

ORDINARY COUNCIL MEETING MINUTES

18 MARCH 2025

10.0 REPORTS

10.3 MANAGER OF BUSINESS SERVICES

10.3.(A) 2024/25 MID-YEAR BUDGET REVIEW

SUBMISSION TO: Ordinary Council Meeting
Meeting Date: 18th March 2025

AGENDA REFERENCE: 10.3.(A) MAR 25

SUBJECT: 2024/25 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: 11th March 2025

SUPPORTING DOCUMENTS: 1. 2024/2025 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 2025 and performance for the period 1 July 2024 to 31 December 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 2024 to 31 January 2025 shown in the attachment has been prepared incorporating year to date budget variations and forecasts to 30 June 2025 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

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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
Actual Rates including interims have been higher than originally predicted, with some minor decreases relating to tenement surrenders and subsequent refunds though overall income has increased.	547,822
Overall grant funds received has been reduced, with the withdrawal of previously approved funds for a community hub as well as an overallocation of the Financial Assistance 24/25 advance payment received in 23/24 reducing the 24/25 funds being primary factors. Minor increases noted across the Main Roads Direct Grant, additional revenue recognised and a tourism grant that has been successfully received.	-\$211,181
Overall decrease in expected fees and charges due to units at the Ageing in Place facility not being occupied and Refuse Collection charges issued with the rates being lower than originally estimated. Reduced usage of the Liquid Waste Facility has also been noted, as well as delays in the bulk avgas tank installation at the airport which has reduced overall fees received. An increase in fees has been noted for bulk waste disposal, an increase in the value of building permits issued and higher sales at Hoover House Café.	-\$163,580
Municipal interest received has been higher than budgeted, while reserve interest has been lower – overall increasing anticipated interest revenue	\$30,000
Increase in reimbursement income noted	\$7,000
Asset disposal of Tri Axle Low Loader not originally budgeted, resulting in an increase in Profit on Asset Disposals	\$32,461
An increase in employee costs were noted for budgeted salaries/wages for childcare staff and works relating to road maintenance, with a minor reduction noted for the employee housing subsidy due to staff changes.	-\$250,071
Increased Materials and Contracts expenses noted relating to the Community-Led Job Support Hub and the Driver Access & Equity Program due to the increase to these grant allocations. Road Maintenance and Plant parts and repairs are also anticipated to have higher costs than originally budget. There is noted reduced expenditure in relation to the Community Hub, consultant travel and accommodation, engineering expenses and previously budgeted sponsorship that won't be going ahead this financial year.	-\$136,554
There is a predicted overall decrease in utility expenses due to incorrect budget allocation for consultant expenses to utilities instead of materials and contracts. A minor increase in utilities following the Food Van Café purchase has also been included.	\$14,686
Housing Depreciation has not been correctly budgeted for, resulting in an increase to this expense	-\$53,700

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Description	Change
Higher insurance costs for Plant and Housing identified and adjustment required	-\$11,692
Rates refunds were being debited against Other Expenditure, though should be allocated to Rates classification resulting in a reduction in other expenditure	\$1,000
Changes to plant disposals outside of original budget resulted in an overall decrease to loss on asset disposals	\$8,408
Overall reduction identified relating to depreciation and asset disposals	\$12,831
Additional funds were received for the Leonora Safe House Project, and are to be received for the RRG grant	\$219,119
An increase in Proceeds on Disposal of Assets noted due to Tri Axle Low Loader, Iveco Prime Mover, and Ford Everest disposals not originally budgeted. Slight reduction due to old watering tank not being disposed of	\$143,525
Increased expenditure on Land and Buildings Capital Works due to urgent plumbing and pipe works required at 26 Queen Victoria Street, and the higher cost of council chambers and admin office reflooring. Reductions have been noted for completed works as well as change from capital to operating for works that came in under \$5,000. Info Centre roof repairs have been deferred, and will be actioned in the 25/26 budget due to timing issues.	\$54,215
Plant and Equipment purchases have been reduced due to final costs coming in less than budgeted, as well as the removal of some purchases due to no longer being required	\$50,378
Adjustment to our road maintenance program has resulted in an overall increase to our roads capital budget.	-\$317,458
Increased expenditure for infrastructure-other capital works for CCTV & Security System upgrade, including additional gates for Depot security. Decreases have been noted due to completion of works coming in under budget, removal/deferral of some items that will no longer proceed in this reporting period including timing variations which will result in some projects being included for consideration in the 25/26 draft budget.	-\$106,008
Difference between adopted 24/25 budget and closing balance of the 23/24 audited statements	-\$366,565
Difference between the updated budget estimates and the current closing	\$495,364
Overall Change	\$0

