

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 black ink, appearing to read 'Kjwa', written in a cursive style.

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 <ul style="list-style-type: none"> • 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)
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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.

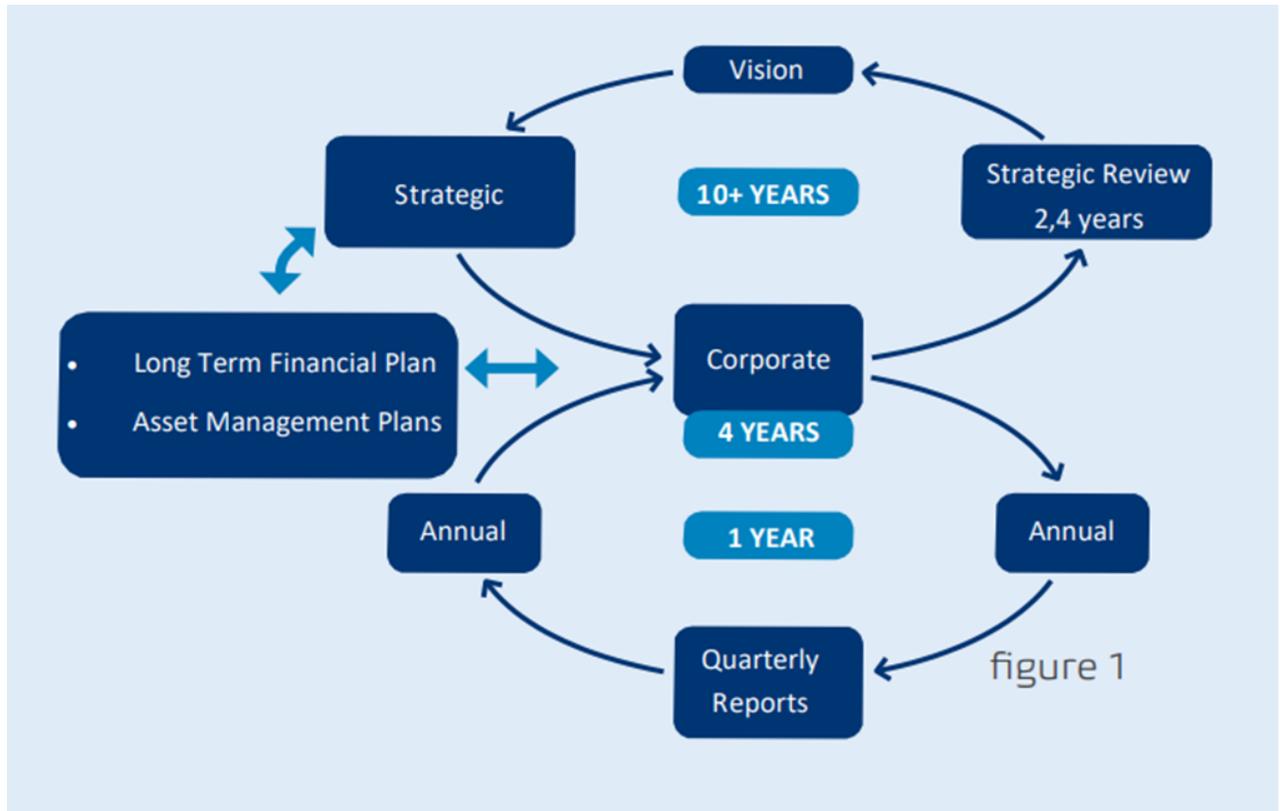
Our Vision

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.



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.



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	4,080,340	4,941,705

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



**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
		<u>6,374,378</u>	<u>5,976,370</u>	<u>5,881,417</u>
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
		<u>(7,496,722)</u>	<u>(8,334,652)</u>	<u>(5,859,114)</u>
Non-cash amounts excluded from operating activities	25(a)	2,359,304	2,058,909	2,039,102
Amount attributable to operating activities		<u>1,236,960</u>	<u>(299,373)</u>	<u>2,061,405</u>
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
		<u>1,243,731</u>	<u>1,034,924</u>	<u>1,644,197</u>
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)
		<u>(2,350,512)</u>	<u>(3,510,148)</u>	<u>(3,089,712)</u>
Amount attributable to investing activities		<u>(1,106,781)</u>	<u>(2,475,224)</u>	<u>(1,445,515)</u>
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
		<u>0</u>	<u>594,533</u>	<u>378,000</u>
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)
		<u>(21,297)</u>	<u>(8,001)</u>	<u>(585,390)</u>
Amount attributable to financing activities		<u>(21,297)</u>	<u>586,532</u>	<u>(207,390)</u>
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)	<u>2,296,947</u>	<u>0</u>	<u>2,188,065</u>

