
| Balance at 30 June 2023 | 40,436 | 40,436 |

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

| | 2023 Actual | 2022 Actual |
|---|-------------|-------------|
| | \$ | \$ |
| Depreciation on right-of-use assets | (8,100) | (8,100) |
| Finance charge on lease liabilities | (1,205) | (1,405) |
| Total amount recognised in the statement of comprehensive income | (9,305) | (9,505) |
| Total cash outflow from leases | (9,091) | (9,091) |
| (b) Lease Liabilities | | |
| Current | 8,087 | 7,886 |
| Non-current | 34,521 | 42,608 |
| | 42,608 | 50,494 |

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 - measurement

Right-of-use assets are measured at cost. All right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost (i.e. not recognised 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 depreciated 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 2023

12. TRADE AND OTHER PAYABLES

Current

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

| 2023 | 2022 |
|---------|-----------|
| \$ | \$ |
| 433,959 | 825,607 |
| 87,881 | 116,735 |
| 67,783 | 56,985 |
| 18,128 | 3,726 |
| 55,450 | 61,685 |
| 5,667 | 6,600 |
| 668,868 | 1,071,338 |

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

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

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

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Shire prior to the end of the financial year that are unpaid and arise when the Shire becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

Prepaid rates

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

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

13. OTHER LIABILITIES

Current

Capital grant/contributions liabilities

Non-current

Contribution liabilities

Reconciliation of changes in contribution 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 within the next 24 to 60 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

| | 2023 | 2022 |
|---|-----------|-----------|
| | \$ | \$ |
| Capital grant/contributions liabilities | 0 | 601,656 |
| | 0 | 601,656 |
| Contribution liabilities | 159,515 | 159,515 |
| | 159,515 | 159,515 |
| Opening balance | 159,515 | 243,717 |
| Additions | 0 | 159,515 |
| Revenue from contracts with customers included as a contract liability at the start of the period | (159,515) | (243,717) |
| | 159,515 | 159,515 |
| Opening balance | 601,656 | 101,254 |
| Additions | 0 | 601,656 |
| Revenue from capital grant/contributions held as a liability at the start of the period | (601,656) | (101,254) |
| | 0 | 601,656 |
| Less than 1 year | 0 | 601,656 |
| | 0 | 601,656 |

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

Fair values for non-current capital grant/contribution liabilities, not expected to be extinguished within 12 months, are based on discounted cash flows of expected cashflows to satisfy the obligations using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 23(i)) 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 2023

14. BORROWINGS

| | Note | 2023 | | | 2022 | | |
|---------------------------------|-------|---------|-------------|-------|---------|-------------|-------|
| | | Current | Non-current | Total | Current | Non-current | Total |
| Secured | | \$ | \$ | \$ | \$ | \$ | \$ |
| Bank overdrafts | | 0 | 0 | 0 | 0 | 0 | 0 |
| Bank loans | | 0 | 0 | 0 | 0 | 0 | 0 |
| Total secured borrowings | 26(a) | 0 | 0 | 0 | 0 | 0 | 0 |

Secured liabilities and assets pledged as security

Debentures, bank overdrafts and bank loans were secured by a floating charge over the assets of the Shire of Chapman Valley during the 2022 financial year.

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

SIGNIFICANT ACCOUNTING POLICIES

Borrowing costs

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

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

Borrowings fair values are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 23(i)) due to the unobservable inputs, including own credit risk.

Risk

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 2023

15. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions

| | 2023 | 2022 |
|--|----------------|----------------|
| | \$ | \$ |
| Current provisions | | |
| Employee benefit provisions | | |
| Annual leave | 270,457 | 236,284 |
| Long service leave | 226,885 | 182,047 |
| | 497,342 | 418,331 |
| Total current employee related provisions | 497,342 | 418,331 |
| Non-current provisions | | |
| Employee benefit provisions | | |
| Long service leave | 21,897 | 34,459 |
| Total non-current employee related provisions | 21,897 | 34,459 |
| Total employee related provisions | 519,239 | 452,790 |

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

Annual leave liabilities are classified as current, as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period.

