



UNCONFIRMED MINUTES

Shire of West Arthur
Audit & Risk Committee Meeting
Thursday 21 March 2024

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The purpose of this council meeting is to discuss and, where possible, make resolutions about items appearing on the agenda. Whilst Council has the power to resolve such items and may in fact, appear to have done so at the meeting, no person should rely on or act on basis of such decision or on any advice or information provided by a member or officer, or on the content of any discussion occurring, during the course of the meeting.

In particular and without derogating in any way from the broad disclaimer above, in any discussion regarding any planning application or application for a licence, any statement or limitation of approval made by a member or officer of the Shire of West Arthur during the course of any meeting is not intended to be and is not taken as notice of approval from the Shire of West Arthur. The Shire of West Arthur warns that anyone who has an application lodged with the Shire of West Arthur must obtain and only should rely on WRITTEN CONFIRMATION of the outcome of the application, and any conditions attaching to the decision made by the Shire of West Arthur in respect of the application.

Persons should be aware that the provisions of the Local Government Act 1995 (section 5.25 (e)) establish procedures for revocation or rescission of a Council decision.

The Shire of West Arthur expressly disclaims liability for any loss or damage suffered by any person as a result of relying on or acting on the basis of any resolution of Council, or any advice or information provided by a member or officer, or the content of any discussion occurring, during the course of the Council meeting

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**MINUTES OF SHIRE OF WEST ARTHUR
AUDIT & RISK COMMITTEE MEETING
HELD IN THE COUNCIL CHAMBERS
ON THURSDAY, 21 MARCH 2024 AT 4.30PM**

1 DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS

The Presiding Member, declared the meeting open at 4.35pm.

2 ATTENDANCE/APOLOGIES

COUNCILLORS:	Cr Karen Harrington	(Deputy Shire President and Presiding Member)
	Cr Neil Morrell	(Shire President)
STAFF:	Vin Fordham Lamont	(Chief Executive Officer)
	Melinda King	(Manager Financial Reporting)
APOLOGIES:	Rajinder Sunner	(Manager Corporate Services)
ON LEAVE OF ABSENCE:	Nil	
ABSENT:	Cr Lucy Hall- submitted resignation effective 20/3/24	
MEMBER OF THE PUBLIC:	Nil	

3 PUBLIC QUESTION TIME

Nil

4 DISCLOSURES OF INTEREST

Nil

5 CONFIRMATION OF MINUTES OF PREVIOUS MEETING HELD**5.1 AUDIT & RISK COMMITTEE MEETING 22 FEBRUARY 2024****Statutory Environment:**

Section 5.22 of the *Local Government Act* provides that minutes of all meetings are to be kept and submitted to the next ordinary meeting of the council or the committee, as the case requires, for confirmation.

Voting Requirements:

Simple Majority

COMMITTEE RESOLUTION ARC-2024-003

Moved: Cr Neil Morrell

Seconded: Cr Karen Harrington

That the Minutes of the Audit & Risk Committee Meeting held in Council Chambers on 22 February 2024 be confirmed as true and correct.

In Favour: Crs Karen Harrington and Neil Morrell

Against: Nil

CARRIED 2/0

6 REPORTS

6.1 2023/2024 HALF YEARLY BUDGET REVIEW

File Reference:	ADM131
Location:	N/A
Applicant:	N/A
Author:	Melinda King, Manager Financial Reporting
Authorising Officer:	Rajinder Sunner, Manager Corporate Services
Date:	2/02/2024
Disclosure of Interest:	Nil
Attachments:	1. Budget Review February 2024 ↓

SUMMARY:

The Audit & Risk Committee recommends that the Council adopt the budget review for the eight months from 1 July 2023 to 29 February 2024 and adopt the budget amendments as presented.

BACKGROUND:

Local governments are required to conduct at least one budget review between six and nine months into a financial year.

The budget review compares the actual results from the year to date with the adopted budget.

The following reports are included for information:

- Budget Review
- Explanation of Variances

COMMENT:

Comments will be provided in the Explanation of Variances.

