

## 9.1.4 Statement of Financial Activity

Applicant:	N/A
File Ref. No:	ADM214
Disclosure of Interest:	Nil
Date:	11 August 2023
Author:	Narelle Rowe, Deputy Chief Executive Officer
Attachments:	9.1.4A Statement of Financial Activity

### **Summary**

**Council is to consider the Statement of Financial Activity for July 2023.**

### **Background**

As per the Financial Management Regulation 34 each Local Government is to prepare each month a statement of financial activity reporting on the sources and applications of funds, as set out in the annual budget under regulation 22(1) (d), for that month with the following detail.

- The annual budget estimates,
- The operating revenue, operating income, and all other income and expenses,
- Any significant variations between year to date income and expenditure and the relevant budget provisions to the end of the relevant reporting period,
- Identify any significant areas where activities are not in accordance with budget estimates for the relevant reporting period,
- Provide likely financial projections to 30 June for those highlighted significant variations and their effect on the end of year result,
- Include an operating statement, and
- Any other required supporting notes.

### **Comment**

Until finalisation and adoption of the 2023/2024 Budget, a breakdown of material variances are unable to be provided.

Administration Allocations have been calculated to 31 July 2023.

Depreciation expense is calculated to 31 July 2023.

**Strategic Implications** – Nil

**Statutory Environment** – Nil

**Policy Implications** – Nil

**Financial Implications** – Nil

**Economic Implication** – Nil

**Environmental Considerations** – Nil

**Consultation** – Nil

**Options**

Council may resolve:

1. the Officer's Recommendation; or
2. not to receive the Statement of Financial Activity.

Voting Requirements – Simple Majority

**OFFICER'S RECOMMENDATION:**

**That the Statement of Financial Activity, as included at Attachment 9.1.4A for the Shire of Cuballing for period ending 31 July 2023 be received.**

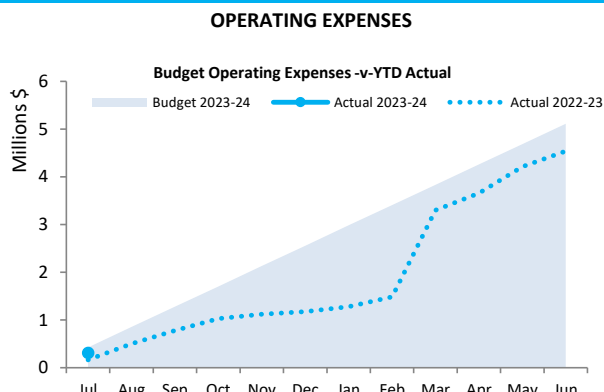
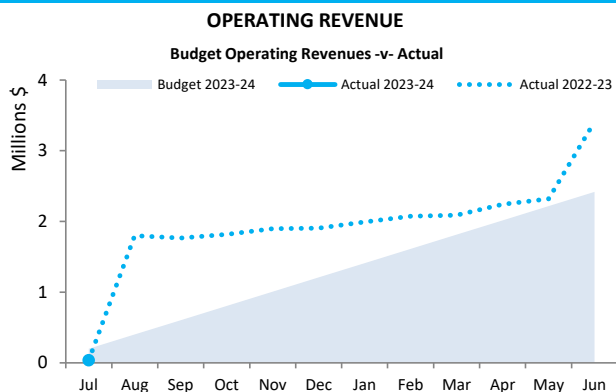
**SHIRE OF CUBALLING**  
**MONTHLY FINANCIAL REPORT**  
**(Containing the Statement of Financial Activity)**  
**For the period ending 31 July 2023**

*LOCAL GOVERNMENT ACT 1995*  
*LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996*

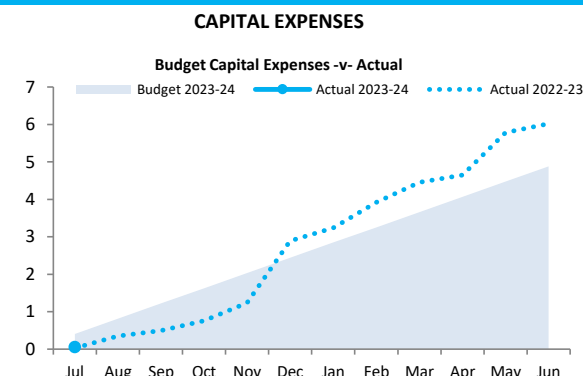
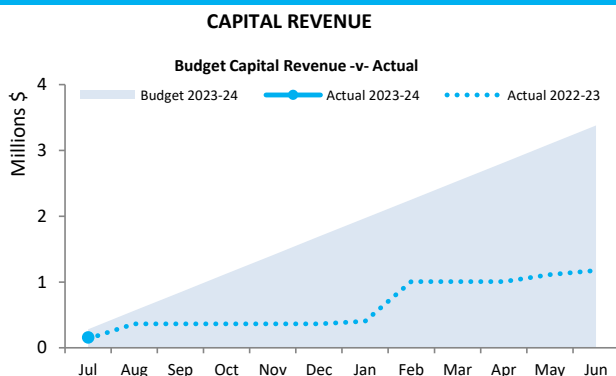
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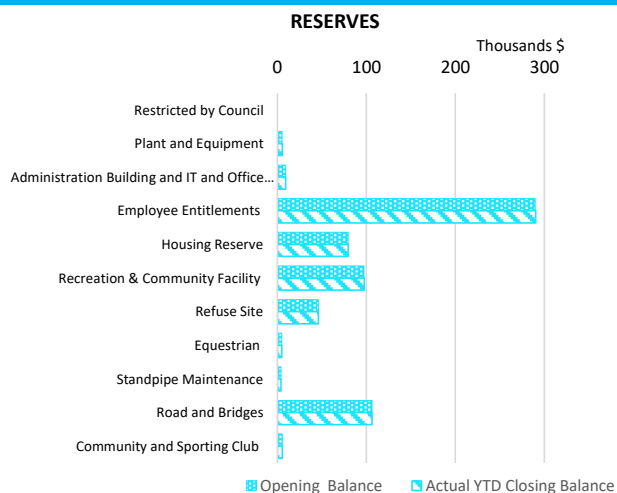
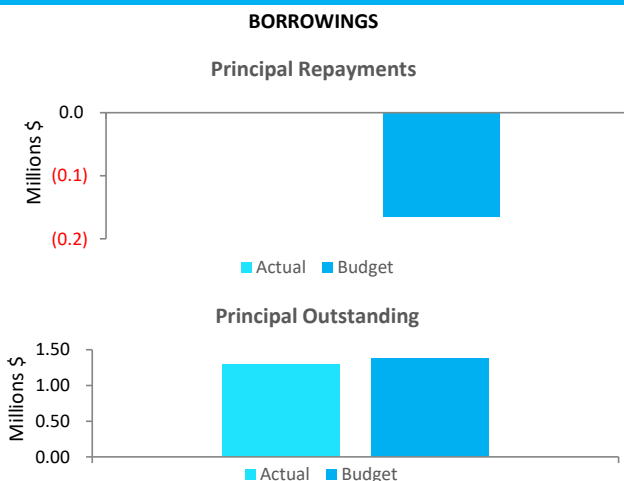
**OPERATING ACTIVITIES**



