

**CITY OF KALGOORLIE BOULDER**

**BUDGET REVIEW REPORT**

**FOR THE PERIOD ENDED 31 JANUARY 2024**

*LOCAL GOVERNMENT ACT 1995*

*LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996*

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CITY OF KALGOORLIE BOULDER  
STATEMENT OF BUDGET REVIEW  
FOR THE PERIOD ENDED 31 JANUARY 2024

	Note	Budget v Actual			Curent budg + / - journal		
		Adopted Budget	Updated Budget Estimates (a)	Year to Date Actual	Estimated Year at End Amount (b)	Predicted Variance (a) - (b)	
		\$	\$	\$	\$	\$	
<b>OPERATING ACTIVITIES</b>							
<b>Revenue from operating activities</b>							
General rates	4.1	30,752,497	30,752,496	30,889,121	30,982,496	230,000	▲
Grants, subsidies and contributions	4.2	5,403,000	10,403,000	1,082,164	10,535,954	132,954	▲
Fees and charges	4.3	47,422,350	47,422,350	34,082,056	47,930,027	507,677	▲
Interest revenue	4.4	1,123,851	1,123,851	1,984,594	2,598,851	1,475,000	▲
Other revenue	4.5	4,594,185	4,785,585	6,678,078	8,953,185	4,167,600	▲
Profit on asset disposals		369,996	369,996	0	369,996	0	
		89,665,879	94,857,278	74,716,012	101,370,509	6,513,231	
<b>Expenditure from operating activities</b>							
Employee costs	4.6	(29,745,237)	(29,744,237)	(17,718,932)	(29,491,246)	252,991	▲
Materials and contracts	4.7	(26,052,081)	(26,048,081)	(13,727,523)	(28,310,371)	(2,262,290)	▼
Contributions, Donations and Subsidies	4.8	(2,536,176)	(7,536,176)	(4,801,621)	(10,395,176)	(2,859,000)	▼
Utility charges	4.9	(4,200,359)	(4,200,359)	(2,513,565)	(4,694,359)	(494,000)	▼
Depreciation	4.10	(25,354,635)	(25,354,635)	(12,699,718)	(25,624,635)	(270,000)	▼
Finance costs	4.11	(1,658,055)	(1,658,055)	(893,408)	(1,558,055)	100,000	▲
Insurance	4.12	(1,660,800)	(1,660,800)	(627,163)	(1,010,800)	650,000	▲
Other expenditure	4.13	(190,818)	(372,218)	(538,320)	(938,355)	(566,138)	▼
Loss on asset disposals		(36,067)	(36,067)	0	(36,067)	0	
		(91,434,229)	(96,610,628)	(53,520,249)	(102,059,065)	(5,448,437)	
Non-cash amounts excluded from operating activities		25,020,705	25,020,705	12,699,718	25,020,705	0	
<b>Amount attributable to operating activities</b>		23,252,355	23,267,355	33,895,480	24,332,149	1,064,794	
<b>INVESTING ACTIVITIES</b>							
<b>Inflows from investing activities</b>							
Capital grants, subsidies and contributions	4.14	24,328,699	24,328,699	8,576,381	20,588,398	(3,740,301)	▼
Proceeds from disposal of assets	4.15	725,460	725,460	0	779,750	54,290	▲
		25,054,159	25,054,159	8,576,381	21,368,148	(3,686,011)	
<b>Outflows from investing activities</b>							
Purchase of investment property	4.16	(1,496,000)	(1,496,000)	(14,635)	(201,000)	1,295,000	▲
Purchase of land and buildings	4.17	(18,387,546)	(18,387,546)	(546,830)	(7,609,126)	10,778,420	▲
Purchase of plant and equipment	4.18	(36,291,732)	(36,320,232)	(9,122,459)	(27,506,653)	8,813,579	▲
Purchase of furniture and equipment	4.19	(1,550,000)	(1,565,000)	(159,115)	(1,893,000)	(328,000)	▼
Purchase and construction of infrastructure-roads	4.20	(23,071,781)	(23,071,781)	(10,276,558)	(23,627,910)	(556,129)	▼
Purchase and construction of infrastructure-other	4.21	(16,676,200)	(16,647,700)	(1,948,422)	(15,988,505)	659,195	▲
Purchase of right of use assets		0	0	0	0	0	
		(97,473,259)	(97,488,259)	(22,068,019)	(76,826,194)	20,662,065	
Non-cash amounts excluded from investing activities		0	0	0	0	0	
<b>Amount attributable to investing activities</b>		(72,419,100)	(72,434,100)	(13,491,638)	(55,458,046)	16,976,054	
<b>FINANCING ACTIVITIES</b>							
<b>Cash inflows from financing activities</b>							
Proceeds from new borrowings	4.22	31,500,000	31,500,000	0	22,500,000	(9,000,000)	▼
Transfers from reserve accounts	4.23	25,126,776	25,126,776	25,126,776	16,609,776	(8,517,000)	▼
		56,626,776	56,626,776	25,126,776	39,109,776	(17,517,000)	
<b>Cash outflows from financing activities</b>							
Payments for principal portion of lease liabilities		(326,028)	(326,028)	(163,014)	(326,028)	0	
Repayment of borrowings		(1,049,113)	(1,049,113)	(524,557)	(1,049,113)	0	
Transfers to reserve accounts	4.24	(11,790,000)	(11,790,000)	(11,790,000)	(12,268,100)	(478,100)	▼
		(13,165,141)	(13,165,141)	(12,477,570)	(13,643,241)	(478,100)	
<b>Amount attributable to financing activities</b>		43,461,635	43,461,635	12,649,206	25,466,535	(17,995,100)	
<b>MOVEMENT IN SURPLUS OR DEFICIT</b>							
<b>Surplus or deficit at the start of the financial year</b>	4.25	5,227,462	5,227,462	5,862,244	5,862,244	634,782	▲
Amount attributable to operating activities		23,252,355	23,267,355	33,895,480	24,332,149	1,064,794	
Amount attributable to investing activities		(72,419,100)	(72,434,100)	(13,491,638)	(55,458,046)	16,976,054	
Amount attributable to financing activities		43,461,635	43,461,635	12,649,206	25,466,535	(17,995,100)	
<b>Surplus or deficit after imposition of general rates</b>	2(a),4.26	(477,647)	(477,647)	38,915,292	202,883	680,531	▲