CONSULTATION:

Chief Executive Officer
Manager Corporate Services
Manager Works and Services

STATUTORY ENVIRONMENT:

Local governments are required to conduct a budget review between 1 January and 31 March each financial year. This is a requirement covered by Regulation 33A of the *Local Government (Financial Management) Regulations 1996*.

Regulation 33A(2) and (3) requires the results of the budget review to be submitted to Council within 30 days of the review. Council is then to consider the review and determine whether or not to adopt the review. Regulation 33A(4) states that within 14 days after Council has made a determination a copy of the review and determination is to be provided to the Department.

The *Local Government Act 1995* Part 6, Division 4, s6.8 requires any expenditure for an additional purpose that is not included in the annual budget to be authorised in advance by resolution (absolute majority required).

POLICY IMPLICATIONS:

Nil

FINANCIAL IMPLICATIONS:

Acceptance of the recommendations will alter the allocations of budgeted expenditure.

STRATEGIC IMPLICATIONS:

West Arthur Towards 2031

Theme: Leadership and Management

Outcome: Establish and maintain sound business and governance structures

Strategy: Comply with regulations and best practice standards to drive good decision making by Council and Staff

RISK IMPLICATIONS:

Risk management is the removal of uncertainty from business decisions. Risk is expressed in terms of likelihood it may occur and the consequences that may flow from it. The consequences may be positive or negative or simply a deviation from the expected. The risk or consequence may be related to health and safety; financial; business or service interruption; compliance; reputation; or the environment. ***Reference to the risk matrix below will generate a risk rating by assessing the likelihood and consequence and multiplying these scores by each other.*** The greater the risk rating, the greater the risk and the higher the need for specific plans to be developed. All items with a risk rating greater than 10 should be added to the Risk Register and specific controls developed.

Risk Themes:

A risk theme is the categorising of risk. For example, the collection of risks that represent compliance failure. The risk themes in the shire Risk Register include:

- Business Disruption
- Community Disruption
- IT or Communications Failure
- External Threat or Fraud
- Misconduct
- Inadequate safety or security practices
- Inadequate project or change management
- Errors Omissions or Delays
- Inadequate Document Management Processes
- Inadequate supplier / contract management
- Providing inaccurate advice / information
- Ineffective Employment practices
- Compliance failure
- Inadequate asset management
- Inadequate engagement practices
- Ineffective facility or event management
- Inadequate environmental management

Risk Matrix:

Consequence		Insignificant	Minor	Moderate	Major	Catastrophic
Likelihood		1	2	3	4	5
Almost Certain	5	Medium (5)	High (10)	High (15)	Extreme (20)	Extreme (25)
Likely	4	Low (4)	Medium (8)	High (12)	High (16)	Extreme (25)

Possible	3	Low (3)	Medium (6)	Medium (9)	High (12)	High (15)
Unlikely	2	Low (2)	Low (4)	Medium (6)	Medium (8)	High (10)
Rare	1	Low (1)	Low (2)	Low (3)	Low (4)	Medium (5)

Description of Key Risk	Failing to undertake a legislated requirement to review the annual budget
Risk Likelihood (based on history and with existing controls)	Rare (1)
Risk Consequence	Minor (2)
Risk Rating (Prior to Treatment or Control): Likelihood x Consequence	Low (2)
Principal Risk Theme	Compliance Failure
Risk Action Plan (Controls or Treatment Proposed)	Ensure the budget review is included in the Compliance Calendar

VOTING REQUIREMENTS:

Absolute Majority

OFFICER RECOMMENDATION:

1. The Audit & Risk Committee recommends that the Council adopt the budget review for the 2023/2024 financial year, as presented.
2. That the Audit & Risk Committee, in view of the calculated budget surplus shown in the budget review, recommend that the Council approve the following budget amendments:
 - An additional \$5,000 to fund a Workforce Plan for the Shire of West Arthur.
 - An additional \$27,306 to fund the Heritage Trail project.