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 2025, some items have been identified as requiring a budget amendment to properly account for these variances where appropriate. Required budget amendments have been

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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.

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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.

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RECOMMENDATIONS

1. That Council, by absolute majority, adopt the 2024/25 mid-year budget review as attached.
2. That the Council, by absolute majority, adopt the following budget amendments to the 2024/2025 adopted annual budget:

OPERATING ACTIVITIES

Revenue from operating activities

General Rates	Increase \$547,822
Grants, subsidies and contributions	Decrease (\$211,181)
Fees and charges	Decrease (\$163,580)
Interest revenue	Increase \$30,000
Other revenue	Increase \$7,000
Profit on asset disposals	Increase \$32,461

Expenditure from operating activities

Employee costs	Increase (\$250,071)
Materials and contracts	Increase (\$136,554)
Utility charges	Decrease \$14,686
Depreciation	Increase (\$53,700)
Insurance	Increase (\$11,692)
Other expenditure	Decrease \$1,000
Loss on asset disposals	Decrease \$8,408

INVESTING ACTIVITIES

Inflows from investing activities

Capital grants, subsidies and contributions	Increase \$219,119
Proceeds from disposal of assets	Increase \$143,525

Outflows from investing activities

Purchase of land and buildings	Decrease \$54,215
Purchase of plant and equipment	Decrease \$50,378
Purchase and construction of infrastructure-roads	Increase (\$317,458)
Purchase and construction of infrastructure-other	Increase (\$106,008)

VOTING REQUIREMENT

Absolute Majority

SIGNATURE

Manager of Business Services

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COUNCIL DECISION

Moved: Cr RM Cotterill

Seconded: Cr TM Nardone

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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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10 March 2025

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

Moore Australia

Level 15, Exchange Tower,
2 The Esplanade, Perth, WA 6000
PO Box 5785, St Georges Terrace, WA
6831

T +61 8 9225 5355
F +61 8 9225 6181

www.moore-australia.com.au

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.

NOTE REGARDING BASIS OF PREPARATION

We draw attention to Note 1 to the financial report where matters of non-compliance with the basis of preparation have been detailed. Supplementary information is provided for management information purposes and does not comply with the disclosure requirements of the Australian Accounting Standards.

Russell Barnes
Director
Moore Australia (WA) Pty Ltd

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SHIRE OF LEONORA
BUDGET REVIEW REPORT
FOR THE PERIOD ENDED 31 JANUARY 2025
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 2025

