

# **Shire of Jerramungup**

## **REVIEW OF BUDGET REPORT**

**For the Period Ended 31st January 2014**

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**Shire of Jerramungup**  
**STATEMENT OF BUDGET REVIEW**  
**(Nature or Type)**  
**For the Period Ended 31st January 2014**

Note	Budget v Actual		Predicted		
	Revised Annual Budget \$ (a)	YTD Actual \$ (b)	Variance Permanent (c)	Variance Timing (Carryover) (d)	Projected Year End \$ (a)+(c)+(d)
<b>Operating Revenues</b>	\$	\$	\$	\$	\$
Rate Revenue	2,614,966	2,684,114	69,129		2,684,095
Grants, Subsidies and Contributions	1,210,751	733,954	55,125		1,265,876
Profit on Asset Disposal	53,379	0	0		53,379
Fees and Charges	899,573	698,039	(9,754)		889,820
Service Charges	0	0	0		0
Interest Earnings	103,022	57,608	(2,371)		100,652
Other Revenue	450,376	280,688	14,890		465,267
	<b>5,332,068</b>	<b>4,454,403</b>	<b>127,020</b>	<b>0</b>	<b>5,459,088</b>
<b>Operating Expense</b>					
Employee Costs	(1,958,289)	(1,262,219)	(50,515)		(2,008,804)
Materials and Contracts	(2,134,858)	(1,332,810)	(30,035)		(2,164,893)
Utilities Charges	(146,359)	(99,070)	(23,476)		(169,835)
Depreciation (Non-Current Assets)	(1,413,997)	(806,052)	33,098		(1,380,899)
Interest Expenses	(43,425)	(23,046)	0		(43,425)
Insurance Expenses	(284,464)	(296,096)	(11,632)		(296,096)
Loss on Asset Disposal	(28,012)	(26,062)	1,950		(26,062)
Other Expenditure	79,211	(68,968)	23,008		102,219
	<b>(5,930,193)</b>	<b>(3,914,323)</b>	<b>(57,602)</b>	<b>0</b>	<b>(5,987,795)</b>
<b>Funding Balance Adjustment</b>					
Add Back Depreciation	1,413,997	806,052	(33,098)		1,380,899
Adjust (Profit)/Loss on Asset Disposal	(25,368)	26,062	(1,950)		(27,317)
Adjust Provisions and Accruals					0
<b>Net Operating</b>	<b>790,504</b>	<b>1,372,193</b>	<b>34,371</b>	<b>0</b>	<b>824,875</b>
<b>Capital Revenues</b>					
Grants, Subsidies and Contributions	1,404,818	535,799	(411,736)		993,082
Proceeds from Disposal of Assets	240,136	152,694	12,909		253,045
Proceeds from New Debentures	350,000	0	0		350,000
Proceeds from Sale of Investments	0	0			0
Proceeds from Advances	0	0			0
Self-Supporting Loan Principal	0	0			0
Transfer from Reserves	279,900	80,000	15,000		294,900
	<b>2,274,854</b>	<b>768,493</b>	<b>(383,828)</b>	<b>0</b>	<b>1,891,026</b>
<b>Capital Expenses</b>					
Parks, Land and Buildings	(783,700)	(53,594)	99,840		(683,860)
Plant and Equipment	(461,914)	(264,555)	(12,641)		(474,555)
Furniture and Equipment	(10,000)	(7,528)	(4,963)		(14,963)
Infrastructure Assets - Roads	(2,332,044)	(1,121,541)	351,529		(1,980,515)
Infrastructure Assets - Other	(72,500)	(80,036)	(33,873)		(106,373)
Purchase of Investments	0	0	0		0
Repayment of Debentures	(99,724)	(52,178)	0		(99,724)
Advances to Community Groups	0	0	0		0
Transfer to Reserves	(236,534)	(207,536)	6,000		(230,534)
	<b>(3,996,416)</b>	<b>(1,786,968)</b>	<b>405,893</b>	<b>0</b>	<b>(3,590,524)</b>
<b>Net Capital</b>	<b>(1,721,562)</b>	<b>(1,018,476)</b>	<b>22,065</b>	<b>0</b>	<b>(1,699,497)</b>
<b>Net Operating + Capital</b>	<b>(931,058)</b>	<b>353,718</b>	<b>56,436</b>	<b>0</b>	<b>(874,623)</b>
Opening Funding Surplus(Deficit)	933,037	684,521	(248,516)		684,521
Add Back Opening Balance items associated with Leave Provisions financed through 13/14 budget allocations		196,620	196,620		196,620
<b>Closing Funding Surplus(Deficit)</b>	<b>1,979</b>	<b>1,234,859</b>	<b>4,540</b>	<b>0</b>	<b>6,518</b>