COMMITTEE RESOLUTION ARC-2024-004

Moved: Cr Neil Morrell

Seconded: Cr Karen Harrington

1. That the Audit & Risk Committee recommend that Council adopt the budget review for the 2023/2024 financial year, as presented.
2. That the Audit & Risk Committee, in view of the calculated budget surplus shown in the budget review, recommend that Council approve the following budget amendments:
 - An additional \$5,000 to fund a Workforce Plan for the Shire of West Arthur.
 - An additional \$27,306 to fund the Heritage Trail project.

In Favour: Crs Karen Harrington and Neil Morrell

Against: Nil

CARRIED 2/0 BY ABSOLUTE MAJORITY

SHIRE OF WEST ARTHUR**BUDGET REVIEW REPORT****FOR THE PERIOD ENDED 29 FEBRUARY 2024***LOCAL GOVERNMENT ACT 1995**LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996***TABLE OF CONTENTS**

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SHIRE OF WEST ARTHUR
STATEMENT OF BUDGET REVIEW
FOR THE PERIOD ENDED 29 FEBRUARY 2024

Budget v Actual						
Note	Adopted Budget	Updated Budget Estimates (a)	Year to Date Actual	Estimated Year at End Amount (b)	Predicted Variance (a) - (b)	
	\$	\$	\$	\$	\$	\$
OPERATING ACTIVITIES						
Revenue from operating activities						
	1,998,156	1,998,156	1,998,223	1,998,156	0	
General rates						
Grants, subsidies and contributions	4.1	417,215	542,815	287,320	548,815	6,000 ▲
Fees and charges	4.2	336,840	336,840	234,607	321,840	(15,000) ▼
Interest revenue	4.3	201,900	201,900	124,335	208,900	7,000 ▲
Other revenue	4.4	109,470	109,470	67,713	140,470	31,000 ▲
Profit on asset disposals	4.5	11,124	11,124	0	4,640	(6,484) ▼
	3,074,705	3,200,305	2,712,198	3,222,821	22,516	
Expenditure from operating activities						
Employee costs		(2,169,272)	(1,439,869)	(2,169,272)	0	
Materials and contracts	4.6	(1,416,780)	(1,523,257)	(905,938)	(1,535,257)	(12,000) ▼
Utility charges		(118,152)	(118,152)	(75,685)	(118,152)	0
Depreciation	4.7	(2,269,487)	(2,269,487)	(451,367)	(3,077,886)	(808,399) ▼
Finance costs		(27,016)	(27,016)	(13,446)	(27,016)	0
Insurance		(130,039)	(130,039)	(122,840)	(130,039)	0
Other expenditure		(65,800)	(65,800)	(21,183)	(65,800)	0
Loss on asset disposals	4.8	(5,034)	(5,034)	(3,516)	(3,516)	1,518 ▲
	(6,201,580)	(6,308,057)	(3,033,844)	(7,126,938)	(818,881)	
Non-cash amounts excluded from operating activities	4.9	2,263,397	2,263,397	399,469	3,076,762	813,365 ▲
Amount attributable to operating activities		(863,478)	(844,355)	77,823	(827,355)	17,000
INVESTING ACTIVITIES						
Inflows from investing activities						
Capital grants, subsidies and contributions		1,310,628	1,262,551	434,198	1,262,551	0
Proceeds from disposal of assets	4.10	125,000	125,000	29,091	84,091	(40,909) ▼
Proceeds from self supporting loans		30,007	30,007	14,880	30,007	
	1,465,635	1,417,558	478,169	1,376,649	(40,909)	
Outflows from investing activities						
Purchase of land and buildings	4.1	(751,620)	(751,620)	(450,091)	(661,620)	90,000 ▲
Purchase of plant and equipment	4.2	(479,751)	(479,751)	(317,139)	(406,052)	73,699 ▲
Purchase of furniture and equipment	4.3	(188,000)	(188,000)	(27,601)	(191,000)	(3,000) ▼
Purchase and construction of infrastructure-roads		(1,153,551)	(1,105,474)	(712,049)	(1,105,474)	0
Purchase and construction of infrastructure-other	4.4	(410,694)	(410,694)	(26,823)	(438,000)	(27,306) ▼
	(2,983,616)	(2,935,539)	(1,533,703)	(2,802,146)	133,393	
Amount attributable to investing activities		(1,517,981)	(1,517,981)	(1,055,534)	(1,425,497)	92,484
FINANCING ACTIVITIES						
Cash inflows from financing activities						
Proceeds from new borrowings		150,000	150,000	0	150,000	0
Transfers from reserve accounts	4.5	1,146,546	1,146,546	0	1,026,546	(120,000) ▼
	1,296,546	1,296,546	0	1,176,546	(120,000)	
Cash outflows from financing activities						
Repayment of borrowings		(125,119)	(125,119)	(58,446)	(125,119)	0
Transfers to reserve accounts	4.6	(478,654)	(478,654)	(85,793)	(485,654)	(7,000) ▼
	(603,773)	(603,773)	(144,239)	(610,773)	(7,000)	
Amount attributable to financing activities		692,773	692,773	(144,239)	565,773	(127,000)
MOVEMENT IN SURPLUS OR DEFICIT						
Surplus or deficit at the start of the financial year	4.7	1,688,686	1,753,939	1,753,939	1,688,832	(65,107) ▼
Amount attributable to operating activities		(863,478)	(844,355)	77,823	(827,355)	17,000
Amount attributable to investing activities		(1,517,981)	(1,517,981)	(1,055,534)	(1,425,497)	92,484
Amount attributable to financing activities		692,773	692,773	(144,239)	565,773	(127,000)
Surplus or deficit after imposition of general rates	3(a),4.8	0	84,376	631,989	1,753	(82,623) ▼