Note	Budget v Actual			Estimated Year at End Amount (b)	Predicted Variance (b) - (a)	
	Adopted Budget	Updated Budget Estimates (a)	Year to Date Actual			
	\$	\$	\$	\$	\$	
OPERATING ACTIVITIES						
Revenue from operating activities						
General rates	4.1	9,284,776	9,284,776	9,775,853	547,822	▲
Grants, subsidies and contributions	4.2	1,955,911	2,491,275	803,993	(211,181)	▼
Fees and charges	4.3	3,167,858	3,167,858	1,863,532	(163,580)	▼
Interest revenue	4.4	150,000	150,000	89,569	30,000	▲
Other revenue	4.5	78,450	78,450	29,291	7,000	▲
Profit on asset disposals	4.6	0	0	32,461	32,461	▲
		14,636,995	15,172,359	12,594,699	242,522	
Expenditure from operating activities						
Employee costs	4.7	(6,314,166)	(6,314,166)	(2,878,879)	(250,071)	▼
Materials and contracts	4.8	(5,217,206)	(5,217,206)	(2,799,547)	(136,554)	▼
Utility charges	4.9	(407,510)	(407,510)	(227,077)	14,686	▲
Depreciation	4.10	(4,175,180)	(4,175,180)	(2,617,031)	(53,700)	▼
Insurance	4.11	(343,546)	(343,546)	(355,237)	(11,692)	▼
Other expenditure	4.12	(217,335)	(217,335)	(55,537)	1,000	▲
Loss on asset disposals	4.13	(53,584)	(53,584)	(14,592)	8,408	▲
		(16,728,527)	(16,728,527)	(8,947,900)	(427,923)	
Non-cash amounts excluded from operating activities	4.14	4,228,764	4,228,764	2,599,162	12,831	▲
Amount attributable to operating activities		2,137,232	2,672,596	6,245,961	(172,570)	
INVESTING ACTIVITIES						
Inflows from investing activities						
Capital grants, subsidies and contributions	4.15	4,328,266	4,328,266	526,375	219,119	▲
Proceeds from disposal of assets	4.16	77,000	77,000	145,525	143,525	▲
		4,405,266	4,405,266	671,900	362,644	
Outflows from investing activities						
Purchase of land and buildings	4.17	(1,632,700)	(1,657,700)	(540,519)	54,215	▲
Purchase of plant and equipment	4.18	(460,000)	(500,000)	(164,775)	50,378	▲
Purchase and construction of infrastructure-roads	4.19	(4,849,458)	(4,824,458)	(154,809)	(317,458)	▼
Purchase and construction of infrastructure-other	4.20	(2,487,522)	(2,487,522)	(626,633)	(106,008)	▼
		(9,429,680)	(9,469,680)	(1,486,736)	(318,873)	
Amount attributable to investing activities		(5,024,414)	(5,064,414)	(814,836)	43,771	
FINANCING ACTIVITIES						
Cash inflows from financing activities						
Transfers from reserve accounts		14,262	14,262	0	0	
		14,262	14,262	0	0	
Cash outflows from financing activities						
Transfers to reserve accounts		(827,263)	(827,263)	(36,876)	0	
		(827,263)	(827,263)	(36,876)	0	
Amount attributable to financing activities		(813,001)	(813,001)	(36,876)	0	
MOVEMENT IN SURPLUS OR DEFICIT						
Surplus or deficit at the start of the financial year	4.21	3,700,183	3,700,183	3,333,618	(366,565)	▼
Amount attributable to operating activities		2,137,232	2,672,596	6,245,961	(172,570)	
Amount attributable to investing activities		(5,024,414)	(5,064,414)	(814,836)	43,771	
Amount attributable to financing activities		(813,001)	(813,001)	(36,876)	0	
Surplus or deficit after imposition of general rates	3(a),4.22	0	495,364	8,727,867	(495,364)	▼

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SHIRE OF LEONORA
NOTES TO AND FORMING PART OF THE BUDGET REVIEW REPORT
FOR THE PERIOD ENDED 31 JANUARY 2025

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 POLICIES

Significant accounting policies utilised in the preparation of these statements are as described within the 2024-25 Annual Budget. Please refer to the adopted budget document for details of these policies.

