

SHIRE OF JERRAMUNGUP

BUDGET REVIEW REPORT

FOR THE PERIOD ENDED 28 FEBRUARY 2025

LOCAL GOVERNMENT ACT 1995

LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996

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SHIRE OF JERRAMUNGUP
STATEMENT OF BUDGET REVIEW
FOR THE PERIOD ENDED 28 FEBRUARY 2025

		Budget v Actual			Estimated	Predicted	
		Adopted	Updated	Year to Date	Year at End	Variance	
Note		Budget	Budget	Actual	Amount	(b) - (a)	
		\$	(a)	\$	(b)	\$	
OPERATING ACTIVITIES							
Revenue from operating activities							
	General rates	4,053,360	4,053,360	4,042,656	4,053,360	0	
	Grants, subsidies and contributions	1,075,347	1,075,347	793,749	1,140,804	65,457	▲
	Fees and charges	1,002,867	1,002,867	929,866	1,002,867	0	
	Interest revenue	218,658	218,658	147,200	240,749	22,091	▲
	Other revenue	102,458	102,458	74,467	102,458	0	
	Profit on asset disposals	20,356	20,356	0	20,356	0	
		6,473,046	6,473,046	5,987,939	6,560,594	87,548	
Expenditure from operating activities							
	Employee costs	(2,894,791)	(2,894,791)	(1,748,402)	(2,894,791)	0	
	Materials and contracts	(3,634,257)	(3,634,257)	(1,588,297)	(3,621,152)	13,105	▲
	Utility charges	(164,259)	(164,259)	(126,204)	(198,259)	(34,000)	▼
	Depreciation	(3,093,050)	(3,093,050)	(2,091,902)	(3,138,050)	(45,000)	▼
	Finance costs	(62,738)	(62,738)	(9,468)	(62,738)	0	
	Insurance	(281,209)	(281,209)	(277,889)	(281,209)	0	
	Other expenditure	(196,845)	(196,845)	(149,129)	(196,845)	0	
	Loss on asset disposals	(6,234)	(6,234)	0	(1,407)	4,827	▲
		(10,333,384)	(10,333,384)	(5,991,290)	(10,394,452)	(61,068)	
	Non-cash amounts excluded from operating activities	3,078,928	3,078,928	2,091,902	3,119,101	40,173	▲
	Amount attributable to operating activities	(781,409)	(781,409)	2,088,550	(714,756)	66,653	
INVESTING ACTIVITIES							
Inflows from investing activities							
	Capital grants, subsidies and contributions	3,854,416	3,854,416	328,000	2,117,884	(1,736,532)	▼
	Proceeds from disposal of assets	227,345	227,345	0	185,545	(41,800)	▼
		4,081,761	4,081,761	328,000	2,303,429	(1,778,332)	
Outflows from investing activities							
	Purchase of land and buildings	(200,243)	(200,243)	(9,600)	(233,467)	(33,224)	▼
	Purchase of plant and equipment	(663,692)	(663,692)	(185,792)	(663,692)	0	
	Purchase and construction of infrastructure-roads	(2,360,946)	(2,360,946)	(1,166,912)	(2,360,946)	0	
	Purchase and construction of infrastructure-other	(3,385,294)	(3,385,294)	(103,346)	(990,048)	2,395,246	▲
		(6,610,175)	(6,610,175)	(1,465,649)	(4,248,153)	2,362,022	
	Amount attributable to investing activities	(2,528,414)	(2,528,414)	(1,137,649)	(1,944,724)	583,690	
FINANCING ACTIVITIES							
Cash inflows from financing activities							
	Proceeds from new borrowings	900,000	900,000	0	0	(900,000)	▼
	Transfers from reserve accounts	447,976	447,976	0	468,871	20,895	▲
		1,347,976	1,347,976	0	468,871	(879,105)	
Cash outflows from financing activities							
	Payments for principal portion of lease liabilities	(32,688)	(32,688)	(21,767)	(32,688)	0	
	Repayment of borrowings	(145,275)	(145,275)	(111,578)	(145,275)	0	
	Transfers to reserve accounts	(451,357)	(451,357)	(385,765)	(451,357)	0	
		(629,320)	(629,320)	(519,110)	(629,320)	0	
	Amount attributable to financing activities	718,656	718,656	(519,110)	(160,449)	(879,105)	
MOVEMENT IN SURPLUS OR DEFICIT							
	Surplus or deficit at the start of the financial year	2,591,167	2,591,167	2,819,929	2,819,929	228,762	▲
	Amount attributable to operating activities	(781,409)	(781,409)	2,088,551	(714,756)	66,653	
	Amount attributable to investing activities	(2,528,414)	(2,528,414)	(1,137,649)	(1,944,724)	583,690	
	Amount attributable to financing activities	718,656	718,656	(519,110)	(160,449)	(879,105)	
	Surplus or deficit after imposition of general rates	(0)	(0)	3,251,722	(0)	0	

This budget review has been prepared in accordance with the *Local Government Act 1995* and accompanying regulations.