**SHIRE OF WEST ARTHUR
NOTES TO AND FORMING PART OF THE BUDGET REVIEW REPORT
FOR THE PERIOD ENDED 29 FEBRUARY 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 West Arthur 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 West Arthur 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:

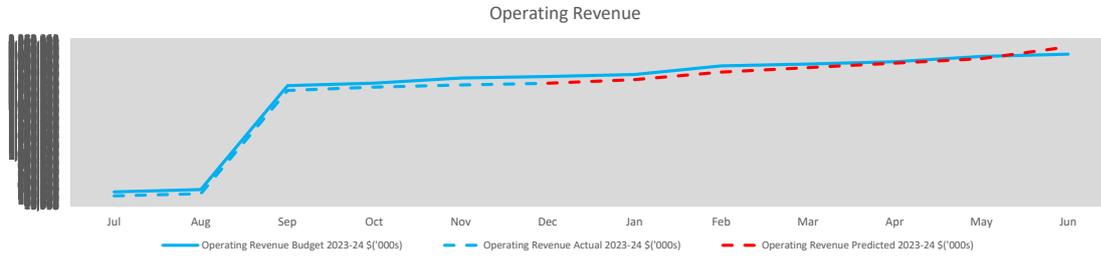
- estimated fair value of certain financial assets
- impairment of financial assets
- estimation of fair values of land and buildings, infrastructure and investment property
- estimation uncertainties made in relation to lease accounting
- estimation of fair values of provisions

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.

