

**SUBMISSION TO:** Ordinary Council Meeting  
Meeting Date: 19th March 2024

**AGENDA REFERENCE:** 10.4.(A) MAR 24

**SUBJECT:** 2023/24 Mid-Year Budget Review

**LOCATION/ADDRESS:** Leonora

**NAME OF APPLICANT:** Shire of Leonora

**FILE REFERENCE:** 1.6

**AUTHOR, DISCLOSURE OF ANY INTEREST AND DATE OF REPORT**

**NAME:** Kiara Lord

**OFFICER:** Manager Business Services

**INTEREST DISCLOSURE:** Nil

**DATE:** 12th March 2024

**SUPPORTING DOCUMENTS:** 1. 2023/2024 Budget Review Statement of Financial Activity, notes on Closing Funds, and Budget Amendments.

**PURPOSE**

To consider the Shire of Leonora's financial position as at 31 January 2024 and performance for the period 1 July 2023 to 31 January 2024 in relation to the adopted annual budget and projections estimated for the remainder of the financial year.

**BACKGROUND**

The budget review has been prepared to include information required by the *Local Government Act 1995*, *Local Government (Financial Management) Regulations 1996* and Australian Accounting Standards. The report for the period 1 July 2023 to 31 January 2024 shown in the attachment has been prepared incorporating year to date budget variations and forecasts to 30 June 2024 and is presented for council's consideration.

Consideration of the status of various projects and programs was undertaken to ensure any anticipated variances were captured within the review document where possible.

The material variance levels which have been reported for the budget review, have utilised the same materiality levels as monthly reporting to determine the extent of explanation / are based on a materiality level of \$15,000 or 8% implemented for the purpose of the budget review) / are based upon management judgement where explanations are considered appropriate.

**COMMENT**

The budget review report includes at Note 4 a summary of predicted variances contained within the Statement of Financial Activity, including whether variances are considered to be permanent (where a difference is likely between the current budget and the expected outcome to 30 June) or due to timing (e.g. where a project is likely to be delayed).

Features of the budget review include:

Description	Change
Timing delays to projects have impacted the ability for the shire to recognise revenue, resulting in an overall decrease in the grants expected to be received this financial year.	(\$241,250)
Reduction in co-contributions towards a health and building services. Originally this was reimbursed to the Shire of Leonora from the other Shire's involved in the shared contract arrangement.	(\$107,240)
Increased interest earnings on reserve account investments.	\$35,000
A reclassification of income from Other Revenue to Operating Contributions.	(\$146,772)
Profit on asset disposals.	\$90,137
Staff turnover has resulted in lower than budgeted salaries/wages, as well as less training and other employee cost expenditure than anticipated. Youth Services and Recreation Centre Salaries were also identified as duplicated figures, where only half that should have been budgeted for.	\$524,061
Roadworks and related expenses have seen a high reduction due to the need to direct roadworks towards flood-damaged roads rather than general maintenance. This includes a reduction in relevant fuel costs, as well as a delay to the ground works to be arranged for the cemeteries. Other reductions noted with the delay of the Airport Terminal pending the Eastern Precinct Project, and small general projects at Gwalia pending further investigation as to the feasibility of these.  Primary cost increase with regards to Work Health and Safety implementation across the board which includes HR, Aerodrome Services, Fire Safety and Asbestos Inspections, as well as an increase in the utilisation of consultants following turnover of key personnel within the Shire.	\$126,103
All staff houses are currently occupied, including the new CEO House. Ageing in Place facility largest contributing factor due to cost of installation of individual meters, and additional costs associated with the ongoing utilities required for the facility.	(\$32,110)
There was a revaluation of asset classes in the 2022-23 year so some depreciation expenses are more than the previous year calculations used for budget.	(\$688,515)
Minor corrections to the sponsorship provided to community organisations through the Shire of Leonora, as well as a correction to the actual cash prize money required for the Golden Gift.	\$11,607
Loss on asset disposals.	(\$12,785)
Non-cash amounts excluded from operating activities (asset depreciation and profit/loss on sale of assets.)	\$611,163