Local Government Act 1995 requirements

Section 6.4(2) of the *Local Government Act 1995* read with the *Local Government (Financial Management) Regulations 1996*, prescribe that the budget review be prepared in accordance with the *Local Government Act 1995* and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards. The Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and Interpretations of the Australian Accounting Standards Board were applied where no inconsistencies exist.

The *Local Government (Financial Management) Regulations 1996* specify that vested land is a right-of-use asset to be measured at cost, and is considered a zero cost concessionary lease. All right-of-use assets under zero cost concessionary leases are measured at zero cost rather than at fair value, except for vested improvements on concessionary land leases such as roads, buildings or other infrastructure which continue to be reported at fair value, as opposed to the vested land which is measured at zero cost. The measurement of vested improvements at fair value is a departure from AASB 16 Leases which would have required the Shire of Jerramungup 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.

Year to Date Actual balances

Balances shown in this budget as Year to Date Actual are based on records at the time of preparation of the budget review and are subject to final adjustments.

Rounding off figures

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

THE LOCAL GOVERNMENT REPORTING ENTITY

All funds through which the Shire of Jerramungup 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.

Critical accounting estimates and judgements

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.

As with all estimates, the use of different assumptions could lead to material changes in the amounts reported in the budget review.

The following are estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the current financial year:

- 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

MATERIAL ACCOUNTING POLICIES

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

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

	Audited Actual 30 June 2024	Adopted Budget 30 June 2025	Updated Budget Estimates 30 June 2025	Year to Date Actual 28 February 2025	Estimated Year at End Amount 30 June 2025
	\$	\$	\$	\$	\$
(a) Composition of estimated net current assets					
Current assets					
Cash and cash equivalents	6,402,210	2,865,340	2,865,340	4,421,847	2,844,445
Financial assets	0	0	0	2,801,700	0
Trade and other receivables	419,963	1,222,462	1,222,462	598,948	1,222,462
Inventories	22,667	22,667	22,667	22,668	22,667
Contract assets	241,286	0	0	0	0
	7,086,126	4,110,469	4,110,469	7,844,663	4,089,574
Less: current liabilities					
Trade and other payables	(623,668)	(1,323,659)	(1,323,659)	(323,154)	(1,323,659)
Contract liabilities	(432,653)	0	0	(674,147)	0
Lease liabilities	(32,688)	(34,148)	(34,148)	(10,921)	(34,148)
Borrowings	(145,275)	(295,884)	(295,884)	(33,698)	(295,884)
Employee related provisions	(475,807)	(475,807)	(475,807)	(475,807)	(475,807)
	(1,710,091)	(2,129,498)	(2,129,498)	(1,517,727)	(2,129,498)
Net current assets	5,376,035	1,980,971	1,980,971	6,326,936	1,960,076
Less: Total adjustments to net current assets	(2,556,106)	(1,980,971)	(1,980,971)	(3,075,214)	(1,960,076)
Closing funding surplus / (deficit)	2,819,929	0	0	3,251,722	0

(b) Current assets and liabilities excluded from budgeted deficiency

The following current assets and liabilities have been excluded from the net current assets used in the Statement of Financial Activity in accordance with *Financial Management Regulation 32* to agree to the surplus/(deficit) after imposition of general rates.

	Audited Actual 30 June 2024	Adopted Budget 30 June 2025	Updated Budget Estimates 30 June 2025	Year to Date Actual 28 February 2025	Estimated Year at End Amount 30 June 2025
	\$	\$	\$	\$	\$
Adjustments to net current assets					
Less: Reserve accounts	(2,861,960)	(2,865,340)	(2,865,340)	(3,247,724)	(2,844,445)
Less: Movement in contract liabilities	0	(432,653)	(432,653)	0	(432,653)
Add: Current liabilities not expected to be cleared at end of year					
- Current portion of borrowings	145,275	295,884	295,884	33,698	295,884
- Movement in creditors	0	834,025	834,025	0	834,025
- Current portion of lease liabilities	32,688	34,148	34,148	10,921	34,148
- Employee benefit provisions	127,891	152,965	152,965	(21,408)	152,965
- Current portion of provisions held in reserve				149,299	
Total adjustments to net current assets	(2,556,106)	(1,980,971)	(1,980,971)	(3,075,214)	(1,960,076)

(c) Non-cash amounts excluded from operating activities

The following non-cash revenue and expenditure has been excluded from operating activities within the Statement of Financial Activity in accordance with *Financial Management Regulation 32*.

	Audited Actual 30 June 2024	Adopted Budget 30 June 2025	Updated Budget Estimates 30 June 2025	Year to Date Actual 28 February 2025	Estimated Year at End Amount 30 June 2025
	\$	\$	\$	\$	\$
Adjustments to operating activities					
Less: Profit on asset disposals	(29,530)	(20,356)	(20,356)	0	(20,356)
Less: Movement in liabilities associated with restricted cash	55,050	0	0	0	0
Less: Fair value adjustments to financial assets at fair value through profit or loss	(1,261)	0	0	0	0
Add: Loss on disposal of assets	22,651	6,234	6,234	0	1,407
Add: Depreciation on assets	3,147,791	3,093,050	3,093,050	2,091,902	3,138,050
Non-cash movements in non-current assets and liabilities:					
Employee benefit provisions	723	0	0	0	0
Other provisions	39,134	0	0	0	0
Non-cash amounts excluded from operating activities	3,234,558	3,078,928	3,078,928	2,091,902	3,119,101

(d) Investing activities excluded from budgeted deficiency

The following non-cash revenue and expenditure has been excluded from investing activities within the Statement of Financial Activity in accordance with *Financial Management Regulation 32*.