## 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 City of Kalgoorlie Boulder 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 City of Kalgoorlie Boulder 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.

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

	Audited Actual 30 June 2023	Adopted Budget 30 June 2024	Year to Date Actual 31 January 2024	Estimated Year at End Amount 30 June 2024
	\$	\$	\$	\$
<b>(a) Composition of estimated net current assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	38,583,186	20,941,163	45,476,501	30,449,148
Financial assets	7,060,840	7,378,978	3,139,960	7,378,978
Trade and other receivables	16,865,698	14,715,932	24,489,321	14,715,932
Inventories	3,555,963	159,209	3,410,247	159,209
	66,065,687	43,195,282	76,516,030	52,703,267
<b>Less: current liabilities</b>				
Trade and other payables	(14,757,458)	(11,661,724)	(7,492,131)	(11,661,724)
Contract liabilities	(9,307,258)	(9,966,344)	(7,150,941)	(9,966,344)
Lease liabilities	(301,799)	(240,084)	(240,084)	(240,084)
Borrowings	(1,049,113)	(1,083,313)	(1,083,313)	(1,083,313)
Employee related provisions	(2,967,227)	(2,369,778)	(3,144,583)	(2,369,778)
Other provisions	(131,700)	(131,700)	(269,700)	(131,700)
	(28,514,555)	(25,452,943)	(19,380,752)	(25,452,943)
<b>Net current assets</b>	37,551,132	17,742,339	57,135,278	27,250,324
Less: Total adjustments to net current assets	(31,688,888)	(18,219,986)	(18,219,986)	(27,047,441)
<b>Closing funding surplus / (deficit)</b>	5,862,244	(477,647)	38,915,292	202,883

**(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	Year to Date Actual 31 January 2024	Estimated Year at End Amount 30 June 2024
	\$	\$	\$	\$
<b>Adjustments to operating activities</b>				
Less: Profit on asset disposals	(224,629)	(369,996)	0	(369,996)
Less: Share of net profit of associates and joint ventures accounted for using the equity method	(3,577)	0	0	0
Add: Loss on disposal of assets	7,430	36,067	0	36,067
Add: Depreciation on assets	25,707,056	25,354,635	12,699,718	25,624,635
Non-cash movements in non-current assets and liabilities:				
Pensioner deferred rates	(11,750)	0	0	0
Assets held for sale	3,370,000	0	0	0
Employee benefit provisions	65,002	(1)	0	0
Other provisions	966,948	0	0	0
<b>Non-cash amounts excluded from operating activities</b>	29,876,480	25,020,705	12,699,718	25,290,706

**(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	Year to Date Actual 31 January 2024	Estimated Year at End Amount 30 June 2024
	\$	\$	\$	\$
<b>Adjustments to net current assets</b>				
Less: Reserve accounts	(33,244,615)	(19,906,418)	(19,906,418)	(28,902,939)
Less: Financial assets at amortised cost - self supporting loans	(107,380)	0	0	0
Add: Current liabilities not expected to be cleared at end of year				
- Current portion of borrowings	1,049,113	1,083,313	1,083,313	1,083,313
- Current portion of lease liabilities	301,799	240,084	240,084	240,084
- Employee benefit provisions	312,195	311,335	311,335	480,401
- Current portion of provisions held in reserve	0	51,700	51,700	51,700
<b>Total adjustments to net current assets</b>	(31,688,888)	(18,219,986)	(18,219,986)	(27,047,441)