Please refer to compilation report

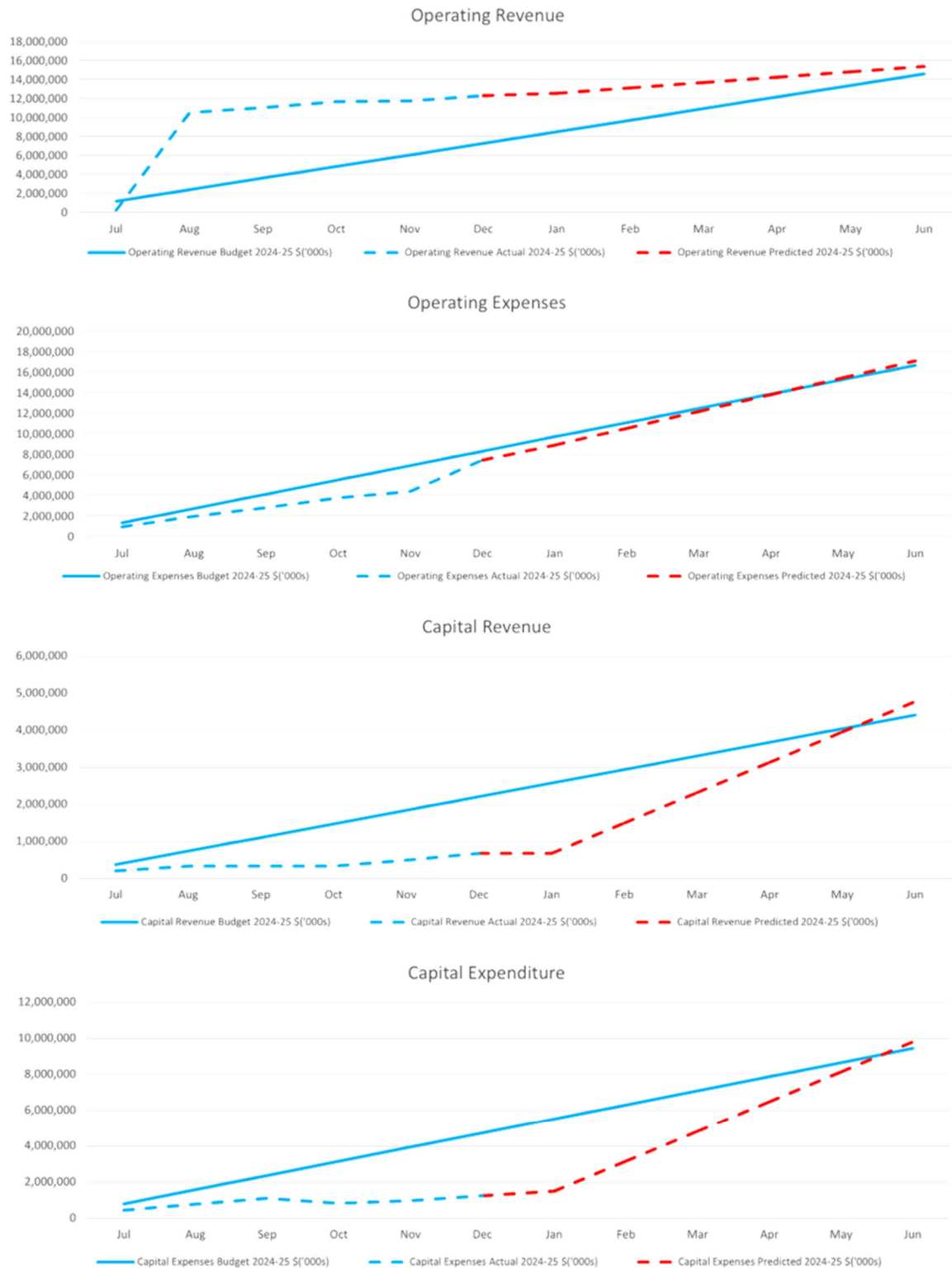
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SHIRE OF LEONORA SUMMARY GRAPHS - BUDGET REVIEW FOR THE PERIOD ENDED 31 JANUARY 2025

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

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SHIRE OF LEONORA
NOTES TO THE BUDGET REVIEW REPORT
FOR THE PERIOD ENDED 31 JANUARY 20253 NET CURRENT FUNDING POSITION
EXPLANATION OF DIFFERENCE IN NET CURRENT ASSETS AND SURPLUS/(DEFICIT)