Description	Change
Proceeds from disposal of assets.	\$159,136
Actual expenditure lower for capital projects due to savings in materials and labour. A few projects such as the Gwalia Cottages and Museum Lining were identified as not requiring further work at this stage, and so have been delayed until a review of the current infrastructure and required improvements have been made. Airport Shed and Terminal Building has been delayed while additional funding is sought.  Final fencing and concrete required for CEO house, and addition of new toilets at the Early Learning Centre.	\$482,381
Some plant purchases were cheaper than originally budgeted.  The Driver Equity Vehicle and Small Tipper were not received until the 23/24 financial year, and the 22/23 Audit requested that these be recognised in the current financial year - not originally budgeted. A vehicle for the MCS as an additional management role has been included, and overall plant purchase prices have been increased to reflect current market value.	(\$649,949)
LRCI Phase 4 (Part B) Funding will be received later in the year, with work not likely to commence until 24/25. Reduction in budget for the Roads to Recovery (town RAV network).	\$454,041
Projects pushed to the 24/25 financial year such as 26 Queen Victoria Street Driveway, reduced cost of CEO swimming pool and a delay in installation of electric gates.  New budget items identified with TV Transmission equipment so an increase to occur.	(\$319,810)
Changes to the original reserve transfers due to project changes. Specifically, the Admin Refurbishment, Library Ceiling, CEO House and projects at the Gwalia Historic Precinct.	(\$217,000)
Transfers to reserve accounts (increase to interest earnings on reserve accounts).	(\$35,000)
Difference between adopted 2023/24 budget and the closing balance of the 2022/23 audited statements.	(\$43,198)
<b>Overall Change</b>	<b>\$0</b>

In considering the above variances and projections within the attached budget review, the closing position remains as budgeted which is reflected in the Statement of Budget Review.

Following completion of the budget review and to properly consider the impact of estimated projections at 30 June 2024, some items have been identified as requiring a budget amendment to properly account for these variances where appropriate. Required budget amendments have been included in Note 4 of the attached budget review document for information, and also presented as a separate recommendation to the budget review for council consideration.

**STATUTORY ENVIRONMENT**

Regulation 33A of the *Local Government (Financial Management) Regulations 1996* requires:

- (1) Between 1 January and the last day of February in each financial year a local government is to carry out a review of its annual budget for that year.
- (2A) The review of an annual budget for a financial year must —
  - (a) consider the local government’s financial performance in the period beginning on 1 July and ending no earlier than 31 December in that financial year; and
  - (b) consider the local government’s financial position as at the date of the review; and
  - (c) review the outcomes for the end of that financial year that are forecast in the budget; and
  - (d) include the following —
    - (i) the annual budget adopted by the local government;
    - (ii) an update of each of the estimates included in the annual budget;
    - (iii) the actual amounts of expenditure, revenue and income as at the date of the review;
    - (iv) adjacent to each item in the annual budget adopted by the local government that states an amount, the estimated end of year amount for the item.
- (2) The review of an annual budget for a financial year must be submitted to the council on or before 31 March in that financial year.
- (3) A council is to consider a review submitted to it and is to determine\* whether or not to adopt the review, any parts of the review or any recommendations made in the review.  
\**Absolute majority required.*
- (4) Within 14 days after a council has made a determination, a copy of the review and determination is to be provided to the Department.

Section 6.8(1) (b) of the *Local Government Act 1995* provides that expenditure can be incurred when not included in the annual budget provided it is authorised in advance by resolution (absolute majority required).

**POLICY IMPLICATIONS**

There are no policy implications resulting from the recommendation of this report.

**FINANCIAL IMPLICATIONS**

Authorisation of expenditure through budget amendments recommended. Other specific financial implications are as outlined in the body of this report.

**STRATEGIC IMPLICATIONS**

Plan for the Future 2021 – 2031

Strategic Objective 4, Leadership: An innovative and proactive local government.

Outcome 4.2, An effective organisation, providing strong leadership and services.

**RISK ASSESSMENT**

This item has been evaluated against the Shire's Risk Management Framework, Risk Assessment Matrix. The perceived level of risk is medium prior to treatment. The adoption of the recommendations as presented will result in reassessed low level of risk.

