

2021-22 Model Accounts 2022-23 Model Budget

Local Government Victoria

2021-22 Model Accounts working group

Model Accounts 2021-22 working group membership

Accounting profession	
Martin Thompson, CPA	Crowe
Ram Subramanian, CPA	CPA Australia
Local government finance professionals (<u>FinPro</u>)	
Danny Wain, CPA	Monash City Council
Tony Rocca, CA	Maroondah City Council
Fiona Rae, CPA	Golden Plains Shire Council
Alan Wilson, CPA	Melbourne City Council
Department of Jobs, Precincts and Regions	
Daniel O'Shea, CPA	Local Government Victoria
Sadiq Hussaini, CA	Local Government Victoria
Attendance in observer capacity	
Sanchu Chummar, CA	Victorian Auditor-General's Office (VAGO)
Travis Derricott, CPA	Victorian Auditor-General's Office (VAGO)
Kevin Chan, CA	Victorian Auditor-General's Office (VAGO)
Jung Yau, CA	Victorian Auditor-General's Office (VAGO)

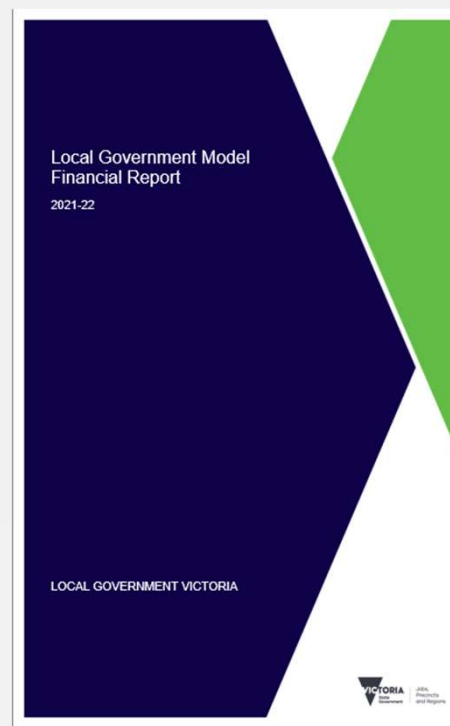
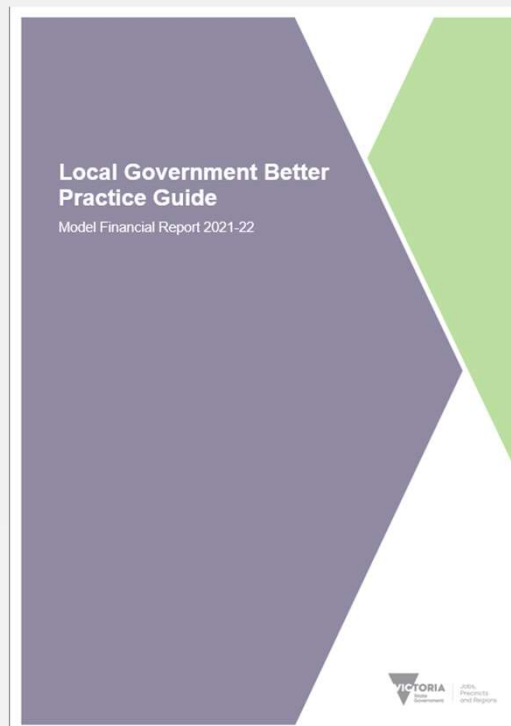
2022-23 Model Budget working group

Model Budget 2022-23 working group membership

Accounting profession	
Martin Thompson, CPA	Crowe Australasia
Local government finance professionals (<u>FinPro</u>)	
Hannah White, CPA	Mitchell Shire Council
Tony Rocca, CA	Maroondah City Council
Nathan Morsillo, FCPA	Greater Bendigo City Council
Binda Gokhale, FCPA	Wyndham City Council
Simone Wickes, CA	Frankston City Council
Department of Jobs, Precincts and Regions	
Daniel O'Shea, CPA	Local Government Victoria
Sadiq Hussaini, CA	Local Government Victoria

Where to find the publications?

- Visit <https://www.localgovernment.vic.gov.au/strengthening-councils/sector-guidance-planning-and-reporting>



2021-22 Model Accounts

What are the key changes to the 2021-22 Model Accounts?

- References throughout updated to reflect *Local Government Act 2020* and Local Government (Planning and Reporting) Regulations 2020

Model Council

2021/2022 Financial Report

Certification of the Financial Statements

In my opinion, the accompanying financial statements have been prepared in accordance with the *Local Government Act 2020*, the *Local Government (Planning and Reporting) Regulations 2020*, the Australian Accounting Standards and other mandatory professional reporting requirements.