**CITY OF KALGOORLIE BOULDER**  
**NOTES TO THE REVIEW OF THE ANNUAL BUDGET**  
**FOR THE PERIOD ENDED 31 JANUARY 2024**

**3 PREDICTED VARIANCES**

		<b>Variance</b>	
		\$	
<b>Revenue from operating activities</b>			
4.1	General rates Budget increased in line with actual rates invoices raised	230,000	▲
4.2	Grants, subsidies and contributions Increasing Federal Assisted Grant in line with revised estimations	132,954	▲
4.3	Fees and charges \$1m relates to sewerage income and pedestal charges being higher than original budget estimates. \$1m relates to Airport income coming in higher than budgeted with increased passenger numbers. \$1m increase in sale of effluent water based on trends year to date \$0.9m increase in airport hire income due to a classification correction (moved from other revenue) \$0.3m refuse removal income being higher than expectations Partially offset by (\$3.7m) being moved to other revenue for sale of water to Lynas	507,677	▲
4.4	Interest revenue Interest received on term deposits came in higher than budgeted expectations due to higher interest rates being offered. This increase is for both muni and reserve invested funds.	1,475,000	▲
4.5	Other revenue As mentioned above, \$2.8m of the variance related to classification corrections in relation to sale of effluent water to Lynas and airport hire income. Golf Course income is also expected to be \$1.2m higher than budgeted based on year to date actuals.	4,167,600	▲
<b>Expenditure from operating activities</b>			
4.6	Employee costs \$0.5m Decrease due to more contractors being used to complete maintenance works, due to continuing vacancies in the Depot workforce. Partially offset by an increase in recruitment expenses as part of a recruitment drive (\$0.2m)	252,991	▲
4.7	Materials and contracts (\$1m) due to roads maintenance to be conducted by contractors where original budget assumed employees would complete these works (\$0.5m) increase in consultancy fees for CEO projects, rates debt collection and areas of the organisation using temp staff to fill short term vacancies (\$0.3m) increase in bin collection contract coming in higher than original budget assumptions (\$0.2m) Airport passenger screening fees increase, due to increased passenger numbers (\$0.2m) Oasis equipment servicing fees, increased in line with actual spend to date	(2,262,290)	▼
4.8	Contributions, Donations and Subsidies (\$3m) relates to Basketball Association contribution which was omitted from the original budget	(2,859,000)	▼
4.9	Utility charges (\$0.5m) relates to effluent charges for the Golf Course. Due to the increase in cost of water and dry summer the actual cost of effluent water is coming in above budget	(494,000)	▼
4.10	Depreciation Depreciation adjusted in line with actuals to date and reduced capex spend	(270,000)	▼
4.11	Finance costs \$0.1m reduction in finance costs due to leases being less than expected	100,000	▲
4.12	Insurance Insurance costs savings. Budget was prudent assuming insurance would increase further due to the finalisation of the FY 2022 asset revaluations and CPI increase. Actual invoices came in lower than expected.	650,000	▲
4.13	Other expenditure Correcting plant over head costs and public works overhead costs to be in line with actuals and revised budget.	(566,138)	▼