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

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

Short-term employee benefits

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

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

Other long-term employee benefits

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

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

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

16. REVALUATION SURPLUS

| | 2023 Opening Balance | Total Movement on Revaluation | 2023 Closing Balance | 2022 Opening Balance | Total Movement on Revaluation | 2022 Closing Balance |
|---|-------------------------------------|--|-------------------------------------|-------------------------------------|--|-------------------------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Revaluation surplus - Land - freehold land | 8,824,751 | 0 | 8,824,751 | 8,626,533 | 198,218 | 8,824,751 |
| Revaluation surplus - Buildings - specialised | 1,361,504 | 0 | 1,361,504 | 0 | 1,361,504 | 1,361,504 |
| Revaluation surplus - Plant and equipment | 496,127 | 0 | 496,127 | 496,127 | 0 | 496,127 |
| Revaluation surplus - Infrastructure | 107,438,489 | 59,965,597 | 167,404,086 | 107,438,489 | 0 | 107,438,489 |
| | 118,120,871 | 59,965,597 | 178,086,468 | 116,561,149 | 1,559,722 | 118,120,871 |

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

17. RESTRICTIONS OVER FINANCIAL ASSETS

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

| Note | 2023 Actual \$ | 2022 Actual \$ |
|--|----------------------|----------------------|
| | | |
| 3 | 1,490,992 | 1,477,581 |
| | 1,490,992 | 1,477,581 |
| | | |
| 27 | 1,331,477 | 1,318,066 |
| 13 | 159,515 | 159,515 |
| Total restricted financial assets | 1,490,992 | 1,477,581 |

The restricted financial assets are a result of the following specific purposes to which the assets may be used:

Restricted reserve accounts

Contribution liabilities

Total restricted financial assets

**18. UNDRAWN BORROWING FACILITIES AND CREDIT
STANDBY ARRANGEMENTS**

Bank overdraft limit

Bank overdraft at balance date

Credit card limit

Credit card balance at balance date

Total amount of credit unused

| | |
|----------------|----------------|
| 250,000 | 250,000 |
| 0 | 0 |
| 10,000 | 10,000 |
| (2,679) | 538 |
| 257,321 | 260,538 |

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

19. CONTINGENT LIABILITIES

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

20. CAPITAL COMMITMENTS

The Shire did not have any capital commitments outstanding at the end of the financial year.

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

21. RELATED PARTY TRANSACTIONS

(a) Elected Member Remuneration

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

| Note | 2023 Actual | 2023 Budget | 2022 Actual |
|--|----------------|----------------|----------------|
| | \$ | \$ | \$ |
| President's annual allowance | 10,000 | 10,000 | 10,625 |
| President's meeting attendance fees | 9,742 | 9,742 | 11,763 |
| President's ICT expenses | 500 | 500 | 500 |
| President's travel and accommodation expenses | 50 | 50 | 50 |
| | 20,292 | 20,292 | 22,938 |
| Deputy President's annual allowance | 2,500 | 2,500 | 1,875 |
| Deputy President's meeting attendance fees | 9,742 | 9,742 | 9,410 |
| Deputy President's ICT expenses | 500 | 500 | 500 |
| Deputy President's travel and accommodation expenses | 50 | 50 | 50 |
| | 12,792 | 12,792 | 11,835 |
| All other council member's meeting attendance fees | 58,452 | 58,452 | 49,795 |
| All other council member's ICT expenses | 3,000 | 3,000 | 2,770 |
| All other council member's travel and accommodation expenses | 300 | 300 | 277 |
| | 61,752 | 61,752 | 52,842 |
| 21(b) | 94,836 | 94,836 | 87,615 |

(b) Key Management Personnel (KMP) Compensation

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

| | | |
|-------------------------------------|-----------|-----------|
| Short-term employee benefits | 731,326 | 760,475 |
| Post-employment benefits | 118,933 | 114,952 |
| Employee - other long-term benefits | 76,886 | 85,461 |
| Council member costs | 94,836 | 87,615 |
| 21(a) | 1,021,981 | 1,048,503 |

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.