<Principal Accounting Officer Name & Qualifications>

Principal Accounting Officer

Date : <Date>

<Location>

In our opinion, the accompanying financial statements present fairly the financial transactions of the <Council name> for the year ended 30 June 2022 and the financial position of the Council as at that date.

At the date of signing, we are not aware of any circumstances that would render any particulars in the financial statements to be misleading or inaccurate.

We have been authorised by the Council and by the *Local Government (Planning and Reporting) Regulations 2020* to certify the financial statements in their final form.

What are the key changes to the 2021-22 Model Accounts?

- Subtotal added to Comprehensive Income Statement for 'Total other comprehensive income'

Model Council
2021/2022 Financial Report

Comprehensive Income Statement For the Year Ended 30 June 2022			
Bad and doubtful debts	4.6	-	-
Borrowing costs	4.7	-	-
Finance costs - leases	4.8	-	-
Other expenses	4.9	-	-
Total expenses		-	-
Surplus/(deficit) for the year		-	-
Other comprehensive income			
Items that will not be reclassified to surplus or deficit in future periods			
Net asset revaluation increment/(decrement)	6.2	-	-
Share of other comprehensive income of associates and joint ventures	6.3	-	-
Items that may be reclassified to surplus or deficit in future periods			
<<detail as appropriate>>		-	-
Total other comprehensive income		-	-
Total comprehensive result		-	-
Guidance on treatment of prior period error			

What are the key changes to the 2021-22 Model Accounts?

- New line item added to the Balance Sheet for unearned income / revenue

Model Council			
2021/2022 Financial Report			
Balance Sheet			
As at 30 June 2022			
Liabilities			
Current liabilities			
Trade and other payables	5.3	-	-
Trust funds and deposits	5.3	-	-
Unearned income/revenue	5.3	-	-
Provisions	5.5	-	-
Interest-bearing liabilities	5.4	-	-
Lease liabilities	5.8	-	-
Total current liabilities		-	-
Non-current liabilities			
Provisions	5.5	-	-
Interest-bearing liabilities	5.4	-	-
Lease liabilities	5.8	-	-
Total non-current liabilities		-	-
Total liabilities		-	-
Net assets			
Equity			
Accumulated surplus		-	-
Reserves	9.1	-	-

What are the key changes to the 2021-22 Model Accounts?

- Overview becomes Note 1 with added text

Model Council	Notes to the Financial Report
2021/2022 Financial Report	For the Year Ended 30 June 2022
Note 1 OVERVIEW	
Introduction	
The <Entity Name> was established by an Order of the Governor in Council on <date> and is a body corporate. The Council's main office is located at <address>.	
Statement of compliance	
These financial statements are a general purpose financial report that consists of a Comprehensive Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows, Statement of Capital Works and Notes accompanying these financial statements. The general purpose financial report complies with the Australian Accounting Standards (AAS), other authoritative pronouncements of the Australian Accounting Standards Board, the <i>Local Government Act 2020</i> , and the <i>Local Government (Planning and Reporting) Regulations 2020</i> .	
The Council is a not-for-profit entity and therefore applies the additional AUS paragraphs applicable to a not-for-profit entity under the Australian Accounting Standards.	
Significant accounting policies	
(a) Basis of accounting	
The accrual basis of accounting has been used in the preparation of these financial statements, except for the cash flow information, whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.	
The financial statements are based on the historical cost convention unless a different measurement basis is specifically disclosed in the notes to the financial statements.	
Judgements, estimates and assumptions are required to be made about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated judgements are based on professional judgement derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.	
The financial statements have been prepared on a going concern basis. The financial statements are in Australian dollars. The amounts presented in the financial statements have been rounded to the nearest thousand dollars unless otherwise specified. Minor discrepancies in tables between totals and the sum of components are due to rounding.	
Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that	

What are the key changes to the 2021-22 Model Accounts?

- Note disclosures updated to include potential borrowings from TCV

Model Council		Notes to the Financial Report			
2021/2022 Financial Report		For the Year Ended 30 June 2022			
Page 19					

What are the key changes to the 2021-22 Model Accounts?