**Shire of Jerramungup**  
**STATEMENT OF BUDGET REVIEW**  
**(Statutory Reporting Program)**  
**For the Period Ended 31st January 2014**

	Note	Budget v Actual		Predicted			
		Revised Annual Budget \$ (a)	YTD Actual \$ (b)	Variance Permanent (c)	Variance Timing (Carryover) (d)	Year End \$ (a)+(c)+(d)	
<b>Operating Revenues</b>		\$	\$	\$	\$	\$	
Governance		9,409	13,486	9,119		18,529	
General Purpose Funding		3,051,600	2,940,277	69,133		3,120,732	
Law, Order and Public Safety		411,148	93,677	(58,293)		352,854	
Health		2,500	3,833	1,333		3,833	
Education and Welfare		40,754	28,195	7,581		48,335	
Housing		79,179	51,456	5,818		84,997	
Community Amenities		355,696	310,414	(26,023)		329,674	
Recreation and Culture		197,409	197,519	3,372		200,781	
Transport		1,809,146	812,982	(365,190)		1,443,956	
Economic Services		38,141	16,734	(9,455)		28,687	
Other Property and Services		741,903	521,628	77,889		819,793	
		6,736,886	4,990,202	(284,716)	0	6,452,170	
<b>Operating Expense</b>							
Governance		(239,004)	(247,208)	(84,209)		(323,212)	
General Purpose Funding		(76,945)	(63,288)	(24,049)		(100,994)	
Law, Order and Public Safety		(496,545)	(343,552)	(44,036)		(540,581)	
Health		(269,184)	(99,573)	65,597		(203,587)	
Education and Welfare		(122,801)	(83,378)	5,064		(117,737)	
Housing		(69,814)	(39,920)	1,108		(68,706)	
Community Amenities		(910,050)	(513,306)	(14,142)		(924,191)	
Recreation and Culture		(724,529)	(540,326)	(61,569)		(786,098)	
Transport		(2,517,623)	(1,482,899)	163,466		(2,354,157)	
Economic Services		(187,849)	(110,905)	(1,994)		(189,843)	
Other Property and Services		(315,851)	(389,970)	(62,838)		(378,689)	
		(5,930,193)	(3,914,323)	(57,601)	0	(5,987,794)	
<b>Funding Balance Adjustment</b>							
Add Back Depreciation		1,413,997	806,052	(33,098)		1,380,899	
Adjust (Profit)/Loss on Asset Disposal		(25,368)	26,062	(1,950)		(27,317)	
Adjust Provisions and Accruals						0	
<b>Net Operating</b>		2,195,323	1,907,992	(377,365)	0	1,817,957	
<b>Capital Revenues</b>							
Proceeds from Disposal of Assets		240,136	152,694	12,909	0	253,045	
Proceeds from New Debentures		350,000	0	0		350,000	
Proceeds from Sale of Investments		0	0	0		0	
Proceeds from Advances		0	0	0		0	
Self-Supporting Loan Principal		0	0	0		0	
Transfer from Reserves		279,900	80,000	15,000		294,900	
		870,036	232,694	27,909	0	897,945	
<b>Capital Expenses</b>							
Land Held for Resale		0	0	0		0	
Parks, Land and Buildings		(783,700)	(53,594)	99,840	0	(683,860)	
Plant and Equipment		(461,914)	(264,555)	(12,641)	0	(474,555)	
Furniture and Equipment		(10,000)	(7,528)	(4,963)		(14,963)	
Infrastructure Assets - Roads		(2,332,044)	(1,121,541)	351,529	0	(1,980,515)	
Infrastructure Assets - Other		(72,500)	(80,036)	(33,873)		(106,373)	
Purchase of Investments		0	0	0		0	
Repayment of Debentures		(99,724)	(52,178)	0		(99,724)	
Advances to Community Groups		0	0	0		0	
Transfer to Reserves		(236,534)	(207,536)	6,000		(230,534)	
		(3,996,416)	(1,786,968)	405,893	0	(3,590,524)	
<b>Net Capital</b>		(3,126,380)	(1,554,275)	433,801	0	(2,692,579)	
<b>Net Operating + Capital</b>		(931,058)	353,718	56,436	0	(874,622)	
Opening Funding Surplus(Deficit)		933,037	684,521	(248,516)		684,521	
Add Back Opening Balance items associated with Leave Provisions financed through 13/14 budget allocations			196,620	196,620		196,620	
<b>Closing Funding Surplus(Deficit)</b>	2	1,979	1,234,859	4,540	0	6,519	

**Shire of Jerramungup**  
**NOTES TO THE BUDGET REVIEW REPORT**  
**For the Period Ended 31st January 2014**

**1. SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies which have been adopted in the preparation of this statement of financial activity are:

**(a) Basis of Accounting**

This statement is a special purpose financial report, prepared in accordance with applicable Australian Accounting Standards, other mandatory professional reporting requirements and the Local Government Act 1995 (as amended) and accompanying regulations (as amended).