**RECOMMENDATION**

1. That Council, by absolute majority, adopt the 2023/24 mid-year budget review as attached.
2. That the Council, by absolute majority, adopt the following budget amendments to the 2023/2024 adopted annual budget:

**OPERATING ACTIVITIES****Revenue from operating activities**

Grants, subsidies and contributions	Decrease (\$241,250)
Fees and charges	Decrease (\$107,240)
Interest revenue	Increase \$35,000
Other revenue	Decrease (\$146,772)
Profit on asset disposals	Increase \$90,137

**Expenditure from operating activities**

Employee costs	Decrease \$524,061
Materials and contracts	Decrease \$126,103
Utility charges	Increase (\$32,110)
Depreciation	Increase (\$688,515)
Other expenditure	Decrease \$11,607
Loss on asset disposals	Increase (\$12,785)

**INVESTING ACTIVITIES****Inflows from investing activities**

Proceeds from disposal of assets	Increase \$159,136
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**Outflows from investing activities**

Purchase of land and buildings	Decrease \$482,381
Purchase of plant and equipment	Increase (\$649,949)
Purchase and construction of infrastructure-roads	Decrease \$454,041
Purchase and construction of infrastructure-other	Increase (\$319,810)

**FINANCING ACTIVITIES****Cash inflows from financing activities**

Transfers from reserve accounts	Decrease (\$217,000)
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**Cash outflows from financing activities**

Transfers to reserve accounts	Increase (\$35,000)
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**VOTING REQUIREMENT**

Absolute Majority

**COUNCIL DECISION**

**Moved: Cr RA Norrie****Seconded: Cr TM Nardone**

1. That Council, by absolute majority, adopt the 2023/24 mid-year budget review as attached.
2. That the Council, by absolute majority, adopt the following budget amendments to the 2023/2024 adopted annual budget:

**OPERATING ACTIVITIES****Revenue from operating activities**

Grants, subsidies and contributions	Decrease (\$241,250)
Fees and charges	Decrease (\$107,240)
Interest revenue	Increase \$35,000
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**CARRIED BY ABSOLUTE MAJORITY (7 VOTES TO 0)**

*For; Cr PJ Craig, Cr RA Norrie, Cr RM Cotterill,  
Cr AE Taylor, Cr LR Petersen, Cr TM Nardone, Cr F Harris*



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12 March 2024

Mr Ty Matson  
Chief Executive Officer  
Shire of Leonora  
PO Box 56  
LEONORA WA 6438

Dear Ty

#### COMPILATION REPORT TO THE SHIRE OF LEONORA – BUDGET REVIEW REPORT

We have compiled the accompanying statutory budget review report of the Shire of Leonora. This has been prepared in accordance with *Local Government Act 1995* and associated regulations as described in Note 1 to the budget review report. The specific purpose for which the special purpose financial statements have been prepared is also set out in Note 1 of the budget review report.

#### THE RESPONSIBILITY OF THE SHIRE OF LEONORA

The CEO of the Shire of Leonora is solely responsible for information contained in the special purpose budget review report, the reliability, accuracy and completeness of the information and for the determination that the basis of accounting used is appropriate to meet their needs and for the purpose that the budget review report was prepared. Management is solely responsible for the forecast information presented within the report and for estimating revenue and expenditure for the year.

#### OUR RESPONSIBILITY

On the basis of information provided by the Shire of Leonora we have compiled the accompanying special purpose financial report in accordance with the requirements of *APES 315 Compilation of Financial Information* and the *Local Government Act 1995*, associated regulations and to the extent that they are not inconsistent with the *Local Government Act 1995*, the Australian Accounting Standards.

We have applied our expertise in accounting and financial reporting to compile the budget review report in accordance with the basis of accounting described in Note 1 to the budget review report. We have complied with the relevant ethical requirements of *APES 110 Code of Ethics for Professional Accountants*.

Information attached to the statutory budget review report has been extracted from the records of the Shire of Leonora and management forecasts and estimates the appropriateness of these has not been determined.

#### ASSURANCE DISCLAIMER

Since a compilation engagement is not an assurance engagement, we are not required to verify the reliability, accuracy or completeness of the information provided to us by management to compile these forward-looking financial statements. Accordingly, we do not express an audit opinion or a review conclusion on these financial statements.

The statutory budget review report was compiled exclusively for the benefit of the Shire of Leonora who are responsible for the reliability, accuracy and completeness of the information used to compile them. Accordingly, the statutory budget review report may not be suitable for other purposes. We do not accept responsibility for the contents of the statutory budget review report.