	Audited Actual 30 June 2024	Adopted Budget 30 June 2025	Updated Budget Estimates 30 June 2025	Year to Date Actual 31 January 2025	Estimated Year at End Amount 30 June 2025
(a) Composition of estimated net current assets	\$	\$	\$	\$	\$
Current assets					
Cash and cash equivalents	11,954,878	6,691,299	7,186,663	16,753,452	7,879,456
Trade and other receivables	965,694	1,123,026	1,123,026	1,029,451	1,123,026
Inventories	84,581	99,732	99,732	157,969	99,732
	13,005,153	7,914,057	8,409,421	17,940,872	9,102,214
Less: current liabilities					
Trade and other payables	(865,230)	(671,148)	(671,148)	(273,708)	(671,148)
Contract liabilities	(2,376,397)	0	0	(2,472,513)	(445,103)
Employee related provisions	(223,961)	(223,961)	(223,961)	(223,961)	(223,961)
	(3,465,588)	(895,109)	(895,109)	(2,970,182)	(1,340,212)
Net current assets	9,539,565	7,018,948	7,514,312	14,970,690	7,762,002
Less: Total adjustments to net current assets	(6,205,947)	(7,018,948)	(7,018,948)	(6,242,823)	(7,762,002)
Closing funding surplus / (deficit)	3,333,618	0	495,364	8,727,867	0

(b) 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 2024	Adopted Budget 30 June 2025	Updated Budget Estimates 30 June 2025	Year to Date Actual 31 January 2025	Estimated Year at End Amount 30 June 2025
Adjustments to net current assets	\$	\$	\$	\$	\$
Less: Reserve accounts	(6,429,908)	(7,242,909)	(7,242,909)	(6,466,784)	(7,985,963)
Add: Current liabilities not expected to be cleared at end of year					
- Employee benefit provisions	223,961	223,961	223,961	223,961	223,961
Total adjustments to net current assets	(6,205,947)	(7,018,948)	(7,018,948)	(6,242,823)	(7,762,002)

(c) 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 2024	Adopted Budget 30 June 2025	Updated Budget Estimates 30 June 2025	Year to Date Actual 31 January 2025	Estimated Year at End Amount 30 June 2025
Adjustments to operating activities	\$	\$	\$	\$	\$
Less: Profit on asset disposals	(122,506)	0	0	(32,461)	(32,461)
Less: Movement in liabilities associated with restricted cash	13,308	0	0	0	0
Less: Fair value adjustments to financial assets at fair value through profit or loss	(1,261)	0	0	0	0
Add: Loss on disposal of assets	18,514	53,584	53,584	14,592	45,176
Add: Depreciation on assets	4,338,340	4,175,180	4,175,180	2,617,031	4,228,880
Non-cash movements in non-current assets and liabilities:					
Employee benefit provisions	36,254	0	0	0	36,254
Other provisions	98,820	0	0	0	98,820
Non-cash amounts excluded from operating activities	4,381,469	4,228,764	4,228,764	2,599,162	4,376,669



Please refer to compilation report

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SHIRE OF LEONORA
NOTES TO THE BUDGET REVIEW REPORT
FOR THE PERIOD ENDED 31 JANUARY 2025

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.