Council member costs

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

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

21. RELATED PARTY TRANSACTIONS

Transactions with related parties

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

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

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

| | 2023 Actual | 2022 Actual |
|--------------------------------|------------------------|------------------------|
| | \$ | \$ |
| Purchase of goods and services | 5,723 | 6,663 |

Related Parties

The Shire's main related parties are as follows:

i. Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any council member, are considered key management personnel and are detailed in Notes 21(a) and 21(b).

ii. Other Related Parties

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

iii. Entities subject to significant influence by the Shire

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

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

22. 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 2023

23. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

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

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

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Interest revenue

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

i) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

j) Impairment of assets

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

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

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

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

24. RATING INFORMATION

(a) General Rates

| | | 2022/23 Actual Rateable Value* | 2022/23 Actual Rate Revenue | 2022/23 Actual Interim Rates | 2022/23 Actual Total Revenue | 2022/23 Budget Rate Revenue | 2022/23 Budget Interim Rate | 2022/23 Budget Total Revenue | 2021/22 Actual Total Revenue |
|-------------------------------------|------------------------|---|--------------------------------------|---------------------------------------|---------------------------------------|--------------------------------------|--------------------------------------|---------------------------------------|---------------------------------------|
| RATE TYPE | Basis of valuation | Rate in \$ | Number of Properties | | | | | | |
| Rate Description | | | | | | | | | |
| General Rate GRV | Gross rental valuation | 0.096160 | 297 | 4,939,844 | 475,015 | 882 | 475,897 | 475,006 | 456,536 |
| General Rate UV | Unimproved valuation | 0.009447 | 419 | 238,004,250 | 2,248,426 | 1,222 | 2,249,648 | 2,248,426 | 2,165,551 |
| Oakagee Industrial Estate Buffer Zo | Unimproved valuation | 0.017878 | 2 | 10,778,000 | 192,689 | 0 | 192,689 | 192,689 | 188,665 |
| Total general rates | | | 718 | 253,722,094 | 2,916,130 | 2,104 | 2,918,234 | 2,916,121 | 2,810,752 |
| | | | | | | | | | |
| Minimum payment | | | | | | | | | |
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The rate revenue was recognised from the rate record as soon as practicable after the Shire resolved to impose rates in the financial year as well as when the rate record was amended to ensure the information in the record was current and correct.

*Rateable Value at time of raising of rate.

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

25. DETERMINATION OF SURPLUS OR DEFICIT

| | | 2022/23 Budget | 2021/22 |
|---|---------------------------|-------------------|------------------|
| | 2022/23 (30 June 2023) | (30 June 2023) | (30 June 2022) |
| | Carried Forward) | Carried Forward) | Carried Forward |
| Note | \$ | \$ | \$ |
| (a) Non-cash amounts excluded from operating activities | | | |
| The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> . | | | |
| Adjustments to operating activities | | | |
| Less: Profit on asset disposals | (17,200) | (55,876) | (86,856) |
| Less: Movement in liabilities associated with restricted cash | 79,011 | (37,500) | 24,213 |
| Less: Fair value adjustments to financial assets at fair value through profit or loss | (2,764) | 0 | (2,998) |
| Add: Loss on disposal of assets | 25,532 | 19,302 | 0 |
| Add: Depreciation | 2,287,287 | 2,132,983 | 2,089,998 |
| Non-cash movements in non-current assets and liabilities: | | | |
| Pensioner deferred rates | 0 | 0 | (3,404) |
| Employee benefit provisions | (12,562) | 0 | 18,149 |
| Non-cash amounts excluded from operating activities | 2,359,304 | 2,058,909 | 2,039,102 |
| (b) Surplus or deficit after imposition of general rates | | | |
| The following current assets and liabilities have been excluded from the net current assets used in the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates. | | | |
| Adjustments to net current assets | | | |
| Less: Reserve accounts | 27 | (1,331,477) | (1,068,181) |
| Add: Current liabilities not expected to be cleared at end of year | | | |
| - Current portion of borrowings | 14 | 0 | 344,533 |
| - Current portion of lease liabilities | 11(b) | 8,087 | 0 |
| - Employee benefit provisions | 15 | 497,342 | 418,331 |
| Total adjustments to net current assets | | (826,048) | (891,849) |
| Net current assets used in the Statement of Financial Activity | | | |
| Total current assets | | 4,297,292 | 2,103,168 |
| Less: Total current liabilities | | (1,174,297) | (1,797,851) |
| Less: Total adjustments to net current assets | | (826,048) | (305,317) |
| Surplus or deficit after imposition of general rates | | 2,296,947 | 0 |
| | | | 5,179,125 |
| | | | (2,099,211) |
| | | | (891,849) |
| | | | 2,188,065 |