**(b) The Local Government Reporting Entity**

All Funds through which the Council controls resources to carry on its functions have been included in this statement.

In the process of reporting on the local government as a single unit, all transactions and balances between those funds (for example, loans and transfers between Funds) have been eliminated.

**(c) Rounding Off Figures**

All figures shown in this statement, other than a rate in the dollar, are rounded to the nearest dollar.

**(d) Rates, Grants, Donations and Other Contributions**

Rates, grants, donations and other contributions are recognised as revenues when the local government obtains control over the assets comprising the contributions. Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates.

**(e) Goods and Services Tax**

In accordance with recommended practice, revenues, expenses and assets capitalised are stated net of any GST recoverable. Receivables and payables are stated inclusive of applicable GST.

**(f) Cash and Cash Equivalents**

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included as short-term borrowings in current liabilities.

**(g) Trade and Other Receivables**

Trade receivables, which generally have 30 - 90 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less any allowance for uncollectible amounts.

Collectability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that they will not be collectible.

**Shire of Jerramungup**  
**NOTES TO THE BUDGET REVIEW REPORT**  
**For the Period Ended 31st January 2014**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(h) Inventories**

**General**

Inventories are valued 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 of necessary to make the sale.

Inventories held from trading are classified as current even if not expected to be raised in the next 12 months.

**Land Held for Resale**

Land purchased for development and/or resale is valued at the lower of the cost and net realisable value. Cost includes the cost of acquisition, development and interest incurred on the financing of that land during its development. Interest and holding charges incurred after development is complete are recognised as expenses.

Revenue arising from the sale of property is recognised in the operating statement as at the time of signing a binding contract of sale.

Land held for resale is classified as current except where it is held as non-current based on Council's intentions to release for sale.

**(i) Fixed Assets**

All assets are initially recognised at cost. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the Municipality includes the cost of all materials used in the construction, direct labour on the project and an appropriate proportion of variable and fixed overhead.

Certain asset classes may be revalued on a regular basis such that the carrying values are not materially different from fair value. Assets carried at fair value are to be revalued with sufficient regularity to ensure the carrying amount does not differ materially from that determined using fair value at reporting date.

**(j) Depreciation of Non-Current Assets**

All non-current assets having a limited useful life are systematically depreciated over their useful lives in a manner which reflects the consumption of the future economic benefits embodied in those assets.

Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time the asset is completed and held ready for use.

Depreciation is recognised on a straight-line basis, using rates which are reviewed each reporting period. Major depreciation periods are:

Land	Not Depreciated
Buildings	2.00%
Furniture and Internal	15.00%
-Computers	33.30%
Light Vehicles - replacement due	
- Every Year	5.00%
- Every Two Years	10.00%
- More Than Two Ye	15.00%
Light Plant and Extern	15.00%
Heavy Plant and Exter	10.00%
Sealed Roads and Streets:	
- Clearing and Earth	0.00%
- Pavement	2.00%
- Kerb	5.00%
- Seal	3.33%
Unsealed Roads and Streets	
- Clearing and Earth	0.00%
- Pavement	3.33%
Footpaths	2.00%
Drainage, Sewerage Fi	2.00%
Other Infrastructure	2.00%

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

**Shire of Jerramungup**  
**NOTES TO THE BUDGET REVIEW REPORT**  
**For the Period Ended 31st January 2014**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(k) Impairment**

In accordance with Australian Accounting Standards the Council's assets, other than inventories, are assessed at each reporting date to determine whether there is any indication they may be impaired.

Where such an indication exists, an estimate of the recoverable amount of the asset is made in accordance with AASB 136 "Impairment of Assets" and appropriate adjustments made.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the Income Statement.

For non-cash generating assets such as roads, drains, public buildings and the like, value in use is represented by the depreciated replacement cost of the asset.

At the time of preparing this report, it is not possible to estimate the amount of impairment losses (if any) as at 30 June 2010.

In any event, an impairment loss is a non-cash transaction and consequently, has no impact on the Monthly Statement of Financial Position from a budgetary perspective.

**(l) Trade and Other Payables**

Trade and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the Municipality prior to the end of the financial year that are unpaid and arise when the Municipality becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

**(m) Employee Benefits**

The provisions for employee benefits relates to amounts expected to be paid for long service leave, annual leave, wages and salaries and are calculated as follows:

**(i) Wages, Salaries, Annual Leave and Long Service Leave (Short-term Benefits)**

The provision for employees' benefits to wages, salaries, annual leave and long service leave expected to be settled within 12 months represents the amount the municipality has a present obligation to pay resulting from employees services provided to balance date. The provision has been calculated at nominal amounts based on remuneration rates the Council expects to pay and includes related on-costs.