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)

Note	2023 Actual \$	2022 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
	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
	\$	\$
Non-current assets		
Financial assets at fair value through profit or loss	61,117	58,353
	61,117	58,353
Financial assets at fair value through profit or loss		
Units in Local Government House Trust - opening balance	58,353	55,355
Movement attributable to fair value increment	2,764	2,998
Units in Local Government House Trust - closing balance	61,117	58,353

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

Note	2023	2022
	\$	\$
Current		
Rates and statutory receivables	179,273	218,737
Trade receivables	20,840	2,848
	200,113	221,585
Non-current		
Rates and statutory receivables	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
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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
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8. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Balances

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

	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
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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
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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
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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
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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
	26(b)	42,608

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
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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
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13. OTHER LIABILITIES

	2023	2022
	\$	\$
Current		
Capital grant/contributions liabilities	0	601,656
	0	601,656
Non-current		
Contribution liabilities	159,515	159,515
	159,515	159,515
Reconciliation of changes in contribution liabilities		
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
<p>The Shire expects to satisfy the performance obligations from contracts with customers unsatisfied at the end of the the reporting period within the next 24 to 60 months.</p>		
Reconciliation of changes in capital grant/contribution liabilities		
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
Expected satisfaction of capital grant/contribution liabilities		
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
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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
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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
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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
The restricted financial assets are a result of the following specific purposes to which the assets may be used:		
27	1,331,477	1,318,066
13	159,515	159,515
	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

RATE TYPE	Basis of valuation	Rate in \$	Number of Properties	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 Description		\$		\$	\$	\$	\$	\$	\$	\$	\$
General Rate GRV	Gross rental valuation	0.096160	297	4,939,844	475,015	882	475,897	475,006	0	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	0	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	0	192,689	188,665
Total general rates			718	253,722,094	2,916,130	2,104	2,918,234	2,916,121	0	2,916,121	2,810,752
Minimum payment		\$									
General Rate GRV	Gross rental valuation	700.00	177	773,500	123,900	0	123,900	123,900	0	123,900	130,200
General Rate UV	Unimproved valuation	400.00	24	197,860	9,600	0	9,600	9,600	0	9,600	6,000
Total minimum payments			201	971,360	133,500	0	133,500	133,500	0	133,500	136,200
Total general rates and minimum payments			919	254,693,454	3,049,630	2,104	3,051,734	3,049,621	0	3,049,621	2,946,952
Rate instalment interest	Note 2(a)						4,218			5,000	5,602
Rate overdue interest							18,381			9,000	13,660

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

Note	2022/23	2022/23	2021/22
	(30 June 2023 Carried Forward)	Budget (30 June 2023 Carried Forward)	(30 June 2022 Carried Forward)
	\$	\$	\$
(a) Non-cash amounts excluded from operating activities			
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> .			
Adjustments to operating activities			
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)	(1,318,066)
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)	(305,317)
Net current assets used in the Statement of Financial Activity			
Total current assets	4,297,292	2,103,168	5,179,125
Less: Total current liabilities	(1,174,297)	(1,797,851)	(2,099,211)
Less: Total adjustments to net current assets	(826,048)	(305,317)	(891,849)
Surplus or deficit after imposition of general rates	2,296,947	0	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	0	0	0	
Road Plant Capex		0	0	0	0	0	0	0	0	0	0	0	
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	Principal		
		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		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	2023	2023	2023	2023	2023	2023	2023	2022	2022	2022	2022
	Actual	Actual	Actual	Actual	Budget	Budget	Budget	Budget	Actual	Actual	Actual	Actual
	Opening	Transfer to	Transfer	Closing	Opening	Transfer to	Transfer	Closing	Opening	Transfer to	Transfer	Closing
	Balance		(from)	Balance	Balance		(from)	Balance	Balance		(from)	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
	<u>153,311</u>	<u>21,864</u>	<u>(21,617)</u>	<u>153,558</u>



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