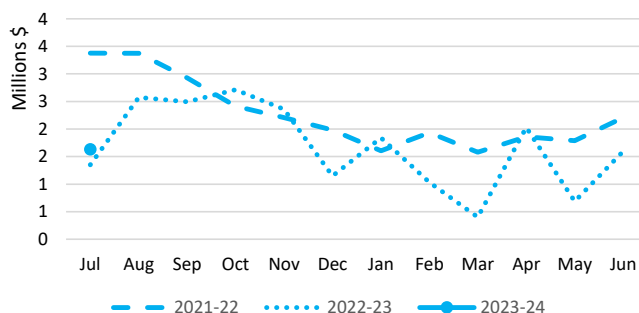
**INVESTING ACTIVITIES**



**FINANCING ACTIVITIES**



**Closing funding surplus / (deficit)**



This information is to be read in conjunction with the accompanying Financial Statements and Notes.

Funding surplus / (deficit) Components

Funding surplus / (deficit)				
	Amended Budget	YTD Budget (a)	YTD Actual (b)	Var. \$ (b)-(a)
Opening	\$1.81 M	\$1.81 M	\$1.81 M	\$0.00 M
Closing	\$0.03 M	\$2.14 M	\$1.63 M	(\$0.51 M)

Refer to Statement of Financial Activity

Cash and cash equivalents		
	\$	% of total
Unrestricted Cash	\$1.60 M	71.2%
Restricted Cash	\$0.65 M	28.8%

Refer to Note 2 - Cash and Financial Assets

Payables		
	\$	% Outstanding
Trade Payables	\$0.23 M	
0 to 30 Days		61.7%
Over 30 Days		38.3%
Over 90 Days		0%

Refer to Note 5 - Payables

Receivables		
	\$	% Collected
Rates Receivable	\$0.15 M	0.8%
Trade Receivable	\$0.35 M	
Over 30 Days		33.6%
Over 90 Days		25.5%

Refer to Note 3 - Receivables

Key Operating Activities

Amount attributable to operating activities			
Amended Budget	YTD Budget (a)	YTD Actual (b)	Var. \$ (b)-(a)
(\$0.39 M)	(\$0.03 M)	(\$0.27 M)	(\$0.24 M)

Refer to Statement of Financial Activity

Rates Revenue		
YTD Actual	YTD Budget	% Variance
(\$0.00 M)	\$0.12 M	(100.0%)

Refer to Statement of Financial Activity

Operating Grants and Contributions		
YTD Actual	YTD Budget	% Variance
\$0.00 M	\$0.04 M	(100.0%)

Refer to Note 12 - Operating Grants and Contributions

Fees and Charges		
YTD Actual	YTD Budget	% Variance
\$0.01 M	\$0.03 M	(62.0%)

Refer to Statement of Financial Activity

Key Investing Activities

Amount attributable to investing activities			
Amended Budget	YTD Budget (a)	YTD Actual (b)	Var. \$ (b)-(a)
(\$1.42 M)	\$0.18 M	\$0.10 M	(\$0.08 M)

Refer to Statement of Financial Activity

Proceeds on sale		
YTD Actual	Amended Budget	%
\$0.00 M	\$0.08 M	(100.0%)

Refer to Note 6 - Disposal of Assets

Asset Acquisition		
YTD Actual	Amended Budget	% Spent
\$0.06 M	\$4.88 M	(98.8%)

Refer to Note 7 - Capital Acquisitions

Capital Grants		
YTD Actual	Amended Budget	% Received
\$0.16 M	\$3.38 M	(95.3%)

Refer to Note 7 - Capital Acquisitions

Key Financing Activities

Amount attributable to financing activities			
Amended Budget	YTD Budget (a)	YTD Actual (b)	Var. \$ (b)-(a)
\$0.03 M	\$0.18 M	(\$0.00 M)	(\$0.19 M)

Refer to Statement of Financial Activity

Borrowings	
Principal repayments	\$0.00 M
Interest expense	\$0.00 M
Principal due	\$1.29 M

Refer to Note 8 - Borrowings

Reserves	
Reserves balance	\$0.65 M
Interest earned	\$0.00 M

Refer to Note 10 - Cash Reserves

Lease Liability	
Principal repayments	\$0.00 M
Interest expense	\$0.00 M
Principal due	\$0.00 M

Refer to Note 9 - Lease Liabilities

This information is to be read in conjunction with the accompanying Financial Statements and notes.

## KEY TERMS AND DESCRIPTIONS FOR THE PERIOD ENDED 31 JULY 2023

## NATURE OR TYPE DESCRIPTIONS

### REVENUE

#### RATES

All rates levied under the *Local Government Act 1995*. Includes general, differential, specified area rates, minimum rates, interim rates, back rates, ex-gratia rates, less discounts and concessions offered. Excludes administration fees, interest on instalments, interest on arrears, service charges and sewerage rates.

#### OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS

Refers to all amounts received as grants, subsidies and contributions that are not non-operating grants.

#### NON-OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS

Amounts received specifically for the acquisition, construction of new or the upgrading of identifiable non financial assets paid to a local government, irrespective of whether these amounts are received as capital grants, subsidies, contributions or donations.

#### REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue from contracts with customers is recognised when the local government satisfies its performance obligations under the contract.

#### FEES AND CHARGES

Revenues (other than service charges) from the use of facilities and charges made for local government services, sewerage rates, rentals, hire charges, fee for service, photocopying charges, licences, sale of goods or information, fines, penalties and administration fees. Local governments may wish to disclose more detail such as rubbish collection fees, rental of property, fines and penalties, and other fees and charges.

#### SERVICE CHARGES

Service charges imposed under *Division 6 of Part 6 of the Local Government Act 1995*. *Regulation 54 of the Local Government (Financial Management) Regulations 1996* identifies these as television and radio broadcasting, underground electricity and neighbourhood surveillance services. Exclude rubbish removal charges.