**(ii) Annual Leave and Long Service Leave (Long-term Benefits)**

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the project unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match as closely as possible, the estimated future cash outflows. Where Council does not have the unconditional right to defer settlement beyond 12 months, the liability is recognised as a current liability.

**Shire of Jerramungup**  
**NOTES TO THE BUDGET REVIEW REPORT**  
**For the Period Ended 31st January 2014**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(n) Interest-bearing Loans and Borrowings**

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

Borrowings are classified as current liabilities unless the Council has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

***Borrowing Costs***

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.

**(o) Provisions**

Provisions are recognised when: The council has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one of item included in the same class of obligations may be small.

**(p) 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. The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Council's operational cycle. In the case of liabilities where Council 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 even if not expected to be realised in the next 12 months except for land held for resale where it is held as non current based on Council's intentions to release for sale.

**Shire of Jerramungup**  
**NOTES TO THE BUDGET REVIEW REPORT**  
**For the Period Ended 31st January 2014**

**(q) Nature or Type Classifications**

**Rates**

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

**Operating Grants, Subsidies and Contributions**

Refer 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 non-current assets paid to a local government, irrespective of whether these amounts are received as capital grants, subsidies, contributions or donations.

**Profit on Asset Disposal**

Profit on the disposal of assets including gains on the disposal of long term investments. Losses are disclosed under the expenditure classifications.

**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.

**Service Charges**

Council does not have any service 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 etc.

**Employee Costs**

All costs associate 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, consultancy, maintenance agreements, communication expenses, advertising expenses, membership, periodicals, publications, hire expenses, rental, leases, 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, etc.)**

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.



**Shire of Jerramungup**  
**NOTES TO THE BUDGET REVIEW REPORT**  
**For the Period Ended 31st January 2014**

**(q) Nature or Type Classifications (Continued)**

**Insurance**

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

**Loss on asset disposal**

Loss on the disposal of fixed assets.

**Depreciation on non-current assets**

Depreciation expense raised on all classes of assets.

**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, provision for bad debts, member's fees or levies including WA Fire Brigade Levy and State taxes. Donations and subsidies made to community groups.

**(r) Statement of Objectives**

In order to discharge its responsibilities to the community, the Council has developed a set of operational and financial objectives. These objectives have been established both on an overall basis and for each of its broad activities/programs.

Council operations as disclosed in this statement encompass the following service orientated activities/programs:

**GOVERNANCE**

Details expenses related to Councils seven councillors, who normally meet the third Wednesday of each month, make policy decisions, review Councils operations, plan for current and future service provision requirements and undertake necessary appropriate training and attend conferences.

**GENERAL PURPOSE FUNDING**

Rates - the amount raised is determined by Councils budget "shortfall" that is known income and desired expenditure.

General purpose grants - are the grant amounts paid to the shire from Federal Government funding as determined by and via the Western Australian Local Government Grants Commission.

Interest - interest earned on monies invested or deposited by Council.

**LAW, ORDER, PUBLIC SAFETY**

Supervision of by-laws, fire prevention and animal control.  
Requirements that Council carries out by statute.

**HEALTH**

Food quality control, immunisation, contributions to medical, health and operation of the child health clinic.

**Shire of Jerramungup**  
**NOTES TO THE BUDGET REVIEW REPORT**  
**For the Period Ended 31st January 2014**

**(r) STATEMENT OF OBJECTIVE (Continued)**

**EDUCATION AND WELFARE**

Assists in the provision of the Home and Community Care services, Seniors and Pensioner requirements.

**HOUSING**

Provides and maintains housing rented to staff and non-staff. Council is a major landlord, providing accommodation for aged, pensioner, single, married and Government Employees.

**COMMUNITY AMENITIES**

Operation and control of cemeteries, public conveniences and sanitation service. Provides public amenities. Owns and operates the town site deep sewerage service. Controls and maintains one rubbish disposal site.

**RECREATION AND CULTURE**

Maintenance of hall, the aquatic centre, library and various reserves.

**TRANSPORT**

Construction and maintenance of roads, footpaths, drainage works and cleaning of streets. Provision of infrastructure necessary to ensure adequate transport, communication, freight, social access routes and environmental enhancement within the shire.

**ECONOMIC SERVICES**

Tourism, pest control, building controls and natural resource management. Tourism facilities, information and directional signs. Weed and pest control services. Necessary building control services.

**OTHER PROPERTY & SERVICES**

Private works carried out by council and indirect cost allocation pools.  
Public Works Overheads, plant operation and administrative costs are allocated to the various functions, works and services provided by Council.