Russell Barnes  
Director  
Moore Australia (WA) Pty Ltd

**SHIRE OF LEONORA**

**BUDGET REVIEW REPORT**

**FOR THE PERIOD ENDED 31 JANUARY 2024**

*LOCAL GOVERNMENT ACT 1995*

*LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996*

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Please refer to compilation report

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SHIRE OF LEONORA  
STATEMENT OF BUDGET REVIEW  
FOR THE PERIOD ENDED 31 JANUARY 2024

Budget v Actual					
Note	Adopted Budget	Updated Budget Estimates (a)	Year to Date Actual	Estimated Year at End Amount (b)	Predicted Variance (b) - (a)
	\$	\$	\$	\$	\$
<b>OPERATING ACTIVITIES</b>					
<b>Revenue from operating activities</b>					
	8,610,527	8,610,527	8,491,238	8,610,527	0
	221,706	221,706	221,610	221,706	0
4.1	2,365,778	2,365,778	679,435	2,124,528	(241,250) ▼
4.2	3,171,143	3,171,143	1,721,360	3,063,903	(107,240) ▼
4.3	101,000	101,000	98,215	136,000	35,000 ▲
4.4	346,890	346,890	129,924	200,118	(146,772) ▼
4.5	68,083	68,083	72,070	158,220	90,137 ▲
	14,885,127	14,885,127	11,413,852	14,515,002	(370,125) ▼
<b>Expenditure from operating activities</b>					
4.6	(5,323,632)	(5,323,632)	(2,279,806)	(4,799,571)	524,061 ▲
4.7	(5,505,184)	(5,505,184)	(2,526,026)	(5,379,081)	126,103 ▲
4.8	(382,041)	(382,041)	(244,487)	(414,151)	(32,110) ▼
4.9	(1,970,250)	(1,970,250)	(1,550,946)	(2,658,765)	(688,515) ▼
	(383,056)	(383,056)	(326,809)	(383,056)	0
4.10	(369,995)	(369,995)	(41,770)	(358,388)	11,607 ▲
4.11	(1,895)	(1,895)	0	(14,680)	(12,785) ▼
	(13,936,053)	(13,936,053)	(6,969,844)	(14,007,692)	(71,639) ▼
4.12	1,909,240	1,909,240	1,478,876	2,520,403	611,163 ▲
<b>Non-cash amounts excluded from operating activities</b>					
<b>Amount attributable to operating activities</b>					
	2,858,314	2,858,314	5,922,884	3,027,713	169,399 ▲
<b>INVESTING ACTIVITIES</b>					
<b>Inflows from investing activities</b>					
	2,257,760	2,257,760	20,651	2,257,760	0
4.13	478,500	478,500	189,136	637,636	159,136 ▲
	2,736,260	2,736,260	209,787	2,895,396	159,136 ▲
<b>Outflows from investing activities</b>					
4.14	(4,221,152)	(4,221,152)	(2,546,010)	(3,738,771)	482,381 ▲
4.15	(1,740,225)	(1,740,225)	(721,174)	(2,390,174)	(649,949) ▼
4.16	(2,954,041)	(2,954,041)	(20,651)	(2,500,000)	454,041 ▲
4.17	(1,396,255)	(1,396,255)	(444,415)	(1,716,065)	(319,810) ▼
	(10,311,673)	(10,311,673)	(3,732,250)	(10,345,010)	(33,337) ▼
<b>Amount attributable to investing activities</b>					
	(7,575,413)	(7,575,413)	(3,522,463)	(7,449,614)	125,799 ▲
<b>FINANCING ACTIVITIES</b>					
<b>Cash inflows from financing activities</b>					
4.18	3,570,152	3,570,152	200,000	3,353,152	(217,000) ▼
	3,570,152	3,570,152	200,000	3,353,152	(217,000) ▼
<b>Cash outflows from financing activities</b>					
4.19	(949,233)	(949,233)	(57,766)	(984,233)	(35,000) ▼
	(949,233)	(949,233)	(57,766)	(984,233)	(35,000) ▼
<b>Amount attributable to financing activities</b>					
	2,620,919	2,620,919	142,234	2,368,919	(252,000) ▼
<b>MOVEMENT IN SURPLUS OR DEFICIT</b>					
4.20	2,096,180	2,096,180	2,052,982	2,052,982	(43,198) ▼
<b>Surplus or deficit at the start of the financial year</b>					
<b>Amount attributable to operating activities</b>					
<b>Amount attributable to investing activities</b>					
<b>Amount attributable to financing activities</b>					
<b>Surplus or deficit after imposition of general rates</b>					
	0	0	4,595,637	0	0

Please refer to compilation report

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SHIRE OF LEONORA  
NOTES TO AND FORMING PART OF THE BUDGET REVIEW REPORT  
FOR THE PERIOD ENDED 31 JANUARY 2024

## 1. BASIS OF PREPARATION

This budget review has 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 budget review be prepared in accordance with the *Local Government Act 1995* and, to the extent that they are not inconsistent with the Act, 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 where no inconsistencies exist.