- MAV Workcare contingent liability disclosures updated

Model Council 2021/2022 Financial Report	Notes to the Financial Report For the Year Ended 30 June 2022
	<p>Council to include details of any major insurance claims that could have a material impact on future operations.</p> <p>Legal matters</p> <p>Council to include details of any major legal matters that could have a material impact on future operations.</p> <p>Building cladding</p> <p>Council should disclose any potential contingencies that may exist in relation to rectification works or other matters associated with building cladding that may have the potential to adversely impact on Council.</p> <p>Liability Mutual Insurance</p> <p>Council is (was) a participant of the MAV Liability Mutual Insurance (LMI) Scheme. The LMI scheme provides public liability and professional indemnity insurance cover. The LMI scheme states that each participant will remain liable to make further contributions to the scheme in respect of any insurance year in which it was a participant to the extent of its participant's share of any shortfall in the provision set aside in respect of that insurance year, and such liability will continue whether or not the participant remains a participant in future insurance years.</p> <p>MAV Workcare</p> <p>Council was a participant of the MAV WorkCare Scheme. The MAV WorkCare Scheme provided workers compensation insurance. MAV WorkCare commenced business on 1 November 2017 and the last day the Scheme operated as a self-insurer was 30 June 2021. In accordance with the Workplace Injury Rehabilitation and Compensation Act 2013, there is a six year liability period following the cessation of the Scheme (to 30 June 2027). During the liability period, adjustment payments may be required (or received). The determination of any adjustment payments is dependent upon revised actuarial assessments of the Scheme's tail claims liabilities as undertaken by Work Safe Victoria. If required, adjustments</p> <p>(c) Guarantees for loans to other entities</p> <p>The amount disclosed for financial guarantee in this note is the nominal amount of the underlying loan that is guaranteed by the Council, not the fair value of the financial guarantee.</p> <p>Financial guarantee contracts are not recognised as a liability in the balance sheet unless the lender has exercised their right to call on the guarantee or Council has other reasons to believe that it is probable that the right will be exercised.</p>

What are the key changes to the 2021-22 Model Accounts?

- Other updates and changes
 - Superannuation note disclosures updated to reflect Vision Super short-form note text and contribution rates updated to 10%;
 - Title of Note 5.3 updated to 'Payables, trust funds and deposits and unearned income/revenue' to better reflect the content of the note;
 - Table of contents updated to reflect shift of Overview to Note 1 and former Note 1 content into Note 2;
 - Additional accounting policy text and table added to Note 3.4 *Funding from other levels of government* regarding AASB 15 and AASB 1058;
 - Additional accounting policy text throughout note disclosures;
 - Additional line item added to Note 9.2 cash flow reconciliation for unearned income / revenue.

What are the key changes to the 2021-22 Model Accounts?

- Guidance

- Text and references in the GUIDANCE tab have been reviewed and updated to reflect the *Local Government Act 2020* and the Local Government (Planning and Reporting) Regulations 2020 and other references;
- Grants guidance - added reference and link to external guidance previously published titled *Guidance on transition to new Accounting Standards 2018-19* and additional guidance regarding commentary on material grants;
- Trade and other receivables - guidance added regarding the inclusion of details of terms of settlement for material line items;
- Updated guidance reference to 'Community Asset Committee' consistent with the *Local Government Act 2020* (previous reference was to Committee of Management).

2021-22 Model Accounts Better Practice Guide

What are the key changes to the Model Accounts Better Practice Guide?

- All dates have been rolled forward to reflect the 2021-22 financial year.
- References to legislation and regulations have been updated to reflect the *Local Government Act 2020* and the Local Government (Planning and Reporting) Regulations 2020.

2022-23 Model Budget

What are the key changes to the 2022-23 Model Budget?

- Subtotal added to Comprehensive Income Statement for 'Total other comprehensive income

For the four years ending 30 June 2026

		Forecast Actual 2021/22	Budget 2022/23	2023/24	2024/25	2025/26
	NOTES	\$'000	\$'000	\$'000	\$'000	\$'000
Income						
Rates and charges	4.11	-	-	-	-	-
Statutory fees and fines	4.12	-	-	-	-	-
User fees	4.13	-	-	-	-	-
Grants - operating	4.14	-	-	-	-	-
Grants - capital	4.14	-	-	-	-	-
Contributions - monetary	4.15	-	-	-	-	-
Contributions - non-monetary	4.15	-	-	-	-	-
Net gain/(loss) on disposal of property, infrastructure, plant and equipment		-	-	-	-	-
Fair value adjustments for investment property		-	-	-	-	-
Share of net profits/(losses) of associates and joint ventures		-	-	-	-	-
Other income	4.16	-	-	-	-	-
Total income		-	-	-	-	-
Expenses						
Employee costs	4.17	-	-	-	-	-
Materials and services	4.18	-	-	-	-	-
Depreciation	4.19	-	-	-	-	-
Amortisation - intangible assets	4.110	-	-	-	-	-
Amortisation - right of use assets	4.111	-	-	-	-	-
Bad and doubtful debts		-	-	-	-	-
Borrowing costs		-	-	-	-	-
Finance costs - leases		-	-	-	-	-
Other expenses	4.112	-	-	-	-	-
Total expenses		-	-	-	-	-
Surplus/(deficit) for the year		-	-	-	-	-
Other comprehensive income						
Items that will not be reclassified to surplus or deficit in future periods						
Net asset revaluation increment /(decrement)		-	-	-	-	-
Share of other comprehensive income of associates and joint ventures		-	-	-	-	-
Items that may be reclassified to surplus or deficit in future periods						
(detail as appropriate)		-	-	-	-	-
Total other comprehensive income		-	-	-	-	-
Total comprehensive result		-	-	-	-	-