#### INTEREST EARNINGS

Interest and other items of a similar nature received from bank and investment accounts, interest on rate instalments, interest on rate arrears and interest on debtors.

#### OTHER REVENUE / INCOME

Other revenue, which can not be classified under the above headings, includes dividends, discounts, rebates, reimbursements etc.

#### PROFIT ON ASSET DISPOSAL

Excess of assets received over the net book value for assets on their disposal.

### EXPENSES

#### EMPLOYEE COSTS

All costs associated with the employment of person such as salaries, wages, allowances, benefits such as vehicle and housing, superannuation, employment expenses, removal expenses, relocation expenses, worker's compensation insurance, training costs, conferences, safety expenses, medical examinations, fringe benefit tax, etc.

#### MATERIALS AND CONTRACTS

All expenditures on materials, supplies and contracts not classified under other headings. These include supply of goods and materials, legal expenses, maintenance agreements, communication expenses, advertising expenses, membership, periodicals, publications, hire expenses, rental, postage and freight etc. Local governments may wish to disclose more detail such as contract services, consultancy, information technology, rental or lease expenditures.

#### UTILITIES (GAS, ELECTRICITY, WATER)

Expenditures made to the respective agencies for the provision of power, gas or water. Exclude expenditures incurred for the reinstatement of roadwork on behalf of these agencies.

#### INSURANCE

All insurance other than worker's compensation and health benefit insurance included as a cost of employment.

#### LOSS ON ASSET DISPOSAL

Shortfall between the value of assets received over the net book value for assets on their disposal.

#### DEPRECIATION ON NON-CURRENT ASSETS

Depreciation expense raised on all classes of assets. Excluding Land.

#### INTEREST EXPENSES

Interest and other costs of finance paid, including costs of finance for loan debentures, overdraft accommodation and refinancing expenses.

#### OTHER EXPENDITURE

Statutory fees, taxes, allowance for impairment of assets, member's fees or State taxes. Donations and subsidies made to community groups.

**STATEMENT OF FINANCIAL ACTIVITY  
FOR THE PERIOD ENDED 31 JULY 2023**

**BY NATURE OR TYPE**

	Ref	Amended Budget	YTD Budget	YTD Actual	Variance \$	Variance %	Var.
	Note	(a)	(b)	(c)	(c) - (b)	((c) - (b))/(b)	
		\$	\$	\$	\$	%	
<b>Opening funding surplus / (deficit)</b>	1(c)	1,805,569	1,805,569	1,805,569	0	0.00%	
<b>Revenue from operating activities</b>							
Rates		1,417,951	118,162	(1)	(118,163)	(100.00%)	▼
Operating grants, subsidies and contributions	12	476,885	39,737	0	(39,737)	(100.00%)	▼
Fees and charges		367,691	30,631	11,653	(18,978)	(61.96%)	▼
Interest earnings		83,550	6,961	2,123	(4,838)	(69.50%)	
Other revenue		88,270	7,353	24,973	17,620	239.63%	▲
Profit on disposal of assets	6	5,138	428	0	(428)	(100.00%)	
		<b>2,439,485</b>	<b>203,272</b>	<b>38,748</b>	<b>(164,524)</b>	<b>(80.94%)</b>	
<b>Expenditure from operating activities</b>							
Employee costs		(1,086,640)	(90,503)	(116,278)	(25,775)	(28.48%)	▼
Materials and contracts		(1,201,509)	(100,008)	(83,087)	16,921	16.92%	▲
Utility charges		(180,803)	(15,049)	(3,398)	11,651	77.42%	▲
Depreciation on non-current assets		(2,277,131)	(189,750)	0	189,750	100.00%	▲
Interest expenses		(52,020)	(4,333)	0	4,333	100.00%	
Insurance expenses		(226,979)	(18,903)	(106,993)	(88,090)	(466.01%)	▼
Other expenditure		(76,245)	(6,351)	0	6,351	100.00%	▲
Loss on disposal of assets	6	(10,840)	(903)	0	903	100.00%	
		<b>(5,112,167)</b>	<b>(425,800)</b>	<b>(309,756)</b>	<b>116,044</b>	<b>(27.25%)</b>	
Non-cash amounts excluded from operating activities	1(a)	2,282,833	190,225	0	(190,225)	(100.00%)	▼
<b>Amount attributable to operating activities</b>		<b>(389,849)</b>	<b>(32,303)</b>	<b>(271,008)</b>	<b>(238,705)</b>	<b>738.96%</b>	
<b>Investing activities</b>							
Proceeds from non-operating grants, subsidies and contributions	13	3,379,313	281,606	159,308	(122,298)	(43.43%)	▼
Proceeds from disposal of assets	6	75,955	308,079	0	(308,079)	(100.00%)	▼
Payments for property, plant and equipment and infrastructure	7	(4,880,044)	(406,645)	(60,541)	346,104	85.11%	▲
<b>Amount attributable to investing activities</b>		<b>(1,424,776)</b>	<b>183,040</b>	<b>98,767</b>	<b>(84,273)</b>	<b>(46.04%)</b>	
<b>Financing Activities</b>							
Proceeds from new debentures	8	250,000	0	0	0	0.00%	
Transfer from reserves	10	0	444,887	0	(444,887)	(100.00%)	▼
Payments for principal portion of lease liabilities	9	(2,000)	0	0	0	0.00%	
Repayment of debentures	8	(164,504)	(124,980)	0	124,980	100.00%	▲
Transfer to reserves	10	(48,921)	(135,727)	(1,162)	134,565	99.14%	▲
<b>Amount attributable to financing activities</b>		<b>34,575</b>	<b>184,180</b>	<b>(1,162)</b>	<b>(185,342)</b>	<b>(100.63%)</b>	
<b>Closing funding surplus / (deficit)</b>	1(c)	<b>25,519</b>	<b>2,140,486</b>	<b>1,632,166</b>	<b>(508,320)</b>	<b>23.75%</b>	▼

**KEY INFORMATION**

▲▼ Indicates a variance between Year to Date (YTD) Budget and YTD Actual data as per the adopted materiality threshold.

Refer to Note 16 for an explanation of the reasons for the variance.

This statement is to be read in conjunction with the accompanying Financial Statements and Notes.

### **BASIS OF PREPARATION**

The financial report has been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and interpretations of the Australian Accounting Standards Board, and the *Local Government Act 1995* and accompanying Regulations.

The *Local Government Act 1995* and accompanying Regulations take precedence over Australian Accounting Standards where they are inconsistent.

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 which would have required the Shire to measure any vested improvements at zero cost.