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 of Leonora to measure any vested improvements at zero cost.

*Local Government (Financial Management) Regulations 1996, regulation 33A* prescribes contents of the budget review.

Accounting policies which have been adopted in the preparation of this budget review have been consistently applied unless stated otherwise. Except for cash flow and statement of financial activity, the budget review 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 of Leonora 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.

### **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 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, infrastructure and investment property
- estimation uncertainties made in relation to lease accounting
- estimation of fair values of provisions

### **SIGNIFICANT ACCOUNTING POLICES**

Significant accounting policies utilised in the preparation of these statements are as described within the 2023-24 Annual Budget. Please refer to the adopted budget document for details of these policies.

Please refer to compilation report

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SHIRE OF LEONORA  
SUMMARY GRAPHS - BUDGET REVIEW  
FOR THE PERIOD ENDED 31 JANUARY 2024

2. SUMMARY GRAPHS - BUDGET REVIEW



This information is to be read in conjunction with the accompanying financial statements and notes.

Please refer to compilation report

SHIRE OF LEONORA  
NOTES TO THE BUDGET REVIEW REPORT  
FOR THE PERIOD ENDED 31 JANUARY 2024

3 NET CURRENT FUNDING POSITION  
EXPLANATION OF DIFFERENCE IN NET CURRENT ASSETS AND SURPLUS/(DEFICIT)

	Audited Actual 30 June 2023	Adopted Budget 30 June 2024	Updated Budget Estimates 30 June 2024	Year to Date Actual 31 January 2024	Estimated Year at End Amount 30 June 2024
	\$	\$	\$	\$	\$
<b>(a) Composition of estimated net current assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	11,271,986	5,889,388	5,889,388	13,751,977	7,091,266
Trade and other receivables	728,304	379,463	379,463	976,951	9,338
Inventories	69,855	60,608	60,608	88,147	60,608
	12,070,145	6,329,459	6,329,459	14,817,075	7,161,212
<b>Less: current liabilities</b>					
Trade and other payables	(593,802)	(440,071)	(440,071)	(531,821)	(545,671)
Contract liabilities	(509,456)	0	0	(833,045)	(474,153)
Capital grant/contribution liability	(403,598)	0	0	(488,498)	0
Employee related provisions	(210,653)	(300,689)	(300,689)	(210,653)	(185,689)
	(1,717,509)	(740,760)	(740,760)	(2,064,017)	(1,205,513)
<b>Net current assets</b>	10,352,636	5,588,699	5,588,699	12,753,058	5,955,699
Less: Total adjustments to net current assets	(8,299,654)	(5,588,699)	(5,588,699)	(8,157,420)	(5,955,699)
<b>Closing funding surplus / (deficit)</b>	2,052,982	0	0	4,595,638	0

**(b) Non-cash amounts excluded from operating activities**

The following non-cash revenue and expenditure has been excluded from operating activities within the Statement of Financial Activity in accordance with *Financial Management Regulation 32*.

	Audited Actual 30 June 2023	Adopted Budget 30 June 2024	Updated Budget Estimates 30 June 2024	Year to Date Actual 31 January 2024	Estimated Year at End Amount 30 June 2024
	\$	\$	\$	\$	\$
<b>Adjustments to operating activities</b>					
Less: Profit on asset disposals	(8,770)	(68,083)	(68,083)	(72,070)	(158,220)
Less: Movement in liabilities associated with restricted cash	(89,389)	0	0	0	0
Less: Fair value adjustments to financial assets at fair value through profit or loss	(61,117)	0	0	0	(61,117)
Add: Loss on disposal of assets	25,447	1,895	1,895	0	14,680
Add: Depreciation on assets	3,600,135	1,970,250	1,970,250	1,550,946	2,658,765
<b>Non-cash movements in non-current assets and liabilities:</b>					
Employee benefit provisions	6,191	0	0	0	0
Other provisions	103,171	5,178	5,178	0	103,171
Inventory	49,328	0	0	0	49,328
<b>Non-cash amounts excluded from operating activities</b>	3,624,996	1,909,240	1,909,240	1,478,876	2,606,607

**(c) Current assets and liabilities excluded from budgeted deficiency**

The following current assets and liabilities have been excluded from the net current assets used in the Statement of Financial Activity in accordance with *Financial Management Regulation 32* to agree to the surplus/(deficit) after imposition of general rates.