SHIRE OF WEST ARTHUR
SUMMARY GRAPHS - BUDGET REVIEW
FOR THE PERIOD ENDED 29 FEBRUARY 2024

2. SUMMARY GRAPHS - BUDGET REVIEW



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

SHIRE OF WEST ARTHUR
NOTES TO THE BUDGET REVIEW REPORT
FOR THE PERIOD ENDED 29 FEBRUARY 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 29 February 2024	Estimated Year at End Amount 30 June 2024
	\$	\$	\$	\$	\$
(a) Composition of estimated net current assets					
Current assets					
Cash and cash equivalents	4,257,269	2,099,372	2,099,372	3,817,799	2,228,125
Financial assets	30,007	31,016	31,016	15,127	31,016
Trade and other receivables	358,547	178,809	178,809	290,194	178,809
Inventories	84,985	13,485	13,485	84,985	13,485
Assets classified as held for sale	65,107	0	0	65,107	0
	4,795,915	2,322,682	2,322,682	4,273,212	2,451,435
Less: current liabilities					
Trade and other payables	(235,168)	(260,094)	(260,094)	(383,810)	(260,094)
Contract liabilities	(7,336)	0	0	0	0
Capital grant/contribution liability			0	(331,614)	0
Borrowings	(125,119)	(135,795)	(135,795)	(66,673)	(135,795)
Employee related provisions	(310,426)	(316,845)	(316,845)	(310,426)	(316,845)
	(678,049)	(712,734)	(712,734)	(1,092,523)	(712,734)
Net current assets	4,117,866	1,609,948	1,609,948	3,180,689	1,738,701
Less: Total adjustments to net current assets	(2,363,927)	(1,609,948)	(1,609,948)	(2,548,700)	(1,736,948)
Closing funding surplus / (deficit)	1,753,939	0	0	631,989	1,753

(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 29 February 2024	Estimated Year at End Amount 30 June 2024
	\$	\$	\$	\$	\$
Adjustments to operating activities					
Less: Profit on asset disposals	(81,548)	(11,124)	(11,124)	0	(4,640)
Add: Loss on disposal of assets	0	5,034	5,034	3,516	3,516
Add: Depreciation on assets	3,077,886	2,269,487	2,269,487	451,367	3,077,886
Non-cash movements in non-current assets and liabilities:					
Financial assets at amortised cost	(2,764)	0	0	0	0
Assets held for sale	65,107	0	0	0	0
Employee benefit provisions	12,295	0	0	(55,414)	0
Other provisions	16,608	0	0	0	0
Non-cash amounts excluded from operating activities	3,087,584	2,263,397	2,263,397	399,469	3,076,762

(b) Investing activities excluded from budgeted deficiency

The following non-cash revenue and expenditure has been excluded from investing 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 29 February 2024	Estimated Year at End Amount 30 June 2024
	\$	\$	\$	\$	\$
Adjustments to investing activities					
Movement in non-current capital grant/contribution liability	0	0	0	(331,614)	0
Less: Movement in current unspent capital grants associated with restricted cash				331,614	
Non cash amounts excluded from investing activities	0	0	0	0	0

(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 29 February 2024	Estimated Year at End Amount 30 June 2024
	\$	\$	\$	\$	\$
Adjustments to net current assets					
Less: Reserve accounts	(2,754,878)	(2,086,986)	(2,086,986)	(2,840,671)	(2,213,986)
Less: Financial assets at amortised cost - self supporting loans	(30,007)	(31,016)	(31,016)	(15,127)	(31,016)
Less: Land held for resale	(70,000)	0	0	(70,000)	0
Add: Current liabilities not expected to be cleared at end of year					
- Current portion of borrowings	125,119	135,795	135,795	66,673	135,795
- Employee benefit provisions	365,839	372,259	372,259	310,425	372,259
Total adjustments to net current assets	(2,363,927)	(1,609,948)	(1,609,948)	(2,548,700)	(1,736,948)



**SHIRE OF WEST ARTHUR
NOTES TO THE BUDGET REVIEW REPORT
FOR THE PERIOD ENDED 29 FEBRUARY 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 West Arthur 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 West Arthur 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 West Arthur's right to consideration for work completed but not billed at the end of the period.

CONTRACT LIABILITIES

Contract liabilities represent the Shire of West Arthur's obligation to transfer goods or services to a customer for which the Shire of West Arthur 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 West Arthur 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 West Arthur's operational cycle. In the case of liabilities where the Shire of West Arthur 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 West Arthur'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 West Arthur prior to the end of the financial year that are unpaid and arise when the Shire of West Arthur 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 West Arthur recognises revenue for the prepaid rates that have not been refunded.