ORDINARY COUNCIL MEETING MINUTES

18 MARCH 2025

SHIRE OF LEONORA
NOTES TO THE REVIEW OF THE ANNUAL BUDGET
FOR THE PERIOD ENDED 31 JANUARY 2025

4 PREDICTED VARIANCES

	Variance
	\$
Revenue from operating activities	
4.1 General rates	547,822 ▲
Increase to reflect actual rates and also adjustments for the refunds provided in relation to tenement surrenders.	
4.2 Grants, subsidies and contributions	(211,181) ▼
Community Hub not going ahead and funds to be returned. Overallocated budget for the 24/25 FAGS. MRWA direct grant higher than budgeted, CDC Services grant revenue recognised and tourism publication grant received.	
4.3 Fees and charges	(163,580) ▼
Aged rental accommodation income not expected for some units. Decrease in budget refuse charges to reflect actual fees raised. Reduction in liquid waste disposal and Avgas fee income. Increased fees received for the bulk refuse disposals. Increase in building permit fees issued. Catering and coffee sales higher than expected.	
4.4 Interest revenue	30,000 ▲
Higher interest earnings on municipal investments whilst reserve interest earnings have been lower.	
4.5 Other revenue	7,000 ▲
To reflect reimbursement income received.	
4.6 Profit on asset disposals	32,461 ▲
Asset disposal Tri Axle Low Loader not originally budgeted.	
Expenditure from operating activities	
4.7 Employee costs	(250,071) ▼
Increase budget for childcare and road maintenance. Reduction in employee housing subsidy.	
4.8 Materials and contracts	(136,554) ▼
Increase expenditure for the Community-led Job, road maintenance, plant parts and repairs and the Driver Access & Equity program. Reduce expenditure for the Rodeo sponsorship unlikely to go ahead, Community Hub, consultants travel and accommodations and engineering expenses.	
4.9 Utility charges	14,686 ▲
Mis-budgeted utilities for a consultant fees job. Create new utilities budget for the food van café.	
4.10 Depreciation	(53,700) ▼
Housing depreciation under budgeted.	
4.11 Insurance	(11,692) ▼
Increase to housing and plant insurance expenditure.	
4.12 Other expenditure	1,000 ▲
Budget not required.	
4.13 Loss on asset disposals	8,408 ▲
Asset disposal Iveco Prime Mover and Ford Everest not originally budgeted. Asset disposal Watering Tank no longer going ahead.	
4.14 Non-cash amounts excluded from operating activities	12,831 ▲
Depreciation and asset disposals.	

Please refer to compilation report

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ORDINARY COUNCIL MEETING MINUTES

18 MARCH 2025

SHIRE OF LEONORA
NOTES TO THE REVIEW OF THE ANNUAL BUDGET
FOR THE PERIOD ENDED 31 JANUARY 2025

4 PREDICTED VARIANCES

	Variance
	\$
Inflows from investing activities	
4.15 Capital grants, subsidies and contributions	219,119 ▲
Leonora Safe House Project additional funds from NIAA. Additional funding to be received by RRG.	
4.16 Proceeds from disposal of assets	143,525 ▲
Asset disposal Tri Axle Low Loader, Iveco Prime Mover and Ford Everest not originally budgeted. Asset disposal Watering Tank no longer going ahead.	
Outflows from investing activities	
4.17 Purchase of land and buildings	54,215 ▲
Increase expenditure for 26 Queen Victoria plumbing and pipe works, administration and chambers reflooring. Decrease expenditure and reclassification to operating for the chambers re-cabling and IT. Decrease expenditure as works are completed for the greenhouse nursery. Decrease and carry forward to next budget the information centre roofing.	
4.18 Purchase of plant and equipment	50,378 ▲
Decrease budget as no longer required for the gravesite equipment and wheel balancer 4 post hoist. Decrease expenditure as works completed for the community bus and watering tank town truck.	
4.19 Purchase and construction of infrastructure-roads	(317,458) ▼
Increase expenditure for the footpaths and resealing Goldfields Highway and Rochester Street. Increase to the RRG projects. Decrease in expenditure for the kerbing projects.	
4.20 Purchase and construction of infrastructure-other	(106,008) ▼
Increase in expenditure for the CCTV and security system upgrades, depot gate security. Decrease and reclassify to operating for the youth centre shade sails. Decrease expenditure for works completed basketball infrastructure, bowls club green, DG 40ft containers. Decrease and carry forward to next budget the dog park. Decrease expenditure for the Clover Downs fence, Shire digital noticeboard and winder shed fencing.	
4.21 Surplus or deficit at the start of the financial year	(366,565) ▼
Difference between adopted 2024/25 budget and the closing balance of the 2023/24 audited statements.	
.22 Surplus or deficit after imposition of general rates	(495,364) ▼
Difference between updated budget estimates and the current closing.	

Signed: 15 APRIL 2025
President: _____
18 MARCH 2025

ORDINARY COUNCIL MEETING MINUTES