	Audited Actual 30 June 2023	Adopted Budget 30 June 2024	Updated Budget Estimates 30 June 2024	Year to Date Actual 31 January 2024	Estimated Year at End Amount 30 June 2024
	\$	\$	\$	\$	\$
<b>Adjustments to net current assets</b>					
Less: Reserve accounts	(8,510,307)	(5,889,388)	(5,889,388)	(8,368,073)	(6,141,388)
Add: Current liabilities not expected to be cleared at end of year					
- Employee benefit provisions	210,653	300,689	300,689	210,653	185,689
<b>Total adjustments to net current assets</b>	(8,299,654)	(5,588,699)	(5,588,699)	(8,157,420)	(5,955,699)



Please refer to compilation report

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SHIRE OF LEONORA  
NOTES TO THE BUDGET REVIEW REPORT  
FOR THE PERIOD ENDED 31 JANUARY 2024

3 COMMENTS/NOTES - NET CURRENT FUNDING POSITION (CONTINUED)

**SIGNIFICANT ACCOUNTING POLICIES**

**CASH AND CASH EQUIVALENTS**

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

Bank overdrafts are shown as short term borrowings in current liabilities.

**FINANCIAL ASSETS AT AMORTISED COST**

The Shire of Leonora 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.

**TRADE AND OTHER RECEIVABLES**

Trade and other receivables include amounts due from ratepayers for unpaid rates and service charges and other amounts due from third parties for grants, contributions, reimbursements, and goods sold and services performed in the ordinary course of business.

Trade and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value.

Trade receivables are held with the objective to collect the contractual cashflows and therefore 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.

The Shire of Leonora applies the AASB 9 simplified approach to measuring expected credit losses using a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, rates receivable are separated from other trade receivables due to the difference in payment terms and security for rates receivable.

**INVENTORIES**

**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.

**CONTRACT ASSETS**

Contract assets primarily relate to the Shire of Leonora's right to consideration for work completed but not billed at the end of the period.

**CONTRACT LIABILITIES**

Contract liabilities represent the Shire of Leonora's obligation to transfer goods or services to a customer for which the Shire of Leonora 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.

**PROVISIONS**

Provisions are recognised when the Shire of Leonora has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

**CURRENT AND NON-CURRENT CLASSIFICATION**

An asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Shire of Leonora's operational cycle. In the case of liabilities where the Shire of Leonora 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 of Leonora's intentions to release for sale.

**TRADE AND OTHER PAYABLES**

Trade and other payables represent liabilities for goods and services provided to the Shire of Leonora prior to the end of the financial year that are unpaid and arise when the Shire of Leonora 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 normally 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 of Leonora recognises revenue for the prepaid rates that have not been refunded.

**EMPLOYEE BENEFITS**

**Short-Term Employee Benefits**

Provision is made for the Shire of Leonora'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 of Leonora'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 net current funding position. Shire of Leonora's current obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the net current funding 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 of Leonora's obligations for long-term employee benefits where the Shire of Leonora does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, are presented as current provisions in the net current funding position.

Please refer to compilation report

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**SHIRE OF LEONORA  
NOTES TO THE REVIEW OF THE ANNUAL BUDGET  
FOR THE PERIOD ENDED 31 JANUARY 2024**