**Shire of Jerramungup**  
**NOTES TO THE REVIEW OF THE ANNUAL BUDGET**  
**For the Period Ended 31st January 2014**

**Note 2: PREDICTED VARIANCES**

Comments/Reason for Variance	Variance \$	
	Permanent	Timing
<b>2.1 OPERATING REVENUE (EXCLUDING RATES)</b>		
<b>2.1.1 PROFIT ON ASSET DISPOSAL</b>		
No Material Variance	0	0
<b>2.1.2 FEES AND CHARGES</b>		
No Material Variance	(9,754)	0
<b>2.1.3 GRANTS, SUBSIDIES AND CONTRIBUTIONS</b>		
MRWA direct grant was higher than budgeted by approximately \$12,000. Approximately \$50,000 of unbudgeted income associated with workers compensation reimbursements is projected. This is offset by the increases in employee costs.	55,125	0
<b>2.1.7 INTEREST EARNINGS</b>		
Interest earnings down due to financial market conditions and quantity of funds held in Council's investment account compared to last financial year.	(2,371)	0
<b>2.1.8 OTHER REVENUE</b>		
No Material Variance	14,890	0
Predicted Variances Carried Forward	<b>57,891</b>	<b>0</b>

**Shire of Jerramungup**  
**NOTES TO THE REVIEW OF THE ANNUAL BUDGET**  
**For the Period Ended 31st January 2014**

**Note 2: PREDICTED VARIANCES**

Comments/Reason for Variance	Variance \$	
	Permanent	Timing
Predicted Variances Brought Forward	<b>57,891</b>	<b>0</b>
<b>2.2 OPERATING EXPENSES</b>		
<b>2.2.1 EMPLOYEE COSTS</b>		
Increases in employee costs associated with employment of Engineering Officer for full year. Offset by income associated with workers compensation reimbursements. A budget amendment allocating \$40k of employee costs to the bushfire sheds is also unlikely to be required which would result on this budget being on target.	(50,515)	0
<b>2.2.2 MATERIAL AND CONTRACTS</b>		
No Material Variance	(30,035)	0
<b>2.2.3 UTILITY CHARGES</b>		
No Material Variance	(23,476)	0
<b>2.2.4 DEPRECIATION (NON CURRENT ASSETS)</b>		
No Material Variance - non cash item	33,098	0
<b>2.2.4 INTEREST EXPENSES</b>		
No Material Variance	0	0
<b>2.2.5 INSURANCE EXPENSES</b>		
	(11,632)	0
<b>2.2.6 LOSS ON ASSET DISPOSAL</b>		
Non - Material, non cash variance.	1,950	0
<b>2.2.7 OTHER EXPENDITURE</b>		
Minor variance associated with plant and overhead allocations. Also a \$10k reduction in payments for DoT licensing, this is directly offset though by reduction in income received.	23,008	0
Predicted Variances Carried Forward	<b>289</b>	<b>0</b>

**Shire of Jerramungup**  
**NOTES TO THE REVIEW OF THE ANNUAL BUDGET**  
**For the Period Ended 31st January 2014**

**Note 2: PREDICTED VARIANCES**

Comments/Reason for Variance	Variance \$	
	Permanent	Timing
Predicted Variances Brought Forward	<b>289</b>	<b>0</b>
<b>2.3 CAPITAL REVENUE</b>		
<b>2.3.1 GRANTS, SUBSIDIES AND CONTRIBUTIONS</b>		
Reduction in capital grants associated with budgeted CLGF 2013/2014 withdrawal and also projected income for RCLIP Federal Government Funding. A reduction of \$25k for the bushfire shed at Needilup has also been forecast.	(411,736)	0
<b>2.3.2 PROCEEDS FROM DISPOSAL OF ASSETS</b>		
No Material Variance	12,909	0
<b>2.3.3 PROCEEDS FROM NEW DEBENTURES</b>		
	0	0
<b>2.3.4 PROCEEDS FROM SALE OF INVESTMENT</b>		
	0	0
<b>2.3.5 PROCEEDS FROM ADVANCES</b>		
	0	0
<b>2.3.6 SELF-SUPPORTING LOAN PRINCIPAL</b>		
	0	0
<b>2.3.7 TRANSFER FROM RESERVES (RESTRICTED ASSETS)</b>		
Additional \$65k as per budget amendment for transfer from Plant Reserve associated with Prime Mover. Only \$50k is projected to be required from the building reserve to cover expenses associated with the Doctor this financial year, originally \$100k was provided for in the budget amendment.	15,000	0
Predicted Variances Carried Forward	<b>(383,538)</b>	<b>0</b>