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

26. BORROWING AND LEASE LIABILITIES

(a) Borrowings

| Purpose | Note | Actual | | | | | | | | Budget | | | |
|-------------------|------|--------------------------|--------------------------|---------------------------|---------------------------|--------------------------|---------------------------|---------------------------|--|--------------------------|--------------------------|---------------------------|---------------------------|
| | | Principal | | | | Principal | | | | Principal | | | |
| | | Principal at 1 July 2021 | New Loans During 2021-22 | Repayments During 2021-22 | Principal at 30 June 2022 | New Loans During 2022-23 | Repayments During 2022-23 | Principal at 30 June 2023 | | Principal at 1 July 2022 | New Loans During 2022-23 | Repayments During 2022-23 | Principal at 30 June 2023 |
| | | \$ | \$ | \$ | \$ | \$ | \$ | \$ | | \$ | \$ | \$ | \$ |
| Bill Hemsley Park | | 42,125 | 0 | (42,125) | 0 | 0 | 0 | 0 | | 0 | 0 | 0 | 0 |
| Depot Building | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | 0 | 175,000 | 0 | 175,000 |
| Road Plant Capex | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | 0 | 169,533 | 0 | 169,533 |
| Total | | 42,125 | 0 | (42,125) | 0 | 0 | 0 | 0 | | 0 | 344,533 | 0 | 344,533 |

Borrowing Finance Cost Payments

| Purpose | Note | Loan Number | Institution | Interest Rate | Date final payment is due | Actual for year ending 30 June 2023 | Budget for year ending 30 June 2023 | Actual for year ending 30 June 2022 |
|------------------------------------|------|-------------|-------------|---------------|---------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| | | | | | | \$ | \$ | \$ |
| Bill Hemsley Park | | 98 | WATC* | 2.64% | N/A | 0 | 0 | (798) |
| Depot Building | | 99 | WATC* | 3.72% | N/A | 0 | 0 | 0 |
| Road Plant Capex | | 100 | WATC* | 3.72% | N/A | 0 | 0 | 0 |
| Total | | | | | | 0 | 0 | (798) |
| Total Finance Cost Payments | | | | | | 0 | 0 | (798) |

*Western Australian Treasury Corporation

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

26. BORROWING AND LEASE LIABILITIES (Continued)

(b) Lease Liabilities

| Purpose | Note | Actual | | | | | | | Budget | | | |
|--------------------------------|-------|--------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|--------------------------|---------------------------|---------------------------|---------------------------|
| | | Principal | | | Principal at 30 June 2022 | Principal | | | Principal at 1 July 2022 | New Leases During 2022-23 | Repayments During 2022-23 | Principal at 30 June 2023 |
| | | Principal at 1 July 2021 | New Leases During 2021-22 | Repayments During 2021-22 | | New Leases During 2022-23 | Repayments During 2022-23 | Principal at 30 June 2023 | | | | |
| | | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Nabawa Fuel Station | | 58,180 | 0 | (7,686) | 50,494 | 0 | (7,886) | 42,608 | 50,494 | 0 | (7,886) | 42,608 |
| Total Lease Liabilities | 11(b) | 58,180 | 0 | (7,686) | 50,494 | 0 | (7,886) | 42,608 | 50,494 | 0 | (7,886) | 42,608 |