**4 PREDICTED VARIANCES**

	<b>Variance</b>
	<b>\$</b>
<b>Revenue from operating activities</b>	
<b>4.1 Grants, subsidies and contributions</b>	(241,250) ▼
Financial Assistance Grant (FAGS) funding to be received for the 2023-24FY \$63,564 and Minara STGF grant received \$10,000. There has been a reclassification of income from Other Revenue to Operating Contributions totalling \$165,950.	
Decrease in the community childcare program \$165,000, elders fitness classes \$15,000, Australia Day funding \$10,000, Other CRC grants \$40,000, LRCI Phase 4 funding to received this year but not recognised as income at end of year \$254,000.	
<b>4.2 Fees and charges</b>	(107,240) ▼
Increase to town planning fees \$2,000, access to public toilets \$4,000 not originally budgeted, hall hire charges \$2,30 and cat registrations \$350.	
Reduction in contributions towards the contracted Health & Building services \$71,000 and permits for building licences \$45,000.	
<b>4.3 Interest revenue</b>	35,000 ▲
Increase to interest earnings on reserve accounts.	
<b>4.4 Other revenue</b>	(146,772) ▼
Income received for the Christmas Festival \$3,900 and FBT refund received \$13,500.	
There has been a reclassification of income from Other Revenue to Operating Contributions totalling \$165,950.	
<b>4.5 Profit on asset disposals</b>	90,137 ▲
Duplicated airport reporting officer's vehicle in original budget \$8,000. Unbudgeted items Fuso Canter Tip Truck trade \$22,500 and Grader John Deere \$49,500. Net book values adjusted for remaining asset disposals since adoption of original budget.	

Please refer to compilation report

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**SHIRE OF LEONORA  
NOTES TO THE REVIEW OF THE ANNUAL BUDGET  
FOR THE PERIOD ENDED 31 JANUARY 2024**

**4 PREDICTED VARIANCES**

	<b>Variance</b>
	<b>\$</b>
<b>Expenditure from operating activities</b>	
<b>4.6 Employee costs</b>	524,061 ▲
Salaries and superannuation costs reduced for the Health and Building Officer \$125,000, Youth services \$186,000, Recreation services \$159,000, roadworks and bush grading costs reduced due to graders occupied with flood damaged roads \$289,000, street cleaning services \$44,000, annual leave entitlements \$6,800, staff relocation expenses \$10,000 and senior staff recreation \$4,750.	
Staff training \$4,900, long service leave entitlements \$50,000 with provision to be adjusted at end of year, supervisor wages \$47,000, workers compensation medical \$7,000, plant parts and repairs \$2,300 and retrospective payment adjustment with full housing review \$158,000.	
<b>4.7 Materials and contracts</b>	126,103 ▲
Reduction in vehicle expenses for the EHO \$7,000, childcare centre activities \$10,000, contribution towards community initiative \$12,000, elders fitness classes \$15,000, cemeteries ground works not completing this financial year \$100,000, Australia Day \$10,000, oval ground works \$47,000, library general maintenance \$10,000, CRC phone/internet costs \$10,000, CRC office expenses \$15,000, roadworks and bush grading costs reduced due to graders occupied with flood damaged roads \$289,000, street cleaning services \$44,000, airport terminal stalled pending the Eastern Precinct Project \$45,000, archival record keeping \$20,000, museum merchandise \$15,000, museum maintenance \$32,000, Hoover House maintenance \$35,000, small general projects \$65,000, visitor centre maintenance \$10,000, security at golden gift \$13,000, private works \$15,000, office equipment maintenance \$29,000, photocopier charges \$26,000, fuels & oils \$106,000.	
Increase in expenditure for subscriptions \$20,000, CCTV maintenance \$20,000, contractor services for Health and Building \$65,000, childcare consultant \$14,000, Transcend Initiatives for youth centre \$12,000, 11 Queen Vic Street maintenance \$35,000, Lot 792 Cohen Street \$25,000, 1260 Fitzgerald \$40,000, Lot 294 Queen Victoria \$10,000, plumbing required at the cemetery \$15,000, swimming pool maintenance \$40,000, CRC deck and additional maintenance works \$15,000, CRC equipment maintenance \$11,000, bowls club dryers and accessories maintenance \$20,000, depot WHS improvements and general \$61,000, SPQ (depot) \$15,000, airport consultancy \$20,000, Christmas festivities \$10,000, promotional Leonora \$10,000, Hoover House catering \$14,000, consultant fees \$20,000, website maintenance \$12,000, Gwalia building maintenance \$11,000, aircraft charter hire \$18,000, athletics cyclists \$23,000, utilising additional consultants \$150,000, work health & safety improvements \$90,000, plant parts and repairs \$34,000.	
<b>4.8 Utility charges</b>	(32,110) ▼
Increase to ageing in place \$15,000, recreation centre \$6,500, Gwalia \$5,700, office \$3,700, staff housing \$1,500.	
<b>4.9 Depreciation</b>	(688,515) ▼
There was a revaluation of asset classes in the 2022-23 year so some depreciation expenses are more than the previous year calculations used for budget.	
<b>4.10 Other expenditure</b>	11,607 ▲
A reduction in sponsorship for sport and recreation hire \$5,000, correction to actual prize money for athletics event \$6,700	
<b>4.11 Loss on asset disposals</b>	(12,785) ▼
Net book values adjusted for remaining asset disposals since adoption of original budget.	
<b>Non-cash amounts excluded from operating activities</b>	611,163 ▲
Asset depreciation and profit/loss on sale of assets.	

