

Local Government Model Financial Report

Summary of changes 2021-22

Local Government Model Financial Report (LGMFR)

REFERENCE	CHANGE
Table of contents	<p>The table of contents has been updated to reflect the shift of the 'Overview' section into Note 1 of the LGMFR, and consequential changes to Note 2.</p> <p>The title of Note 5.3 has been updated to 'Payables, trust funds and deposits and unearned income/revenue' to better reflect the content of the note.</p>
Certification	References to legislation and regulations have been updated to reflect the <i>Local Government Act 2020</i> and the Local Government (Planning and Reporting) Regulations 2020.
Comprehensive Income Statement	A sub-total has been added under the Other comprehensive income items, before the total comprehensive result, and formulas amended accordingly.
Balance Sheet	New line item added to reflect unearned income / revenue recognised under <i>AASB 1058 Income of Not-for-Profit Entities</i> or <i>AASB 15 Revenue from Contracts with Customers</i> .
Statement of Changes in Equity (SOCE)	The line item added last year for the potential impact of a change in accounting policy to reflect the requirements of <i>AASB 1059 Service Concession Arrangements: Grantors</i> has been moved to the prior year comparatives. Also, the SOCE reflects the rolling out from the comparatives of changes reported directly in equity for the initial adoption and application of <i>AASB 16 Leases</i> , <i>AASB 15 Revenue from Contracts with Customers</i> and <i>AASB 1058 Income of Not-for-Profit Entities</i> .
Note 1 Overview	The previous 'Overview' section has become Note 1 of the LGMFR. This better reflects the content of a set of financial statements, which include the primary financial statements along with notes to the accounts.
Note 1 Overview	<p>The text under the heading Statement of compliance has been updated to reflect that Council is a not-for-profit entity for the purposes of Australian Accounting Standards.</p> <p>The text in Note 1(a) Basis of accounting has been updated to include disclosures about the historical cost convention, going concern basis, currency and rounding as well as that accrual accounting has been used, except for cash flow information.</p>
Note 1 Overview	The provision for disclosure of the impact of the COVID-19 pandemic on council finances has been retained for 2021-22. A sample disclosure and structure is included in the LGMFR with provision for each council to supplement this based on unique local circumstances and impacts.
Note 2.1 – Performance against budget	As a result of moving the 'Overview' into Note 1, the performance against budget disclosures have shifted into Note 2. The introductory text in Note 2.1 has been updated to reflect the <i>Local Government Act 2020</i> and the Local Government (Planning and Reporting) Regulations 2020.
Note 2.1.1 – Income and Expenditure and Note 2.1.2 – Capital works	Removed reference to years from both variance columns (\$'000 and %).
Note 2.2	As a result of moving the 'Overview' into Note 1, the analysis of council results by program disclosures have shifted into Note 2.2. For consistency of referencing these disclosures have become Note 2.2.1 and 2.2.2 (instead of Note 2 and 2(b) previously).
Note 2.2.2	Title of note amended to "Summary of <i>income</i> , expenses, assets and capital expenses by program", instead of <i>revenue</i> , for consistency with content.

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Note 3.4(d) – Funding from other levels of government	Additional text has been added to strengthen the disclosures around grants accounting policy. A table has also been added for the disclosure of summary income and revenue recognition under <i>AASB 1058 Income of Not-for-Profit Entities</i> and <i>AASB 15 Revenue from Contracts with Customers</i> .
Note 3.5 - Contributions	Accounting policy text amended to reflect the recognition of contributions at their fair value.
Note 4.2 – Materials and services	Expenses accounting policy text added.
Note 4.9 – Other expenses	The word ‘Audit’ has been added to the line item ‘Auditor’s remuneration – Internal <i>Audit</i> ’.
Note 5.1 – Financial assets	Note 5.1(b) - Additional text disclosure added regarding the classification of other financial assets between current and non-current. Note 5.1(c) – Added sub-heading for ‘Statutory receivables’ under Current. Added line item for ‘Net GST receivable’.
Note 5.2 – Non-financial assets	Note 5.2(c) – Closing balances in movement table of intangible assets changed from ‘Balance at 1 July 2022’ to ‘Balance at 30 June 2022’.
Note 5.3 - Payables	Note title changed to ‘Payables, trust funds and deposits and unearned income / revenue’ to better reflect the content of the note. Additional text also added regarding accounting policy for unearned income / revenue. Note 5.3(a) – Sub-headings added for ‘Non-statutory payables’ and ‘Statutory payables’.
Note 5.4 – Interest-bearing liabilities	Line items added to note to distinguish between Treasury Corporation of Victoria (TCV) borrowings and other borrowings.
Note 5.5 - Provisions	Note 5.5(a) – Text disclosure regarding annual leave and long service leave updated.
Note 5.6 – Financing arrangements	Line item added to note to disclose facilities held with the Treasury Corporation of Victoria (TCV).
Note 5.7 - Commitments	The disclosures regarding operating lease receivables have been moved into this note (from Note 8.1 previously). Sub-headings have therefore been added to distinguish between commitments and operating lease receivables.
Note 5.8 - Leases	Comparatives column added to note as appropriate.
Note 6.2 – Property, infrastructure, plant and equipment	For consistency of referencing the disclosures in the second tab of Note 6.2 have been called Note 6.2 (continued) instead of Note 6.2(b) previously. The Note 6.2 Summary of property, infrastructure, plant and equipment table has been amended to include ‘Carrying amount’ terminology for opening and closing balance columns. The term ‘Carrying amount’ has also been added to the last line in the tables in Note 6.2(a), (b) and (c). In Note 6.2(continued) the text under Valuation of infrastructure has been updated to use the term ‘current replacement cost’. The term ‘current replacement cost’ has replaced the term ‘depreciated replacement cost’ in the text for Specialised buildings and also for Infrastructure assets.
Note 6.3 - Investments in associates, joint arrangements and subsidiaries	Disclosures covering subsidiaries shifted from Note 6.3(a) into Note 6.3(b) to better reflect content. Note 6.3(c) added to allow separate text covering Community Asset Committees. This text has been updated to reference ‘Community Asset Committee’ consistent with the <i>Local Government Act 2020</i> (previous reference was to Committee of Management).