EMPLOYEE BENEFITS

Short-Term Employee Benefits

Provision is made for the Shire of West Arthur'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 West Arthur'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 West Arthur'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 West Arthur's obligations for long-term employee benefits where the Shire of West Arthur 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.

SHIRE OF WEST ARTHUR
NOTES TO THE REVIEW OF THE ANNUAL BUDGET
FOR THE PERIOD ENDED 29 FEBRUARY 2024

4 PREDICTED VARIANCES	Variance
	\$
Revenue from operating activities	
4.1 Grants, subsidies and contributions Additional ESL funding received.	6,000 ▲
4.2 Fees and charges Caravan park fees expected to be below budget.	(15,000) ▼
4.3 Interest revenue Interest income expected to be greater than budget.	7,000 ▲
4.4 Other revenue Legal cost reimbursement greater than budget \$15,000 Staff cost reimbursement greater than budget \$12,000 Sale of scrap metal greater than budget \$4000	31,000 ▲
4.5 Profit on asset disposals Plant not expected to be traded this year.	(6,484) ▼
Expenditure from operating activities	
4.6 Materials and contracts \$15,000 additional rate recovery cost. Plant operation costs expected to be greater than budget. \$35,000 Election expenditure below budget. \$6,000 Road maintenance materials below budget \$20,000 Admin overheads below budget \$15,000 ESL expenditure will be greater than budget (partly offset by ESL grant) \$20,000 Additional expenditure for a Workforce Plan is included as an additional expense this year. \$5,000 to be funded by corporate planning expenditure below budget \$5,000. Lake Towerrinning signage will be below budget. \$4,000 Housing expenditure is expected to be below budget \$13,000	(12,000) ▼
4.7 Depreciation Increase in depreciation post increase in valuation of assets.	(808,399) ▼
4.8 Loss on asset disposals Plant not traded and lower trade value on works manager vehicle.	1,518 ▲
Non-cash amounts excluded from operating activities Increase in depreciation post revaluation of assets. Minor variations in profit/loss on sale of assets.	813,365 ▲
Inflows from investing activities	
4.10 Proceeds from disposal of assets Skid steer not traded \$30,000, ute not traded \$5,000, ute traded below budgeted revenue.	(40,909) ▼
Outflows from investing activities	
4.1 Purchase of land and buildings Renovation to existing home will not be completed this year	90,000 ▲
4.2 Purchase of plant and equipment Skid steer below budget (budgeted trade plant not traded), ute budgeted will not be purchased.	73,699 ▲
4.3 Purchase of furniture and equipment LRCI portion of CCTV project will be reallocated. ERP project will be greater in wage and overhead allocations offset by reduction in material cost.	(3,000) ▼
4.4 Purchase and construction of infrastructure-other Material contribution to Heritage Trail project \$27,306 (grant funding will fund \$19,123 of this expenditure). \$10,000 in kind to be allocated as wages & overheads. Dump point project will be reallocated.	(27,306) ▼

**SHIRE OF WEST ARTHUR
NOTES TO THE REVIEW OF THE ANNUAL BUDGET
FOR THE PERIOD ENDED 29 FEBRUARY 2024**

4 PREDICTED VARIANCES

	<u>Variance</u>
	\$
Cash inflows from financing activities	
4.5 Transfers from reserve accounts	(120,000) ▼
Renovation to existing house will not be completed this year	
Ute will not be purchased this year. \$30,000	
Cash outflows from financing activities	
4.6 Transfers to reserve accounts	(7,000) ▼
Additional interest expected on reserve investment.	
4.7 Surplus or deficit at the start of the financial year	(65,107) ▼
Land and buildings held for resale will not be sold.	
4.8 Surplus or deficit after imposition of general rates	(82,623) ▼
Explanations provided above.	

7 NEW OR URGENT BUSINESS INTRODUCED BY DECISION OF THE MEETING

Nil

8 CLOSURE OF MEETING

The Presiding Member declared the meeting closed at 4.46pm.