Accounting policies which have been adopted in the preparation of this financial report have been consistently applied unless stated otherwise. Except for cash flow and rate setting information, the financial report 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 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. A separate statement of those monies appears at Note 14 to these financial statements.

### **SIGNIFICANT ACCOUNTING POLICES**

#### **CRITICAL ACCOUNTING 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 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:

- estimation of fair values of certain financial assets
- estimation of fair values of fixed assets shown at fair value
- impairment of financial assets

#### **GOODS AND SERVICES TAX**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). Receivables and payables are stated inclusive of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with receivables or payables in the statement of financial position. Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows.

#### **ROUNDING OFF FIGURES**

All figures shown in this statement are rounded to the nearest dollar.

#### **PREPARATION TIMING AND REVIEW**

Date prepared: All known transactions up to 11 August 2023



**NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY  
FOR THE PERIOD ENDED 31 JULY 2023**

**(a) Non-cash items 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*.

	Notes	Amended Budget	YTD Budget (a)	YTD Actual (b)
<b>Non-cash items excluded from operating activities</b>		\$	\$	\$
<b>Adjustments to operating activities</b>				
Less: Profit on asset disposals	6	(5,138)	(428)	0
Add: Loss on asset disposals	6	10,840	903	0
Add: Depreciation on assets		2,277,131	189,750	0
<b>Total non-cash items excluded from operating activities</b>		<b>2,282,833</b>	<b>190,225</b>	<b>0</b>

**(b) Adjustments to net current assets in the Statement of Financial Activity**

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.

		Amended Budget Opening 30 June 2023	Last Year Closing 30 June 2023	Year to Date 31 July 2023
<b>Adjustments to net current assets</b>				
Less: Reserves - restricted cash	10	(648,026)	(648,026)	(649,188)
Less: - Financial assets at amortised cost - self supporting loans	4	0	0	0
Less: Unspent Borrowings		0		
Less: User defined		0		
Less: User defined		0		
Less: User defined		0		
Add: Borrowings	8	164,504	164,504	0
Add: Provisions employee related provisions	11	270,754	270,754	270,754
Add: Lease liabilities	9	2,000	2,000	0
Add: User defined		0		
<b>Total adjustments to net current assets</b>		<b>(210,768)</b>	<b>(210,768)</b>	<b>(378,434)</b>

**(c) Net current assets used in the Statement of Financial Activity**

<b>Current assets</b>				
Cash and cash equivalents	2	1,940,452	1,940,452	2,251,387
Rates receivables	3	155,806	155,806	154,487
Receivables	3	532,361	532,361	346,371
Other current assets	4	224,383	224,383	224,383
<b>Less: Current liabilities</b>				
Payables	5	(302,841)	(302,841)	(598,709)
Borrowings	8	(164,504)	(164,504)	0
Contract liabilities	11	(96,566)	(96,566)	(96,566)
Lease liabilities	9	(2,000)	(2,000)	0
Provisions	11	(270,754)	(270,754)	(270,754)
<b>Less: Total adjustments to net current assets</b>	1(b)	<b>(210,768)</b>	<b>(210,768)</b>	<b>(378,434)</b>
<b>Closing funding surplus / (deficit)</b>		<b>1,805,569</b>	<b>1,805,569</b>	<b>1,632,166</b>

**CURRENT AND NON-CURRENT CLASSIFICATION**

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. Unless otherwise stated assets or liabilities are classified as current if expected to be settled within the next 12 months, being the Council's operational cycle.

Description	Classification	Unrestricted	Restricted	Total Cash	Trust	Institution	Interest Rate	Maturity Date
		\$	\$	\$	\$			
Municipal Cash at Bank		1,506,048	0	1,506,048		NAB	TBA	N/A
Municipal Cash Investments (Online and at call account)		95,450	0	95,450		NAB	TBA	N/A
Term Deposits		2	649,187	649,189		NAB	TBA	TBA
Petty Cash		700	0	700		N/A	N/A	N/A
<b>Total</b>		<b>1,602,200</b>	<b>649,187</b>	<b>2,251,387</b>	<b>0</b>			
<b>Comprising</b>								
Cash and cash equivalents		1,602,200	649,187	2,251,387	0			
		<b>1,602,200</b>	<b>649,187</b>	<b>2,251,387</b>	<b>0</b>			

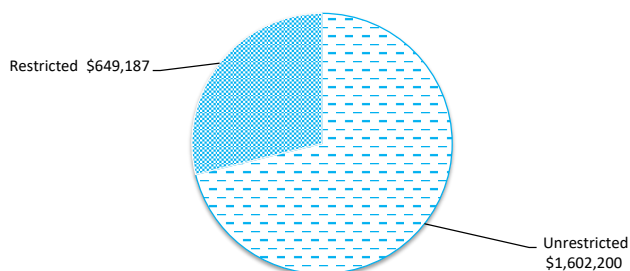
**KEY INFORMATION**

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are reported as short term borrowings in current liabilities in the statement of net current assets.

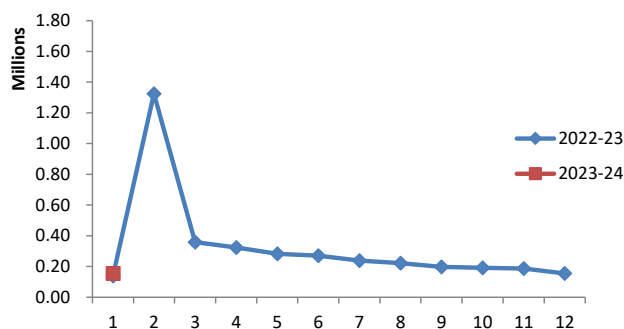
The local government classifies financial assets at amortised cost if both of the following criteria are met:

- 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.

Financial assets at amortised cost held with registered financial institutions are listed in this note other financial assets at amortised cost are provided in Note 4 - Other assets.



