

# Local Government Model Accounts

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Principal

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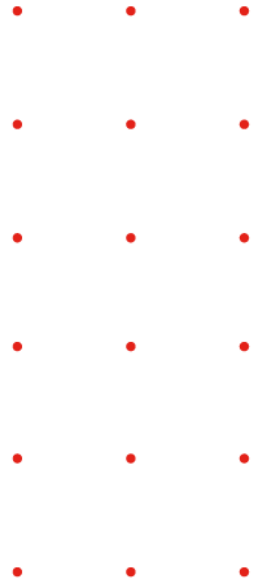


# 1. The development process

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The development of the model accounts is overseen by a steering committee with representatives from:

- Local Government Victoria
- CPA Australia
- FinPro
- VAGO



## 2. Where do you get them?

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When finalised the model will be available at:

[www.localgovernment.vic.gov.au](http://www.localgovernment.vic.gov.au)



# 3. Changes

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## MAJOR

- Statement of comprehensive income.

## MINOR

- Removal of sub totals
- Financial Instruments Hierarchy disclosure
- Further updates to guidance for Land Under Roads
- Superannuation disclosures (contingent liability)
- Improved cross referencing

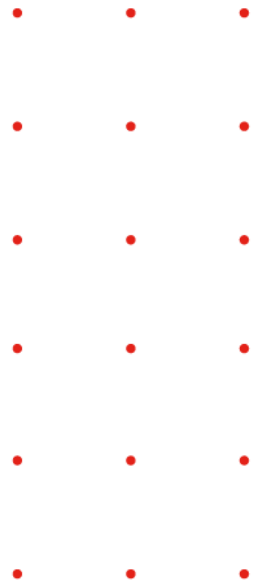


# 4. Statement of Comprehensive Income

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## New Concept

- Brings movements in most reserves onto face of 'comprehensive income statement'
- Introduces a mandatory sub total
- Does not change statement of changes in equity (some duplication)
- May add to some confusion around 'underlying result'



## 5. Statement of Comprehensive Income

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<b>Surplus/(Deficit)</b>	<b><u>\$3,918</u></b>			
<b>Other comprehensive Income</b>				
Net Gain/Loss on disposal of PPE	\$425			
FV adjustments – Investment Property	\$1,000	.	.	.
FV adjustments for financial assets at fair value	\$(295)			
Financial assets available for sale reserve		.	.	.
- Gain/(Loss) taken to equity	\$125			
- Transferred to profit or loss for period	\$220	.	.	.
Net asset revaluation increment	\$2,395			
Actuarial gain/(loss) on defined super fund	\$(988)	.	.	.
Share of net profit/(loss) of JV's	<u>\$(327)</u>	.	.	.
<b>Surplus/Deficit for the year</b>	<b><u>\$6,473</u></b>	.	.	.

## 6. Statement of Comprehensive Income

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<b>Share of net profit/(loss) of JV's</b>	<b><u>\$(327)</u></b>	.	.	.
<b>Surplus/Deficit for the year</b>	<b><u>\$6,473</u></b>	.	.	.

# 7. Financial Instruments

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- Need to develop a fair value hierarchy (3 stage) for financial instruments measured at fair value.
  - 1 – quoted market prices in active markets for identical assets or liabilities
  - 2 – inputs, other than quoted prices that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices)
  - 3 – inputs for the asset or liability that are not based on observable market data

# 8. Financial Instruments

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- What does it mean in Local Government (not a lot).
  - 1 – Quoted market prices – this will apply to listed investments (probably very few)
  - 2 – inputs, other than quoted prices - applies to unlisted investments
  - 3 – inputs for the asset or liability that are not based on observable market data – asset or liability specific information (Shares in Regional Library Corp)



# 9. Standard Statements

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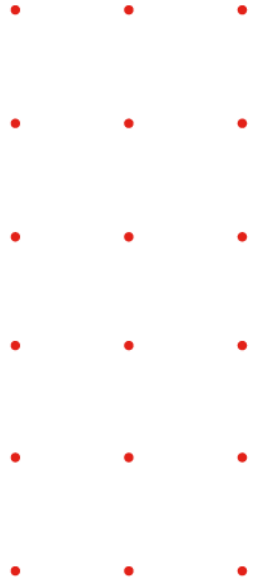
- These are specific purpose accounts
- Auditor-General has indicated a much more flexible view on format of statements
- **MUST BE CONSISTENT WITH BUDGET**
- Could be placed in front of the GPFR in the annual report



# 10. Looking ahead

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- Seeking user feedback – what do you want the model accounts to become?
- Building in the standard statements







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