**CITY OF KALGOORLIE BOULDER**  
**NOTES TO THE REVIEW OF THE ANNUAL BUDGET**  
**FOR THE PERIOD ENDED 31 JANUARY 2024**

**3 PREDICTED VARIANCES**

		<b>Variance</b>
		<b>\$</b>
<b>Inflows from investing activities</b>		
4.14	Capital grants, subsidies and contributions (\$4.2m) Due to delays in the Kingsbury park youth precinct project, with works being delayed to FY2025 Partially offset by \$0.3m increased road grants and \$0.2m Kal City Centre upgrade	(3,740,301) ▼
4.15	Proceeds from disposal of assets \$54k correction based on actual asset disposal proceeds	54,290 ▲
<b>Outflows from investing activities</b>		
4.16	Purchase of investment property Endowment block power upgrades have been delayed due to the Endowment Block becoming heritage listed in January 2024	1,295,000 ▲
4.17	Purchase of land and buildings \$5m relates to Kingsbury Park youth precinct works being completed in FY2025, \$2.1m relates to delays with the Oasis roof replacement, and \$1.4m for GAC car park roof . \$1m delay in the building of staff housing. \$1m due to delay in administration building air con replacement	10,778,420 ▲
4.18	Purchase of plant and equipment \$9.7m relates to the delay with Golf Course resort. Partially offset by an additional (\$0.5m) spend on Kal City Centre, (\$0.3m) additional community safety equipment and mobile CCTV trailer, and (\$0.1m) for the Vietnam war memorial gifted to the City.	8,813,579 ▲
4.19	Purchase of furniture and equipment (\$0.3m) relates to fixed CCTV.	(328,000) ▼
4.20	Purchase and construction of infrastructure-roads Increased funds to be spent on resurfacing roads	(556,129) ▼
4.21	Purchase and construction of infrastructure-other \$2m Delays in Sewer Reticulation Main Upgrade, plus \$0.3m due to LED street lighting project delay, partially offset by (\$1.7m) increased spend on footpaths	659,195 ▲
<b>Cash inflows from financing activities</b>		
4.22	Proceeds from new borrowings Brookman St land was purchased without the need for a loan \$6m. Due to delays with GAC car park roof, LED lighting loans are not needed in this financial year for these projects \$3m.	(9,000,000) ▼
4.23	Transfers from reserve accounts \$9.7m relates to delays with the Golf Course Resort. \$2m relates to delays with Oasis roof works. Partially offset by (\$3m) for Basketball Association Contribution and an increase in bus terminal costs at the airport (\$0.2m)	(8,517,000) ▼
<b>Cash outflows from financing activities</b>		
4.24	Transfers to reserve accounts (\$0.9m) relates to interest on term deposits for reserve invested funds. Interest received is higher than budgeted expectations due to higher interest rates being obtained. Partially offset by a decrease of \$0.5m to future projects reserve.	(478,100) ▼
4.25	<b>Surplus or deficit at the start of the financial year</b> 2023 actual surplus came in (\$0.6m) higher than forecasted expectations	634,782 ▲
4.26	<b>Surplus or deficit after imposition of general rates</b> Net result of all variances mentioned above	680,531 ▲

CITY OF KALGOORLIE BOULDER

NOTES TO THE REVIEW OF THE ANNUAL BUDGET

FOR THE PERIOD ENDED 31 JANUARY 2024

4 RESERVE ACCOUNTS

Reserve name	As per original 2024 budget				2024 budget review				
	Budget Opening Balance	Budget Transfers In (+)	Budget Transfers Out (-)	Budget Closing Balance	Actual Opening Balance	Budget Interest Earned	Budget Transfers In (+)	Budget Transfers Out (-)	Budget Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Restricted by Legislation</b>									
Public Open Space Reserve	135,717	0	0	135,717	135,723	3,993	0	0	139,716
<b>Restricted by Council</b>									
Long Service Leave Reserve	466,651	0	0	466,651	466,671	13,730	0	0	480,401
Plant Replacement Reserve	877,194	1,500,000	(2,342,000)	35,194	877,231	25,809	1,500,000	(2,342,000)	61,040
Building Reserve	866,064	0	0	866,064	866,101	25,482	0	0	891,583
Computer Facility Reserve	379,986	100,000	(395,000)	84,986	380,003	11,180	100,000	(395,000)	96,183
Sewerage Reserve	2,319,546	2,700,000	(3,637,000)	1,382,546	2,319,645	68,247	2,700,000	(3,637,000)	1,450,892
Recreation Reserve	333,770	0	(333,770)	0	333,784	9,820	0	(333,770)	9,834
Parking Reserve	48,857	0	(48,857)	0	48,859	1,437	0	(48,857)	1,439
Oasis Reserve	2,138,799	1,500,000	(3,581,100)	57,699	2,138,891	62,929	1,500,000	(1,561,100)	2,140,720
Aerodrome Reserve	11,940,227	2,000,000	(1,385,000)	12,555,227	11,940,737	351,312	2,000,000	(1,588,000)	12,704,049
Revaluation Equalisation Reserve	476,386	190,000	(560,000)	106,386	476,407	14,017	190,000	(560,000)	120,424
Insurance Equalisation Reserve	230,833	0	0	230,833	230,842	6,792	0	0	237,634
Town Halls Refurbishment Reserve	1,206,770	150,000	(338,049)	1,018,721	1,206,822	35,506	150,000	(338,049)	1,054,279
Waste Management Initiative Reserve	72,102	500,000	0	572,102	72,105	2,121	500,000	0	574,226
Airport & City Promotion Reserve	1,309,644	150,000	(156,000)	1,303,644	1,309,700	38,533	150,000	(156,000)	1,342,233
Future Projects Reserve	10,440,648	3,000,000	(12,350,000)	1,090,648	10,441,094	307,192	2,500,000	(5,650,000)	7,598,286
	<b>33,243,194</b>	<b>11,790,000</b>	<b>(25,126,776)</b>	<b>19,906,418</b>	<b>33,244,615</b>	<b>978,100</b>	<b>11,290,000</b>	<b>(16,609,776)</b>	<b>28,902,939</b>