Lease Finance Cost Payments

| Purpose | Note | Lease Number | Institution | Interest Rate | Date final payment is due | Actual for year ending 30 June 2023 | Budget for year ending 30 June 2023 | Actual for year ending 30 June 2022 | Lease Term |
|------------------------------------|------|--------------|---------------------------|---------------|---------------------------|-------------------------------------|-------------------------------------|-------------------------------------|------------|
| | | | | | | \$ | \$ | \$ | |
| Nabawa Fuel Station | | LE01 | Searange Holdings Pty Ltd | 2.60% | 30/06/2028 | (1,205) | (1,206) | (1,405) | 120 Months |
| Total Finance Cost Payments | | | | | | (1,205) | (1,206) | (1,405) | |

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

27. RESERVE ACCOUNTS

| | 2023 Actual Opening Balance | 2023 Actual Transfer to | 2023 Actual Transfer (from) | 2023 Actual Closing Balance | 2023 Budget Opening Balance | 2023 Budget Transfer to | 2023 Budget Transfer (from) | 2023 Budget Closing Balance | 2022 Actual Opening Balance | 2022 Actual Transfer to | 2022 Actual Transfer (from) | 2022 Actual Closing Balance |
|---|--------------------------------------|-------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|-------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|-------------------------------|--------------------------------------|--------------------------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Restricted by council | | | | | | | | | | | | |
| (a) Leave reserve | 165,740 | 1,687 | 0 | 167,427 | 165,740 | 10 | 0 | 165,750 | 115,716 | 50,024 | 0 | 165,740 |
| (b) Water Strategy Reserve | 14,248 | 144 | 0 | 14,392 | 14,248 | 5 | 0 | 14,253 | 14,245 | 3 | 0 | 14,248 |
| (c) Plant/Light Vehicle Reserve | 519,325 | 5,284 | 0 | 524,609 | 519,325 | 50 | (150,000) | 369,375 | 547,211 | 250,114 | (278,000) | 519,325 |
| (d) Computer & Office Equipment Reserve | 39,772 | 405 | 0 | 40,177 | 39,772 | 5 | 0 | 39,777 | 39,763 | 9 | 0 | 39,772 |
| (e) Legal Reserve | 40,045 | 407 | 0 | 40,452 | 40,045 | 5 | 0 | 40,050 | 40,037 | 8 | 0 | 40,045 |
| (f) Land Development Reserve | 72,113 | 733 | 0 | 72,846 | 72,113 | 5 | 0 | 72,118 | 52,102 | 20,011 | 0 | 72,113 |
| (g) Infrastructure Reserve | 282,595 | 2,876 | 0 | 285,471 | 282,595 | 15 | 0 | 282,610 | 167,223 | 115,372 | 0 | 282,595 |
| (h) Building Reserve | 184,228 | 1,875 | 0 | 186,103 | 184,228 | 20 | (100,000) | 84,248 | 184,190 | 100,038 | (100,000) | 184,228 |
| | 1,318,066 | 13,411 | 0 | 1,331,477 | 1,318,066 | 115 | (250,000) | 1,068,181 | 1,160,487 | 535,579 | (378,000) | 1,318,066 |

All reserves are supported by cash and cash equivalents and are restricted within equity as Reserve accounts.

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

| Name of reserve account | Purpose of the reserve account |
|---|---|
| (a) Leave reserve | To be used to fund annual and long service leave requirements. |
| (b) Water Strategy Reserve | To be used for the construction and operational costs of facilities for fire fighting purposes. |
| (c) Plant/Light Vehicle Reserve | To be used for the purchase of and/or major repair of major plant and light vehicles. |
| (d) Computer & Office Equipment Reserve | To be used to replace Information and Communications Technology equipment. |
| (e) Legal Reserve | To be used to fund legal expenses incurred as a result of tribunals, hearings, litigation etc. |
| (f) Land Development Reserve | To be used for further subdivisional development in the Shire of Chapman Valley. |
| (g) Infrastructure Reserve | 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. |
| (h) Building Reserve | 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 2023

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 2022 | Amounts Received | Amounts Paid | 30 June 2023 |
|---|--------------------|-------------------------|---------------------|---------------------|
| | \$ | \$ | \$ | \$ |
| Developer Contributions - Public Open Space | 150,357 | 0 | 0 | 150,357 |
| Construction Training Fund Levies | 1,515 | 9,196 | (8,876) | 1,835 |
| Building Commission Levies | 1,439 | 8,180 | (8,253) | 1,366 |
| Unclaimed Monies | 0 | 4,488 | (4,488) | 0 |
| | 153,311 | 21,864 | (21,617) | 153,558 |