**Shire of Jerramungup**  
**NOTES TO THE REVIEW OF THE ANNUAL BUDGET**  
**For the Period Ended 31st January 2014**

**Note 2: PREDICTED VARIANCES**

Comments/Reason for Variance	Variance \$	
	Permanent	Timing
Predicted Variances Brought Forward	<b>(383,538)</b>	<b>0</b>
<b>2.4 CAPITAL EXPENSES</b>		
<b>2.4.1 LAND HELD FOR RESALE</b>		
<b>2.4.2 LAND AND BUILDINGS</b> Detailed breakdown provided in Note 4. A reduction in expenditure from the deferral of Boxwood Bushfire Shed and the Bremer Bay Community Centre Office renovation.	99,840	0
<b>2.4.3 PLANT AND EQUIPMENT</b>  Further details provided in note 4. No material overspends identified. Plant trailer will be deferred for re-consideration in next years budget. Approved budget variation to the Prime Mover was passed in December.	<b>(12,641)</b>	0
<b>2.4.4 FURNITURE AND EQUIPMENT</b> No Material Variance	<b>(4,963)</b>	0
<b>2.4.5 INFRASTRUCTURE ASSETS - ROADS</b>  Detailed summary of roads is provided in Note 4 however on the total there is no significant variance excepting the reduction in scope for the Bremer Bay Town Centre as a result of funding cuts from CLGF and RLCIP	351,529	0
<b>2.4.6 INFRASTRUCTURE ASSETS - OTHER</b> Increased expenditure associated with Jerramungup Entry Statement.	<b>(33,873)</b>	0
<b>2.4.7 PURCHASES OF INVESTMENT</b>	0	0
<b>2.4.8 REPAYMENT OF DEBENTURES</b> No Variance projected.	0	0
<b>2.4.9 ADVANCES TO COMMUNITY GROUPS</b>	0	0
Predicted Variances Carried Forward	<b>16,354</b>	<b>0</b>

**Shire of Jerramungup**  
**NOTES TO THE REVIEW OF THE ANNUAL BUDGET**  
**For the Period Ended 31st January 2014**

**Note 2: PREDICTED VARIANCES**

Comments/Reason for Variance	Variance \$	
	Permanent	Timing
Predicted Variances Brought Forward	<b>16,354</b>	<b>0</b>
<b>2.5 OTHER ITEMS</b>		
<b>2.5.10 TRANSFER TO RESERVES (RESTRICTED ASSETS)</b>		
Actual interest earned likely to be less than budgeted due to interest rates	6,000	0
<b>2.5.11 TRANSFER FROM RESERVES (RESTRICTED ASSETS)</b>		
	0	0
<b>2.5.1 RATE REVENUE</b>		
Additional income from rates associated with valuation increases post rates billing	69,129	0
<b>2.5.2 OPENING FUNDING SURPLUS(DEFICIT)</b>		
Significant variance is documented between the budgeted and actual opening balance. This is almost entirely due to the Department's new guidelines for the calculation which now includes Employee Provisions for leave. Advice is being sought from the auditor as this is a potential double up of funds given the Shire budgets for employees to take their annual leave each year - thus they are employed for the full financial year. By adding an additional provision for their leave this doubles up on the funds required. The only risk from a cash impact is where an employee is cashed out their leave entitlement and continues to work for the remainder of the year.	(248,516)	0
<b>2.5.3 NON-CASH WRITE BACK OF PROFIT (LOSS), DEPRECIATION</b>		
No Material Variance	(35,048)	0
<b>Correction to Closing Statutory Budget Balance</b>		
As detailed in opening funding variance. Leave provisions have been added back	196,620	0
<b>Total Predicted Variances as per Annual Budget Review</b>	<b>4,540</b>	<b>0</b>

Shire of Jerramungup  
NOTES TO THE BUDGET REVIEW REPORT  
For the Period Ended 31st January 2014

**Note 3: OUT OF BUDGET EXPENSE APPROVALS - FORECAST CHANGES**  
Amendments to original budget since budget adoption. Surplus/(Deficit)

GL Account Code	Description	Council Resolution	Classification	No Change (Non Cash Items) Adjust.	Increase in Available Cash	Decrease in Available Cash	Amended Budget Running Balance
	<b>Budget Adoption</b>			\$	\$	\$	\$
	General Practice Business Support System		Opening Surplus(Deficit)				1,979
	Reallocation of funds from building reserve for above - reduction in budget for staff house in Bremer Bay	SC130801	Operating Expenses			(162,000)	(160,021)
	Reduction in budget for Doctor's Vehicle	SC130801	Operating Revenue		100,000		(60,021)
	Deferral of Positrac Trailer	SC130801	Capital Expenses		10,000		(50,021)
	Reallocation of labour resources to Bushfire Brigade sheds earthworks instead of utilising contract resources	SC130801	Capital Expenses		12,000		(38,021)
	Increase budget provision for Prime Mover purchase	SC130801	Operating Expenses		40,000		1,979
	Allocate Savings from other plant fleet	OC131203	Capital Expenses			(60,000)	(58,021)
	Fund remaining balance of Prime Mover Purchase from reserve	OC131203	Capital Expenses		22,000		(36,021)
		OC131203	Capital Revenue		38,000		1,979
	<b>Amended Budget Cash Position as per Council Resolution</b>			0	222,000	(222,000)	1,979