Rates receivable	30 Jun 2023	31 Jul 2023
	\$	\$
Opening arrears previous years	155,806	155,806
Levied this year	0	(1)
Less - collections to date	0	(1,318)
Gross rates collectable	155,806	154,487
Net rates collectable	155,806	154,487
% Collected	0%	0.8%



Receivables - general	Credit	Current	30 Days	60 Days	90+ Days	Total
	\$	\$	\$	\$	\$	\$
Receivables - general	0	33,610	4,107	0	12,878	50,595
Percentage	0.0%	66.4%	8.1%	0%	25.5%	
<b>Balance per trial balance</b>						
Sundry receivable						50,595
GST receivable						295,776
<b>Total receivables general outstanding</b>						<b>346,371</b>

Amounts shown above include GST (where applicable)

#### KEY INFORMATION

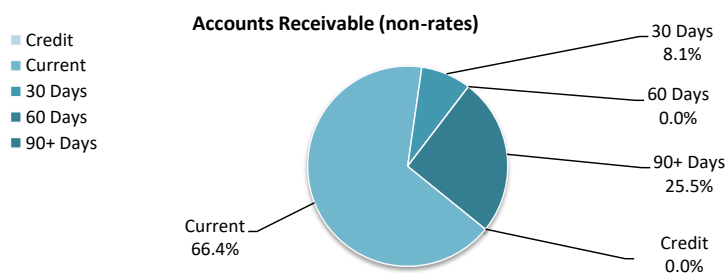
Trade and other receivables include amounts due from ratepayers for unpaid rates and service charges and other amounts due from third parties for goods sold and services performed in the ordinary course of business.

Trade receivables are recognised at original invoice amount less any allowances for uncollectable amounts (i.e. impairment). The carrying amount of net trade receivables is equivalent to fair value as it is due for settlement within 30 days.

#### Classification and subsequent measurement

Receivables which are generally due for settlement within 30 days except rates receivables which are expected to be collected within 12 months are classified as current assets. All other receivables such as, deferred pensioner rates receivable after the end of the reporting period are classified as non-current assets.

Trade and other receivables are held with the objective to collect the contractual cashflows and therefore the Shire measures them subsequently at amortised cost using the effective interest rate method.



	Opening Balance 1 July 2023	Asset Increase	Asset Reduction	Closing Balance 31 July 2023
<b>Other current assets</b>	\$	\$	\$	\$
<b>Inventory</b>				
Fuel	13,432	0	0	13,432
<b>Total other current assets</b>	<b>224,383</b>	<b>0</b>	<b>0</b>	<b>224,383</b>

Amounts shown above include GST (where applicable)

KEY INFORMATION

**Inventory**

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.

**NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY  
FOR THE PERIOD ENDED 31 JULY 2023**

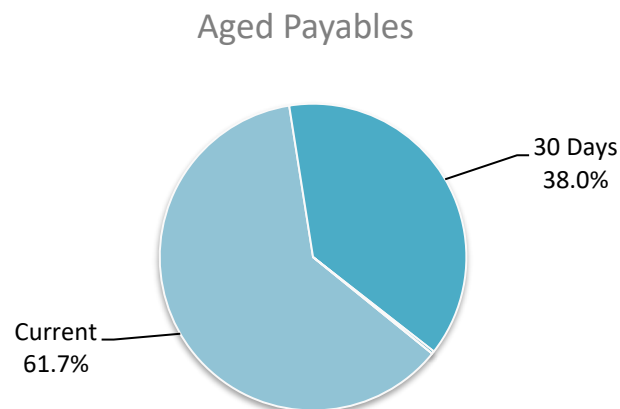
**OPERATING ACTIVITIES  
NOTE 5  
PAYABLES**

<b>Payables - general</b>	<b>Credit</b>	<b>Current</b>	<b>30 Days</b>	<b>60 Days</b>	<b>90+ Days</b>	<b>Total</b>
	\$	\$	\$	\$	\$	\$
Payables - general	0	127,962	78,926	584	0	207,472
Percentage	0%	61.7%	38%	0.3%	0%	
<b>Balance per trial balance</b>						
Sundry creditors						229,342
Accrued salaries and wages						0
ATO liabilities						312,116
Bonds & Deposits						57,251
<b>Total payables general outstanding</b>						<b>598,709</b>

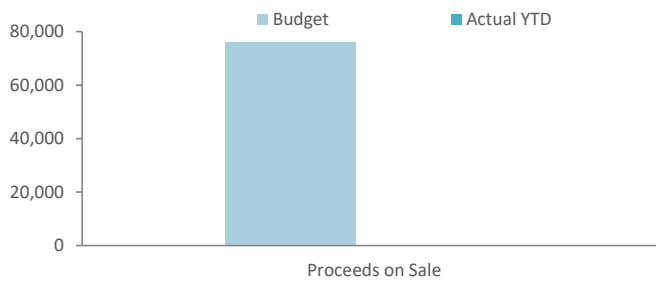
**Amounts shown above include GST (where applicable)**

**KEY INFORMATION**

Trade and other payables represent liabilities for goods and services provided to the Shire prior to the end of the period that are unpaid and arise when the Shire 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.



Asset Ref.	Asset description	Budget				YTD Actual			
		Net Book Value	Proceeds	Profit	(Loss)	Net Book Value	Proceeds	Profit	(Loss)
		\$	\$	\$	\$	\$	\$	\$	\$
	<b>Plant and equipment</b>								
	<b>Transport</b>								
	Generator	5,700	2,500	0	(3,200)	0	0	0	0
	Hino Truck	27,000	25,000	0	(2,000)	0	0	0	0
	Traffic Lights	8,640	3,000	0	(5,640)	0	0	0	0
	Works Utility	40,317	45,455	5,138	0	0	0	0	0
		<b>81,657</b>	<b>75,955</b>	<b>5,138</b>	<b>(10,840)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>



**NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY  
FOR THE PERIOD ENDED 31 JULY 2023**

**INVESTING ACTIVITIES  
NOTE 7  
CAPITAL ACQUISITIONS**

Capital acquisitions	Amended		YTD Actual	YTD Actual Variance
	Budget	YTD Budget		
	\$	\$	\$	\$
Buildings	735,316	61,274	45,157	(16,117)
Plant and equipment	316,168	26,345	0	(26,345)
Infrastructure - roads	3,733,560	311,111	14,969	(296,142)
Infrastructure - bridges	40,000	3,333	0	(3,333)
Infrastructure - parks, ovals & playgrounds	25,000	2,083	0	(2,083)
Infrastructure - other	10,000	833	415	(418)
<b>Payments for Capital Acquisitions</b>	<b>4,880,044</b>	<b>406,645</b>	<b>60,541</b>	<b>(346,104)</b>
<b>Capital Acquisitions Funded By:</b>				
	\$	\$	\$	\$
Capital grants and contributions	3,379,313	281,606	159,308	(122,298)
Borrowings	250,000	0	0	0
Other (disposals & C/Fwd)	75,955	308,079	0	(308,079)
Contribution - operations	1,168,776	(183,040)	(98,767)	84,273
<b>Capital funding total</b>	<b>4,880,044</b>	<b>406,645</b>	<b>60,541</b>	<b>(346,104)</b>

**SIGNIFICANT ACCOUNTING POLICIES**

Each class of fixed assets within either plant and equipment or infrastructure, is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Assets for which the fair value as at the date of acquisition is under \$5,000 are not recognised as an asset in accordance with *Financial Management Regulation 17A (5)*. These assets are expensed immediately.