Auditor General

INDEPENDENT AUDITOR'S REPORT 2023 Shire of Chapman Valley

To the Council 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 as at 30 June 2023, and the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and Statement of Financial Activity 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 2023 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, the 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 2023, 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 (CEO) of the Shire is responsible for:

- keeping proper accounts and records
- preparation and fair presentation of the financial report in accordance with the requirements of the Act and, to the extent that they are not inconsistent with the Act, the 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 management 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 ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements*, the Office of the Auditor General maintains a comprehensive system of quality management 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 2023 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.

Tim Sanya
Senior Director Financial Audit
Delegate of the Auditor General for Western Australia
Perth, Western Australia
19 February 2024

SHIRE OF CHAPMAN VALLEY**PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2023****FINDINGS IDENTIFIED DURING THE FINAL AUDIT**

| INDEX OF FINDINGS | RATING | | |
|---|-------------|----------|-------|
| | Significant | Moderate | Minor |
| 1. Inadequate fair value assessment of land and buildings | | ✓ | |
| 2. Bank signatories | | ✓ | |

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 2023****FINDINGS IDENTIFIED DURING THE FINAL AUDIT****1. Inadequate fair value assessment of land and buildings****Finding**

We noted that the Shire did not complete a robust fair value assessment of its land and buildings, to determine whether these assets represented fair value at reporting date. Assessments are required by *AASB 13 Fair Value Measurement*, as well as Regulation 17A(4) of the Local Government (Financial Management) Regulations 1996 (the Regulations). The Shire last completed independent valuations of land and buildings in 2022.

We acknowledge that following the amendments to the Regulations on 1 August 2023, set timeframes are now prescribed for revaluation of applicable non-financial assets by local government entities, alleviating the need for revaluations in the intervening years unless an entity chooses to do so. These changes are effective from FY24.

Rating: Moderate (2022: Significant)**Implication**

Without a robust assessment of the fair value of all asset classes during the intervening period between formal valuations, there is a risk that the fair value of these assets may not have been assessed adequately and in compliance with *AASB 13 Fair Value Measurement* and the Regulations.

Recommendation

Management should ensure that effective FY24, the Shire complies with the new valuation requirements per Regulation 17A(4B) of the Local Government (Financial Management) Regulations 1996, which requires all local government entities to revalue their non-financial assets every 5 years, with an option to revalue the assets earlier if the entity chooses to do so.

Management Comment:

Management acknowledges a robust assessment for the fair value of its land and building was not undertaken; however the CEO, MFCS and the reporting Management Accountant conducted an informal review. Given the Shires limited, and restrictive resources management considered this an acceptable risk to conduct this with a management assessment of the reasonableness of the carrying value. Management will revalue these non-financial assets in line with the new Financial Management Regulations moving forward.

Responsible Person: Manager Finance & Corporate Services**Completion Date:** 30 June 2024

SHIRE OF CHAPMAN VALLEY

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2023

FINDINGS IDENTIFIED DURING THE FINAL AUDIT

2. Bank signatories

Finding

Our review of the bank confirmation at 30 June 2023, identified two terminated employees from 2013 and 2014 who were still listed as authorised signatories of two bank accounts.

Rating: Moderate

Implication

Failure to remove terminated employees as authorized signatories of the Shire's bank accounts, could potentially result in unauthorized payments and financial loss to the Shire.

Recommendation

The Shire should advise the bank to remove the inappropriate authorised signatories. Further, the list of authorized signatories should be reviewed on a regular basis to ensure that terminated employees are promptly removed as authorised signatories of the Shire.

Management Comment

Management has addressed this by giving instructions to the bank to remove the inappropriate authorised signatories from the historical business banking portal and will review the authorised signatories list in the current corporate online banking system in a regular & timely manner.

Responsible Person: Manager Finance and Corporate Services

Completion Date: 25 January 2024