What are the key changes to the 2022-23 Model Budget?

- New line item added to the Balance Sheet for unearned income / revenue

Balance Sheet
For the four years ending 30 June 2026

		Forecast Actual 2021/22	Budget 2022/23	Projections 2023/24	2024/25	2025/26
	NOTES	\$'000	\$'000	\$'000	\$'000	\$'000
Assets						
Current assets						
Cash and cash equivalents		-	-	-	-	-
Trade and other receivables		-	-	-	-	-
Other financial assets		-	-	-	-	-
Inventories		-	-	-	-	-
Non-current assets classified as held for sale		-	-	-	-	-
Other assets		-	-	-	-	-
Total current assets	4.2.1	-	-	-	-	-
Non-current assets						
Trade and other receivables		-	-	-	-	-
Other financial assets		-	-	-	-	-
Investments in associates, joint arrangement and subsidiaries		-	-	-	-	-
Property, infrastructure, plant & equipment		-	-	-	-	-
Right-of-use assets	4.2.4	-	-	-	-	-
Investment property		-	-	-	-	-
Intangible assets		-	-	-	-	-
Total non-current assets	4.2.1	-	-	-	-	-
Total assets		-	-	-	-	-
Liabilities						
Current liabilities						
Trade and other payables		-	-	-	-	-
Trust funds and deposits		-	-	-	-	-
Unearned income/revenue		-	-	-	-	-
Provisions		-	-	-	-	-
Interest-bearing liabilities	4.2.3	-	-	-	-	-
Lease liabilities	4.2.4	-	-	-	-	-
Total current liabilities	4.2.2	-	-	-	-	-
Non-current liabilities						
Provisions		-	-	-	-	-
Interest-bearing liabilities	4.2.3	-	-	-	-	-
Lease liabilities	4.2.4	-	-	-	-	-
Total non-current liabilities	4.2.2	-	-	-	-	-
Total liabilities		-	-	-	-	-
Net assets		-	-	-	-	-
Equity						
Accumulated surplus		-	-	-	-	-

What are the key changes to the 2022-23 Model Budget?

- Disclosure added at Note 4.7 regarding proposals to lease council land (if applicable)

G18 4.7 Proposals to Lease Council Land

This section presents a summary of Council's proposals to lease council land to external parties in the 2022-23 financial year.

<<Include details of any proposal to lease land in the 2022-23 financial year where the rent (for any period of the lease) is greater than \$100,000, or the market value of the land is greater than \$100,000, or the lease term is greater than 10 years. Any of the preceeding three tests trigger the disclosure requirement.>>

What are the key changes to the 2022-23 Model Budget?

- Other updates and changes
 - 2022-23 rate cap of 1.75% reflected in Model Budget;
 - The gender splits in the 4-Year summary of planned human resources expenditure and FTE by employment type have been amended to reflect the exact language in the Local Government (Planning and Reporting) Regulations 2020;
 - An optional format has been included for the 4-Year summary of planned human resources expenditure and FTE. The optional format allows for the inclusion of new and vacant positions in addition to the gender classifications required by the regulations;
 - Better Practice Guide: Checklist updated to reflect the requirement to disclose proposals to lease council land (if applicable) under section 115 of the *Local Government Act 2020*.

2022-23 Model Budget Better Practice Guide

What are the key changes to the 2022-23 Model Budget Better Practice Guide?

- All dates have been rolled forward to reflect the 2022-23 budget year and 3 subsequent years.
- Additional guidance note added at G18 regarding proposals to lease council land. Section 115 of the *Local Government Act 2020* requires that a council must include any proposal to lease land in a financial year in the budget, subject to certain parameters regarding the lease;
- Compliance checklist updated to reflect the requirement to disclose proposals to lease council land (if applicable) under section 115 of the *Local Government Act 2020*.

Suite of templates and guidance now available

- Report of Operations
- Performance Statement
- LGPRF template
- Financial Plan

Questions?