Please refer to compilation report

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SHIRE OF LEONORA  
 NOTES TO THE REVIEW OF THE ANNUAL BUDGET  
 FOR THE PERIOD ENDED 31 JANUARY 2024

4 PREDICTED VARIANCES	<u>Variance</u>
	\$
<b>Inflows from investing activities</b>	
4.13 <b>Proceeds from disposal of assets</b> Duplicated airport reporting officer's vehicle in original budget \$30,000. Unbudgeted items Fuso Canter Tip Truck trade \$18,000 and Grader John Deere \$170,500.	159,136 ▲
<b>Outflows from investing activities</b>	
4.14 <b>Purchase of land and buildings</b> Reduction in costs for the CEO housing earthworks \$19,000, 13 Fitzgerald Street air conditioners \$10,000, 9 Cohen Street retaining wall and fence \$10,000, staff housing solar panels \$200,000, airport shed and terminal building through LRCI \$220,000, Gwalia cottages \$75,000, museum shed doors \$30,000, museum lining and fit out \$45,000, council chambers \$30,000.  Increase to the CEO housing \$60,000 and Early Learning Centre toilets \$50,000.	482,381 ▲
4.15 <b>Purchase of plant and equipment</b> Savings made with plant purchases \$43,000.  At audit request the Driver Access Equity vehicle and Small Tipper were to be reallocated to the 2023-24 budget as items were not received until this financial year \$100,300. New plant purchase items MCS vehicle \$85,000. Plant purchase prices adjusted by \$275,000 from original adopted budget.	(649,949) ▼
4.16 <b>Purchase and construction of infrastructure-roads</b> The LRCI Phase 4 funding to be received late this financial year so works will likely not commence until the new year \$254,000. Reduction in budget for the Roads to Recovery (town RAV network) budget \$200,000	454,041 ▲
4.17 <b>Purchase and construction of infrastructure-other</b> Decrease in costs for the projects CEO swimming pool \$25,000, 26 Queen Victoria Street driveway and retaining wall \$15,000, aged care village solar panels \$50,000, electric security gates \$25,000, airport taxiway \$10,000.  New budget items Winder Shed fencing \$30,000 and TV Transmission equipment \$200,000. Carryover costs from previous year for the Barnes Federal Theatre \$24,000.	(319,810) ▼

Please refer to compilation report



**SHIRE OF LEONORA  
 NOTES TO THE REVIEW OF THE ANNUAL BUDGET  
 FOR THE PERIOD ENDED 31 JANUARY 2024**

**4 PREDICTED VARIANCES**

	<b>Variance</b>
	<u>\$</u>
<b>Cash inflows from financing activities</b>	
4.18 <b>Transfers from reserve accounts</b>	(217,000) ▼
Withdraw from reserves for the Aerodrome \$200,000, Gwalia winder shed fencing \$30,000 and Building LELC toilets \$50,000.	
Original Gwalia reserve transfers not occurring for the cottages \$75,000, Museum shed doors \$30,000, Museum lining and fit out \$45,000. Original Building reserve transfers not occurring for the CEO house and earthworks \$97,000, library ceiling \$120,000, admin refurbishment \$130,000.	
<b>Cash outflows from financing activities</b>	
4.19 <b>Transfers to reserve accounts</b>	(35,000) ▼
Increase to interest earnings on reserve accounts.	
4.20 <b>Surplus or deficit at the start of the financial year</b>	(43,198) ▼
Difference between adopted 2023/24 budget and the closing balance of the 2022/23 audited statements.	

Please refer to compilation report

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