**Shire of Jerramungup**  
**NOTES TO THE BUDGET REVIEW REPORT**  
**For the Period Ended 31st January 2014**

**Note 4: Detailed Capital Works and Asset Acquisitions Summary**

Classification	Description	Data	Total	Comment
Buildings	Bush Fire Brigade Shed - Boxwood	Sum of Current Budget	\$125,000	
		Sum of Adjusted Forecast	\$2,520	
		Sum of Variance	-\$122,480	
	Bush Fire Brigade Shed - Needilup	Sum of Current Budget	\$125,000	
		Sum of Adjusted Forecast	\$172,520	
		Sum of Variance	\$47,520	
	13 John Street Old Bushfire Shed Additions - Pelican	Sum of Current Budget	\$5,700	
		Sum of Adjusted Forecast	\$5,700	
		Sum of Variance	\$0	
	4 Derrick Street Improvements	Sum of Current Budget	\$30,000	
		Sum of Adjusted Forecast	\$36,000	
		Sum of Variance	\$6,000	
Bremer Bay Community Resource Centre Renovations	Sum of Current Budget	\$30,000		
	Sum of Adjusted Forecast	\$0		
	Sum of Variance	-\$30,000		
Purchase Lot 218 Mcglade Cl Bremer Bay - Closed	Sum of Current Budget	\$0		
	Sum of Adjusted Forecast	\$929		
	Sum of Variance	\$929		
Jacup Emergency Water Dam Construction	Sum of Current Budget	\$68,000		
	Sum of Adjusted Forecast	\$66,191		
	Sum of Variance	-\$1,809		
New Staff House - Bremer Bay	Sum of Current Budget	\$400,000		
	Sum of Adjusted Forecast	\$400,000		
	Sum of Variance	\$0		
Buildings Sum of Current Budget				
Buildings Sum of Adjusted Forecast				\$783,700
Buildings Sum of Variance				\$683,860
Equipment	New Server Computer Network	Sum of Current Budget		
		Sum of Adjusted Forecast	\$5,000	
		Sum of Variance	\$5,000	
	Furniture And Equip For Needilup Bush Fire Brigade	Sum of Current Budget	\$0	
		Sum of Adjusted Forecast	\$2,482	
		Sum of Variance	\$2,482	
	Furniture & Equip For Boxwood Hill Bush Fire Brigade	Sum of Current Budget	\$0	
		Sum of Adjusted Forecast	\$2,482	
		Sum of Variance	\$2,482	

**Shire of Jerramungup**  
**NOTES TO THE BUDGET REVIEW REPORT**  
**For the Period Ended 31st January 2014**

**Note 4: Detailed Capital Works and Asset Acquisitions Summary**

Classification	Description	Data	Total	Comment
Equipment	Entertainment Centre Floor Cleaner	Sum of Current Budget	\$5,000	
		Sum of Adjusted Forecast	\$5,000	
		Sum of Variance	\$0	
Equipment Sum of Current Budget				
Equipment Sum of Adjusted Forecast				
Equipment Sum of Variance				
Parks	Entry Statement - Jmp Eastern Entrance	Sum of Current Budget	\$15,000	
		Sum of Adjusted Forecast	\$45,003	
		Sum of Variance	\$30,003	
	Lions Park Toilets And Improvements	Sum of Current Budget	\$2,500	
		Sum of Adjusted Forecast	\$2,500	
		Sum of Variance	\$0	
	Footpath - Bennett To Caravan Park	Sum of Current Budget	\$50,000	
		Sum of Adjusted Forecast	\$53,870	
		Sum of Variance	\$3,870	
Parks Sum of Current Budget				
Parks Sum of Adjusted Forecast				
Parks Sum of Variance				
Plant	Road Construction Fuel Trailer	Sum of Current Budget	\$15,000	
		Sum of Adjusted Forecast	\$15,150	
		Sum of Variance	\$150	
	2013 Toyota Hilux Sr5	Sum of Current Budget	\$43,000	
		Sum of Adjusted Forecast	\$42,047	
		Sum of Variance	-\$953	
	Rural Maintenance - Trayback Utility -Jp005	Sum of Current Budget	\$32,000	
		Sum of Adjusted Forecast	\$22,157	
		Sum of Variance	-\$9,843	
	Town Maintenance - Trayback Utility -Jp0016	Sum of Current Budget	\$32,000	
		Sum of Adjusted Forecast	\$22,157	
		Sum of Variance	-\$9,843	
	2013 Prime Mover	Sum of Current Budget	\$140,000	
		Sum of Adjusted Forecast	\$210,000	
		Sum of Variance	\$70,000	
	2013 Toyota Prado - Ceo	Sum of Current Budget	\$52,000	
		Sum of Adjusted Forecast	\$52,949	
		Sum of Variance	\$949	
	2013 Toyota Kluger - Dceo	Sum of Current Budget	\$33,957	
		Sum of Adjusted Forecast	\$34,047	
		Sum of Variance	\$90	