	Audited Actual 30 June 2024	Adopted Budget 30 June 2025	Updated Budget Estimates 30 June 2025	Year to Date Actual 28 February 2025	Estimated Year at End Amount 30 June 2025
	\$	\$	\$	\$	\$
Adjustments to investing activities					
Add: Right of use assets received - non cash	87,532	0	0	0	0
Non cash amounts excluded from investing activities	87,532	0	0	0	0

(e) Financing activities excluded from budgeted deficiency

The following non-cash revenue and expenditure has been excluded from financing activities within the Statement of Financial Activity in accordance with *Financial Management Regulation 32*.

	Audited Actual 30 June 2024	Adopted Budget 30 June 2025	Updated Budget Estimates 30 June 2025	Year to Date Actual 28 February 2025	Estimated Year at End Amount 30 June 2025
	\$	\$	\$	\$	\$
Adjustments to financing activities					
Non cash proceeds from new leases	(87,532)	0	0	0	0
Non cash amounts excluded from financing activities	(87,532)	0	0	0	0

SHIRE OF JERRAMUNGUP
NOTES TO THE REVIEW OF THE ANNUAL BUDGET
FOR THE PERIOD ENDED 28 FEBRUARY 2025

3 PREDICTED VARIANCES

		Permanent Variances
		\$
Revenue from operating activities		
3.1	Grants, subsidies and contributions Annual Federal Assistance Grant increase to align to confirmed residual funding amount for 2024-2025 (majority of funding pre-released in June 2024 by the WALGGC) \$27,875. Main Road direct grant was increased after budget adopted \$37,582	65,457 ▲
3.2	Interest revenue Estimate of additional interest that Shire will receive, as interest rates were not adjusted until February 2025 by the Reserve bank	22,091 ▲
Expenditure from operating activities		
3.3	Materials and contracts Reallocate the swimming pool utility costs from materials and contracts to utilities \$34,000. Increase the Point Henry mitigation costs due to additional slashing works that were needed \$20,895.	13,105 ▲
3.4	Utility charges Increase utility costs as budget coded to contractors/materials	(34,000) ▼
3.5	Depreciation Increase in plant depreciation costs	(45,000) ▼
3.6	Loss on asset disposals Due to appointment of a standalone CESM the Works Supervisor vehicle will not be sold this financial year as it is currently being utilised by the CESM, therefore the loss on asset disposal is reduced	4,827 ▲
3.7	Non-cash amounts excluded from operating activities Movement with liabilities associated with restricted cash	40,173 ▲
Inflows from investing activities		
3.8	Capital grants, subsidies and contributions The Shires application(CPS 10701/1) for a clearing permit under section 51E(1) of the Environmental Protection Act 1986 for the proposed clearing of 15.17 hectares of native vegetation within Lot 1548 on Deposited Plan 194377, Bremer Bay for the purpose of constructing a cross runway has identified that a spring survey is required for the requirements of the assessment under the EP Act. Until this information has been received, DWER have suspended the assessment timeframe for the Shires application ('Stop the clock'). This will push the project months out and has an impact on timing of receiving grant funds of \$1,495,246 which will not be recognised this financial year. LRCI grant funding \$241,286 was recognised in 23/24 annual financials as per the audited annual financials for 23/24	(1,736,532) ▼
3.9	Proceeds from disposal of assets Shire will be retaining the Works Supervisor vehicle until CESM vehicle can be purchased outright in 25/26	(41,800) ▼
Outflows from investing activities		
3.10	Purchase of land and buildings Due to the proposed lease to GROH, proposed \$23,580 of capital works occurring at 4 Derrick Street. Identified works needed at 37 McGlade close of \$9,644.	(33,224) ▼
3.11	Purchase and construction of infrastructure-other As mentioned above, due to timing of Bremer Bay runway project it has now delayed the budget expenditure of \$2,395,246 which will carry over into 25/26	2,395,246 ▲

3 PREDICTED VARIANCES

		Permanent Variances
		<u>\$</u>
	Cash inflows from financing activities	
3.12	Proceeds from new borrowings As Bremer Bay cross runway project delayed, the loan won't be required until 25/26	(900,000) ▼
3.13	Transfers from reserve accounts Additional Point Henry slashing expenses were incurred	20,895 ▲
3.14	Surplus or deficit at the start of the financial year Increase in net current assets brought forward upon receipt of audited annual financial statements(\$241,286 LRCI grant and \$12,524 general expenditure)	228,762 ▲