REFERENCE	CHANGE
Note 7 – People and relationships	The text regarding Key Management Personnel at Note 7.1(b) has been updated.
Note 8.1 – Contingent assets and liabilities	Existing text regarding contingent assets and contingent liabilities shifted from middle to top of note. Additional text inserted under Note 8.1(a) regarding contingent assets. Additional text inserted under Note 8.1(b) regarding contingent liabilities. The operating lease receivables disclosures have been shifted from Note 8.1 into Note 5.7 Commitments to better reflect their nature. Text disclosures in relation to potential contingent liability for former MAV WorkCare members updated to reflect the closure of the scheme and the subsequent six-year liability period.
Note 8.3 – Financial instruments	Text added to disclosures to reflect that borrowings may be from either banks or the Treasury Corporation of Victoria (TCV).
Note 9.2 – Reconciliation of cash flows from operating activities to surplus / (deficit)	Line item added to reconciliation for unearned income / revenue.
Note 9.3 - Superannuation	Superannuation disclosures have been updated to reflect the latest available information from Vision Super and to reflect the increase in the contribution rate to 10 per cent.
Note 10 – Change in accounting policy	Text updated to reflect no material pending accounting standards expected to impact councils in 2021-22.
GUIDANCE	Text and references in the GUIDANCE tab have been reviewed and updated to reflect the <i>Local Government Act 2020</i> and the Local Government (Planning and Reporting) Regulations 2020 and other references.
G35	Added reference and link to external guidance previously published titled <i>Guidance on transition to new Accounting Standards 2018-19</i> and additional guidance regarding commentary on material grants.
G57	Guidance added regarding the inclusion of details of terms of settlement for material line items.
G59	Guidance added regarding the accounting treatment for Software as a Service (SaaS).
G68	Added reference and link to external guidance previously published titled <i>Guidance on transition to new Accounting Standards 2018-19</i> .
G79	Added reference to the legislative requirement to report on the operations and performance of beneficial enterprises in the annual report.
G12, G80	Updated reference to 2020-21 Department of Treasury and Finance Model Report.
G85	Updated to reference 'Community Asset Committee' consistent with the <i>Local Government Act 2020</i> (previous reference was to Committee of Management).
Throughout	References to legislation and regulations have been updated to reflect the <i>Local Government Act 2020</i> and the Local Government (Planning and Reporting) Regulations 2020.
Throughout	All dates have been rolled forward to reflect the 2021-22 financial year.
Throughout	Yellow highlighting flags parts of the LGMFR where councils should apply professional judgement or local data to populate the LGMFR template.

REFERENCE	CHANGE
Throughout	Corrected various spelling, typographical, formatting and other minor issues with the LGMFR.

Better Practice Guide (BPG) – Model Financial Report

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Throughout	All dates have been rolled forward to reflect the 2021-22 financial year. References to legislation and regulations have been updated to reflect the <i>Local Government Act 2020</i> and the Local Government (Planning and Reporting) Regulations 2020.
A message from LGV	Introductory remarks from Local Government Victoria have been updated in the 2021-22 version.
Introduction	The introduction has been updated to reflect the latest VAGO values for the value of community assets and infrastructure and operating expenditure.
Introduction	Section that reflected the transitional provisions in the <i>Local Government Act 2020</i> for the 2020-21 annual report removed as it is no longer applicable.
Introduction	The table setting out the membership of the Model Accounts 2021-22 working group has been updated.
Local Government Model Financial Report (Overview)	Section updated to reflect the requirements of the <i>Local Government Act 2020</i> and the Local Government (Planning and Reporting) Regulations 2020.
Local Government Model Financial Report (Guidance)	Section updated to reflect the requirements of the <i>Local Government Act 2020</i> and the Local Government (Planning and Reporting) Regulations 2020.
Glossary	Updated to reflect <i>Local Government Act 2020</i> .
References	Updated to reflect latest editions and hyperlinks.
BPG	Corrected various spelling, typographical, formatting and other minor issues with the Better Practice Guide.

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