Where multiple individual low value assets are purchased together as part of a larger asset or collectively forming a larger asset exceeding the threshold, the individual assets are recognised as one asset and capitalised.

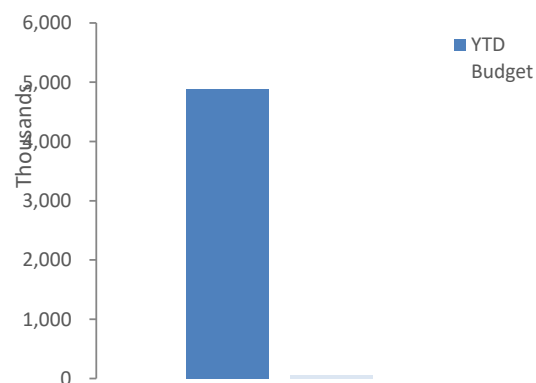
**Initial recognition and measurement for assets held at cost**

Plant and equipment including furniture and equipment is recognised at cost on acquisition in accordance with *Financial Management Regulation 17A*. Where acquired at no cost the asset is initially recognise at fair value. Assets held at cost are depreciated and assessed for impairment annually.

**Initial recognition and measurement between mandatory revaluation dates for assets held at fair value**

In relation to this initial measurement, cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at zero cost or otherwise significantly less than fair value, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the Shire includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

**Payments for Capital Acquisitions**



Level of completion indicator, please see table at the end of this note for further detail.

Account Description	Amended		YTD Actual	Variance (Under)/Over
	Budget	YTD Budget		
	\$	\$	\$	\$
<b>Land &amp; Buildings</b>				
C214 Land Purchase - Light Industrial Area	250,000	20,833	0	(20,833)
J4114D Administration Office Refurbishment	19,141	1,595	0	(1,595)
C084 Aged Persons Accommodation Capital Expense	213,000	17,750	215	(17,535)
C158 Cuballing Transfer Station 17/18 - Waste Oil Facility	0	0	28	28
C212 Ceo Residence - Solar Panels	5,000	416	0	(416)
C205 Golf Club Facility Upgrade (Lrci Funds)	0	0	263	263
11057 CCTV Camera's	0	0	25,510	25,510
C213 Ceo Residence - Air Conditioner	11,418	951	0	(951)
C162 Cuballing Town Hall - Capital Works	50,332	4,194	0	(4,194)
C164 Building Renewal - Cuballing Cwa Hall	176,225	14,685	19,141	4,456
C173 Skate Park Refurbishment	10,200	850	0	(850)
<b>Total Buildings</b>	<b>735,316</b>	<b>61,274</b>	<b>45,157</b>	<b>(16,117)</b>
<b>Furniture &amp; Equipment</b>				
04270 Capital Expenditure - Furniture & Equipment	20,000	1,666	0	(1,666)
<b>Total Furniture &amp; Equipment</b>	<b>20,000</b>	<b>1,666</b>	<b>0</b>	<b>(1,666)</b>
<b>Plant &amp; Equipment</b>				
11300 Capital Expenditure - Plant & Equipment - Generator	26,350	2,195	0	(2,195)
12411 Two Way system for Plant	25,000	2,083	0	(2,083)
12416 Capital Expenditure - Plant & Equipment - Hino Truck	97,540	8,128	0	(8,128)
12421 Capital Expenditure - Plant & Equipment - Traffic Lights	37,000	3,083	0	(3,083)
12428 Capital Purchase - Sewell Sweeper TB2000E	61,500	5,125	0	(5,125)
12429 Capital Expenditure - Plant & Equipment - Plant Trailer	8,500	708	0	(708)
12430 Capital Expenditure - Plant & Equipment - Utility	60,278	5,023	0	(5,023)
<b>Total Plant &amp; Equipment</b>	<b>316,168</b>	<b>26,345</b>	<b>0</b>	<b>(26,345)</b>
<b>Roads</b>				
R001E Rrg Stratherne Rd 2022/23	179,695	14,973	0	(14,973)
R001F Stratherne Road 23-24 - Reconstruction & Shoulder Widening Slk	580,200	48,347	0	(48,347)
R129F Wandering-Narrogin Road 2022/23	0	0	9,290	9,290
R129G Wandering Narrogin Road 23/24 - Final Seal	43,200	3,599	0	(3,599)
RTR096 Roads To Recovery - Austral Street	142,500	11,874	0	(11,874)
RTR140 Roads To Recovery - Campbell Street	28,359	2,360	0	(2,360)
RTR004 Roads To Recovery Popanyinning Road East Gravel Sheeting	46,879	3,905	0	(3,905)
BS129 Blackspot - Wandering Narrogin Road	15,000	1,250	0	(1,250)
WF006R Cuballing East Road 2021/22 Final Seal Works	160,050	13,337	0	(13,337)
WSF007 Wheatbelt Secondary Freight Network 2022/23 Cuby East Road	230,181	19,181	0	(19,181)
WF007D Wheatbelt Secondary Freight Network 2022/23 Cuby East Road-D	0	0	1,800	1,800
WSF008 Wheatbelt Secondary Freight - Cuballing East Reconstruction Slk's	2,077,627	173,132	0	(173,132)
WF129D Wheatbelt Secondary Freight 2022/23 Narrogin Wandering Road-	229,869	19,153	3,879	(15,274)
<b>Total Roads</b>	<b>3,733,560</b>	<b>311,111</b>	<b>14,969</b>	<b>(296,142)</b>
<b>Bridges</b>				
11214 Bridge Improvements - Capital Upgrades	40,000	3,333	0	(3,333)
<b>Total Bridges</b>	<b>40,000</b>	<b>3,333</b>	<b>0</b>	<b>(3,333)</b>
<b>Parks, Ovals &amp; Playgrounds</b>				
C207 Heritage Walk Trail	10,000	833	0	(833)
C209 Cuballing Skate Park Precinct Master Plan	15,000	1,250	0	(1,250)
<b>Total Parks, Ovals &amp; Playgrounds</b>	<b>25,000</b>	<b>2,083</b>	<b>0</b>	<b>(2,083)</b>
<b>Other Infrastructure</b>				
C203 Cuballing War Memorial	0	0	415	415
C210 Cuballing Niche Wall	10,000	833	0	(833)
<b>Total Other Infrastructure</b>	<b>10,000</b>	<b>833</b>	<b>415</b>	<b>(418)</b>
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>4,880,044</b>	<b>406,645</b>	<b>60,541</b>	<b>(346,104)</b>