**Shire of Jerramungup**  
**NOTES TO THE BUDGET REVIEW REPORT**  
**For the Period Ended 31st January 2014**

**Note 4: Detailed Capital Works and Asset Acquisitions Summary**

Classification		Description	Data	Total	Comment
Plant		2013 - Doctors Vehicle	Sum of Current Budget	\$42,000	
			Sum of Adjusted Forecast	\$42,000	
			Sum of Variance	\$0	
		2013 Toyota Kluger - Planner	Sum of Current Budget	\$33,957	
			Sum of Adjusted Forecast	\$34,047	
			Sum of Variance	\$90	
Plant Sum of Current Budget					
Plant Sum of Adjusted Forecast					
Plant Sum of Variance					
Roads		Bennett St - Jerramungup	Sum of Current Budget	\$65,000	
			Sum of Adjusted Forecast	\$65,000	
			Sum of Variance	\$0	
		Boxwood Ongerup Road	Sum of Current Budget	\$130,000	
			Sum of Adjusted Forecast	\$130,000	
			Sum of Variance	\$0	
		Bremer Bay Town Centre Roads And Landscaping	Sum of Current Budget	\$843,044	
			Sum of Adjusted Forecast	\$458,222	
			Sum of Variance	-\$384,822	
		Corackerup Road	Sum of Current Budget	\$0	
			Sum of Adjusted Forecast	\$178	
			Sum of Variance	\$178	
		Derrick Street Jerramungup Reseal R2R	Sum of Current Budget	\$0	
			Sum of Adjusted Forecast	\$1,045	
			Sum of Variance	\$1,045	
		Fitzgerald Road	Sum of Current Budget	\$80,000	
			Sum of Adjusted Forecast	\$80,000	
			Sum of Variance	\$0	
		Gnombup Terrace Construction	Sum of Current Budget	\$25,000	
			Sum of Adjusted Forecast	\$27,424	
			Sum of Variance	\$2,424	
		Main Roads - Swamp Road Construction	Sum of Current Budget	\$135,000	
			Sum of Adjusted Forecast	\$146,915	
			Sum of Variance	\$11,915	
		Maringarup West Road Construction	Sum of Current Budget	\$0	
			Sum of Adjusted Forecast	\$310	
			Sum of Variance	\$310	

**Shire of Jerramungup**  
**NOTES TO THE BUDGET REVIEW REPORT**  
**For the Period Ended 31st January 2014**

**Note 4: Detailed Capital Works and Asset Acquisitions Summary**

Classification	Description	Data	Total	Comment
Roads	Memorial Road	Sum of Current Budget Sum of Adjusted Forecast Sum of Variance	\$0 \$269 \$269	
	Rabbit Proof Fence Road	Sum of Current Budget Sum of Adjusted Forecast Sum of Variance	\$120,000 \$129,205 \$9,205	
	Swamp Road	Sum of Current Budget Sum of Adjusted Forecast Sum of Variance	\$0 \$53 \$53	
	Vasey Street - Townsite Revitalisation	Sum of Current Budget Sum of Adjusted Forecast Sum of Variance	\$0 \$149 \$149	
	Mojebup Road Construction (Formally Monkey Road)	Sum of Current Budget Sum of Adjusted Forecast Sum of Variance	\$100,000 \$100,602 \$602	
	Wellstead Road	Sum of Current Budget Sum of Adjusted Forecast Sum of Variance	\$25,000 \$25,000 \$0	
	Lancaster Road Roads To Recovery	Sum of Current Budget Sum of Adjusted Forecast Sum of Variance	\$0 \$75 \$75	
	Marnigarup Road West - Roads To Recovery	Sum of Current Budget Sum of Adjusted Forecast Sum of Variance	\$53,832 \$55,900 \$2,068	
	Roads Sum of Current Budget		\$1,576,876	
	Roads Sum of Adjusted Forecast		\$1,220,347	
	Roads Sum of Variance		-\$356,529	
	Total Sum of Current Budget		\$2,866,990	
	Total Sum of Adjusted Forecast		\$2,500,098	
	Total Sum of Variance		-\$366,893	