Repayments - borrowings

Information on borrowings Particulars	Loan No.	1 July 2023	New Loans		Principal Repayments		Principal Outstanding		Interest Repayments	
			Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget
		\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Education and welfare</b>										
Aged Accommodation	65	781,151	0	0	0	(72,017)	781,151	709,134	0	(34,723)
<b>Transport</b>										
Grader	67	407,025	0	0	0	(76,689)	407,025	330,336	0	0
<b>Other property and services</b>										
Austral Land	64	100,111	0	0	0	(15,798)	100,111	84,313	0	(2,087)
Industrial Land	68	0	0	250,000	0	0	0	250,000	0	0
<b>Total</b>		<b>1,288,287</b>	<b>0</b>	<b>250,000</b>	<b>0</b>	<b>(164,504)</b>	<b>1,288,287</b>	<b>1,373,783</b>	<b>0</b>	<b>(36,810)</b>
Current borrowings		164,504					0			
Non-current borrowings		<u>1,123,783</u>					<u>1,288,287</u>			
		1,288,287					1,288,287			

All debenture repayments were financed by general purpose revenue.

The Shire has no unspent debenture funds as at 30th June 2022, nor is it expected to have unspent funds as at 30th June 2023.

**KEY INFORMATION**

Borrowing costs are recognised as an expense when incurred except where they are directly attributable to the acquisition, construction or production of a qualifying asset. Where this is the case, they are capitalised as part of the cost of the particular asset until such time as the asset is substantially ready for its intended use or sale.

Fair values of borrowings are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short term nature. Non-current borrowings fair values are based on discounted cash flows using a current borrowing rate.

Movement in carrying amounts

Information on leases Particulars	Lease No.	1 July 2023	New Leases		Principal Repayments		Principal Outstanding payments		Interest	
			Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget
		\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Recreation and culture</b>										
Springhill Dam	LPF No.2	0	0	6,000	0	(2,000)	0	4,000	0	0
<b>Total</b>		0	0	6,000	0	(2,000)	0	4,000	0	0

All lease repayments were financed by general purpose revenue.

KEY INFORMATION

At inception of a contract, the Shire assesses if the contract contains or is a lease. A contract is or contains a lease, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. At the commencement date, a right of use asset is recognised at cost and lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Shire uses its incremental borrowing rate.

All contracts classified as short-term leases (i.e. a lease with a remaining term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY  
FOR THE PERIOD ENDED 31 JULY 2023

OPERATING ACTIVITIES  
NOTE 10  
RESERVE ACCOUNTS

Reserve accounts

Reserve name	Opening Balance	Budget Interest Earned	Actual Interest Earned	Budget Transfers In (+)	Actual Transfers In (+)	Budget Transfers Out (-)	Actual Transfers Out (-)	Budget Closing Balance	Actual YTD Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Restricted by Council</b>									
Plant and Equipment	5,106	23,204	368	0	0	0	0	28,310	5,474
Administration Building and IT and Office	9,270	371	10	0	0	0	0	9,641	9,280
Employee Entitlements	289,812	11,592	309	0	0	0	0	301,404	290,121
Housing Reserve	79,491	3,180	106	0	0	0	0	82,671	79,597
Recreation & Community Facility	97,430	3,897	192	0	0	0	0	101,327	97,622
Refuse Site	46,015	1,841	49	0	0	0	0	47,856	46,064
Equestrian	4,974	199	5	0	0	0	0	5,173	4,979
Standpipe Maintenance	4,149	166	4	0	0	0	0	4,315	4,153
Road and Bridges	106,394	4,256	113	0	0	0	0	110,650	106,507
Community and Sporting Club	5,385	215	6	0	0	0	0	5,600	5,391
	<b>648,026</b>	<b>48,921</b>	<b>1,162</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>696,947</b>	<b>649,188</b>

	Note	Opening Balance 1 July 2023	Liability transferred from/(to) non current	Liability Increase	Liability Reduction	Closing Balance 31 July 2023
<b>Other current liabilities</b>		\$		\$	\$	\$
<b>Other liabilities</b>						
- Capital grant/contribution liabilities		96,566	0	0	0	96,566
<b>Total other liabilities</b>		96,566	0	0	0	96,566
<b>Employee Related Provisions</b>						
Annual leave		95,340	0			95,340
Long service leave		175,414	0			175,414
<b>Total Employee Related Provisions</b>		270,754	0	0	0	270,754
<b>Total other current assets</b>		<b>367,320</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>367,320</b>
Amounts shown above include GST (where applicable)						

A breakdown of contract liabilities and associated movements is provided on the following pages at Note 13

#### KEY INFORMATION

##### Provisions

Provisions are recognised when the Shire 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.

##### Employee Related Provisions

###### Short-term employee benefits

Provision is made for the Shire'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'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 calculation of net current assets.

###### Other long-term employee benefits

The Shire's obligations for employees' annual leave and long service leave entitlements are recognised as employee related provisions in the statement of financial position.

Long-term employee benefits 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's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Shire does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

##### Contract liabilities

An entity's obligation to transfer goods or services to a customer for which the entity has received consideration (or the amount is due) from the customer.

##### Capital grant/contribution liabilities

Grants to acquire or construct recognisable non-financial assets to identified specifications be constructed to be controlled by the Shire are recognised as a liability until such time as the Shire satisfies its obligations under the agreement.

Provider	Unspent operating grant, subsidies and contributions liability					Operating grants, subsidies and contributions revenue		
	Liability	Increase in Liability	Decrease in Liability (As revenue)	Liability	Current Liability	Amended Budget Revenue	YTD Budget	YTD Revenue
	1 July 2023			31 Jul 2023	31 Jul 2023			Actual
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Operating grants and subsidies</b>								
<b>General purpose funding</b>								
Income - Grants Commission	0	0	0	0	0	117,254	9,771	0
<b>Law, order, public safety</b>								
Income - Fire Prevention - Grants	0	0	0	0	0	51,891	4,324	0
Income Fire Mitigation Grants	0	0	0	0	0	72,700	6,058	0
<b>Education and welfare</b>								
Income Relating to Aged & Disabled - Age Friendly	0	0	0	0	0	6,120	510	0
<b>Recreation and culture</b>								
Income - Youth Activity Funding	0	0	0	0	0	1,000	83	0
INCOME - Community Development & Events	0	0	0	0	0	19,000	1,583	0
Community Development & Events - Grants	0	0	0	0	0	10,000	833	0
Community Development & Events - Other	0	0	0	0	0	4,000	333	0
<b>Transport</b>								
Income - Grant - MRWA Direct	0	0	0	0	0	102,932	8,577	0
Income - Grants Commission Local Road Grant	0	0	0	0	0	71,988	5,999	0
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>456,885</b>	<b>38,071</b>	<b>0</b>
<b>Operating contributions</b>								
<b>Other property and services</b>								
Income - Less Workers Compensation Claimed	0	0	0	0	0	20,000	1,666	0
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>20,000</b>	<b>1,666</b>	<b>0</b>
<b>TOTALS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>476,885</b>	<b>39,737</b>	<b>0</b>

NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY  
FOR THE PERIOD ENDED 31 JULY 2023

NOTE 13

NON-OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS

Provider	Capital grant/contribution liabilities					Non operating grants, subsidies and contributions revenue		
	Liability 1 July 2023	Increase in Liability	Decrease in Liability (As revenue)	Liability 31 Jul 2023	Current Liability 31 Jul 2023	Amended Budget Revenue	YTD Budget	YTD Revenue Actual
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Non-operating grants and subsidies</b>								
<b>General purpose funding</b>								
Income - Community Infrastructure Grant - Commonwealth	0	0	0	0	0	24,777	2,064	0
Income - Phase 2 Community Infrastructure Grant - LRCI	0	0	0	0	0	18,752	1,562	0
Income - Phase 3 community Infrastructure Grant - LRCI	0	0	0	0	0	123,884	10,323	0
<b>Transport</b>								
Regional Road Grants	0	0	0	0	0	499,642	41,636	159,308
Wheatbelt Secondary Freight Network	0	0	0	0	0	2,404,741	200,395	0
WSFN - Income Wandering Narrogin Road	96,566	0	0	96,566	0	0	0	0
2022/23 Cuballing East Road Wheatbelt Secondary Freight	0	0	0	0	0	96,566	8,047	0
Roads to Recovery	0	0	0	0	0	210,951	17,579	0
	<b>96,566</b>	<b>0</b>	<b>0</b>	<b>96,566</b>	<b>0</b>	<b>3,379,313</b>	<b>281,606</b>	<b>159,308</b>

**NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY  
FOR THE PERIOD ENDED 31 JULY 2023**

**NOTE 14  
TRUST FUND**

Funds held at balance date which are required by legislation to be credited to the trust fund and which are not included in the financial statements are as follows:

Description	Opening Balance 1 July 2023	Amount Received	Amount Paid	Closing Balance 31 Jul 2023
	\$	\$	\$	\$
Cuballing Cricket Club	200	0	0	200
Department of Transport - Licensing	658	13,035	(11,249)	2,444
				0
	<b>858</b>	<b>13,035</b>	<b>(11,249)</b>	<b>2,644</b>

**NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY  
FOR THE PERIOD ENDED 31 JULY 2023**

**NOTE 15  
BUDGET AMENDMENTS**

Proposed amendments to original budget since budget adoption. Surplus/(Deficit)

GL Code	Description	Council Resolution	Classification	Non Cash Adjustment	Increase in Available Cash	Decrease in Available Cash	Amended Budget Running Balance
				\$	\$	\$	\$
	<b>Budget Adoption</b>						\$ 25,519
	Opening Surplus(Deficit)		Opening Surplus(Deficit)				
	Nil Changes						
				0	0	0	25,519

**KEY INFORMATION**

Nil



**NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY  
FOR THE PERIOD ENDED 31 JULY 2023**

**NOTE 16  
EXPLANATION OF MATERIAL VARIANCES**

The material variance thresholds are adopted annually by Council as an indicator of whether the actual expenditure or revenue varies from the year to date Actual materially.

The material variance adopted by Council for the 2023-24 year is \$5,000 or 10.00% whichever is the greater.

Nature or type	Var. \$	Var. %	Timing/Permanent	Explanation of positive variances
				Comments
	\$	%		
<b>Opening funding surplus / (deficit)</b>	0	0.00%		
<b>Revenue from operating activities</b>				
Rates	(118,163)	(100.00%) ▼	Timing	Budget profiling still to be completed
Operating grants, subsidies and contributions	(39,737)	(100.00%) ▼	Timing	Budget profiling still to be completed
Fees and charges	(18,978)	(61.96%) ▼	Timing	Budget profiling still to be completed
Interest earnings	(4,838)	(69.50%) ▼	Timing	Budget profiling still to be completed
Other revenue	17,620	239.63% ▲	Timing	Budget profiling still to be completed
Profit on disposal of assets	(428)	(100.00%) ▼	Timing	Budget profiling still to be completed
<b>Expenditure from operating activities</b>				
Employee costs	(25,775)	(28.48%) ▼	Timing	Budget profiling still to be completed
Materials and contracts	16,921	16.92% ▲	Timing	Budget profiling still to be completed
Utility charges	11,651	77.42% ▲	Timing	Budget profiling still to be completed
Depreciation on non-current assets	189,750	100.00% ▲	Timing	Budget profiling still to be completed
Interest expenses	4,333	100.00%	Timing	Budget profiling still to be completed
Insurance expenses	(88,090)	(466.01%) ▼	Timing	Budget profiling still to be completed
Other expenditure	6,351	100.00% ▲	Timing	Budget profiling still to be completed
Loss on disposal of assets	903	100.00%	Timing	Budget profiling still to be completed
Non-cash amounts excluded from operating activities	(190,225)	(100.00%) ▼	Timing	Budget profiling still to be completed
<b>Investing activities</b>				
Proceeds from non-operating grants, subsidies and contributions	(122,298)	(43.43%) ▼	Timing	Budget profiling still to be completed
Proceeds from disposal of assets	(308,079)	(100.00%) ▼	Timing	Budget profiling still to be completed
Payments for property, plant and equipment and infrastructure	346,104	85.11% ▲	Timing	Budget profiling still to be completed
Non-cash amounts excluded from investing activities	0	0.00%		
<b>Financing activities</b>				
Proceeds from new debentures	0	0.00%	Timing	Budget profiling still to be completed
Transfer from reserves	(444,887)	(100.00%) ▼	Timing	Budget profiling still to be completed
Payments for principal portion of lease liabilities	0	0.00%	Timing	Budget profiling still to be completed
Repayment of debentures	124,980	100.00% ▲	Timing	Budget profiling still to be completed
Transfer to reserves	134,565	99.14% ▲	Timing	Budget profiling still to be completed
<b>Closing funding surplus / (deficit)</b>	(508,320)	23.75% ▼	Timing	As per the above explanations