

12.2.3 a) Budget Review Report 2025/2026

SHIRE OF JERRAMUNGUP

BUDGET REVIEW REPORT

FOR THE PERIOD ENDED 28 FEBRUARY 2026

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 2026

		Budget v Actual			Estimated	Predicted	
		Adopted	Updated	Year to Date	Year at End	Variance	
Note		Budget	Budget	Actual	Amount	(b) - (a)	
		\$	\$	\$	\$	\$	
OPERATING ACTIVITIES							
Revenue from operating activities							
	General rates	4,850,100	4,850,100	4,859,318	4,850,100	0	
	Grants, subsidies and contributions	1,835,040	1,835,040	1,310,389	1,754,120	(80,920)	▼
3.1	Fees and charges	1,254,248	1,254,248	1,081,275	1,210,862	(43,386)	▼
	Interest revenue	238,780	238,780	135,181	238,780	0	
	Other revenue	55,500	55,500	126,356	124,726	69,226	▲
3.3	Profit on asset disposals	93,695	93,695	67,719	93,695	0	
		8,327,363	8,327,363	7,580,237	8,272,283	(55,080)	
Expenditure from operating activities							
	Employee costs	(3,135,552)	(3,135,552)	(2,030,968)	(3,135,552)	0	
	Materials and contracts	(3,538,894)	(3,538,894)	(2,454,499)	(3,652,995)	(114,101)	▼
3.4	Utility charges	(198,370)	(198,370)	(133,637)	(198,370)	0	
	Depreciation	(3,204,440)	(3,204,440)	(2,123,900)	(3,204,440)	0	
	Finance costs	(63,389)	(63,389)	(6,729)	(63,389)	0	
	Insurance	(282,414)	(282,414)	(303,930)	(303,930)	(21,516)	▼
3.5	Other expenditure	(508,788)	(508,788)	(144,019)	(508,788)	0	
	Loss on asset disposals	0	0	(4,651)	0	0	
		(10,931,847)	(10,931,847)	(7,202,333)	(11,067,464)	(135,617)	
Non-cash amounts excluded from operating activities		3,125,598	3,125,598	2,060,832	3,125,598	0	
Amount attributable to operating activities		521,114	521,114	2,438,736	330,417	(190,696)	
INVESTING ACTIVITIES							
Inflows from investing activities							
	Capital grants, subsidies and contributions	3,081,070	3,081,070	0	1,605,824	(1,475,246)	▼
3.6	Proceeds from disposal of assets	352,863	352,863	270,477	352,863	0	
		3,433,933	3,433,933	270,477	1,958,687	(1,475,246)	
Outflows from investing activities							
	Purchase of land and buildings	(171,552)	(171,552)	(85,800)	(171,552)	0	
	Purchase of plant and equipment	(1,068,120)	(1,068,120)	(748,459)	(1,068,120)	0	
	Purchase and construction of infrastructure-roads	(2,593,958)	(2,593,958)	(1,318,166)	(2,593,958)	0	
	Purchase and construction of infrastructure-other	(2,928,521)	(2,928,521)	(170,454)	(424,339)	2,504,182	▲
3.7		(6,762,151)	(6,762,151)	(2,322,879)	(4,257,969)	2,504,182	
Amount attributable to investing activities		(3,328,218)	(3,328,218)	(2,052,401)	(2,299,282)	1,028,936	
FINANCING ACTIVITIES							
Cash inflows from financing activities							
	Proceeds from new borrowings	900,000	900,000	0	0	(900,000)	▼
3.8	Transfers from reserve accounts	1,009,643	1,009,643	0	991,043	(18,600)	▼
3.9		1,909,643	1,909,643	0	991,043	(918,600)	
Cash outflows from financing activities							
	Payments for principal portion of lease liabilities	(34,148)	(34,148)	(23,685)	(34,148)	0	
	Repayment of borrowings	(149,393)	(149,393)	(114,562)	(149,393)	0	
	Transfers to reserve accounts	(819,758)	(819,758)	(731,966)	(819,758)	0	
		(1,003,299)	(1,003,299)	(870,213)	(1,003,299)	0	
Amount attributable to financing activities		906,344	906,344	(870,213)	(12,256)	(918,600)	
MOVEMENT IN SURPLUS OR DEFICIT							
	Surplus or deficit at the start of the financial year	1,900,760	1,900,760	1,981,120	1,981,120	80,360	▲
3.10	Amount attributable to operating activities	521,114	521,114	2,438,736	330,417	(190,696)	
	Amount attributable to investing activities	(3,328,218)	(3,328,218)	(2,052,401)	(2,299,282)	1,028,936	
	Amount attributable to financing activities	906,344	906,344	(870,213)	(12,256)	(918,600)	
Surplus or deficit after imposition of general rates		0	0	1,497,242	0	0	▲

1. BASIS OF PREPARATION

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

Local Government Act 1995 requirements

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

The *Local Government (Financial Management) Regulations 1996* specify that vested land is a right-of-use asset to be measured at cost, and is considered a zero cost concessionary lease. All right-of-use assets under zero cost concessionary leases are measured at zero cost rather than at fair value, except for vested improvements on concessionary land leases such as roads, buildings or other infrastructure which continue to be reported at fair value, as opposed to the vested land which is measured at zero cost. The measurement of vested improvements at fair value is a departure from *AASB 16 Leases* which would have required the Shire of 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 the 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 2025-26 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 2025	Adopted Budget 30 June 2026	Updated Budget Estimates 30 June 2026	Year to Date Actual 28 February 2026	Estimated Year at End Amount 30 June 2026
	\$	\$	\$	\$	\$
(a) Composition of estimated net current assets					
Current assets					
Cash and cash equivalents	6,287,836	3,516,337	3,516,337	3,420,543	5,010,183
Financial assets	0	0	0	4,100,000	0
Trade and other receivables	318,360	762,361	762,361	498,896	762,361
Inventories	13,474	13,474	13,474	15,681	13,474
Other assets	341,037	0	0	0	0
	6,960,707	4,292,172	4,292,172	8,035,120	5,786,018
Less: current liabilities					
Trade and other payables	(577,610)	(462,723)	(462,723)	(392,223)	(462,723)
Contract liabilities	(32,630)	(191,766)	(191,766)	(270,799)	(191,766)
Capital grant/contribution liability	(326,225)	0	0	(1,110,069)	(1,475,246)
Lease liabilities	(34,148)	0	0	(10,463)	0
Borrowings	(149,393)	(151,000)	(151,000)	(34,831)	(151,000)
Employee related provisions	(491,171)	(491,171)	(491,171)	(480,870)	(491,171)
	(1,611,177)	(1,296,660)	(1,296,660)	(2,299,255)	(2,771,906)
Net current assets	5,349,530	2,995,512	2,995,512	5,735,865	3,014,112
Less: Total adjustments to net current assets	(3,368,410)	(2,995,512)	(2,995,512)	(4,238,623)	(3,014,112)
Closing funding surplus / (deficit)	1,981,120	0	0	1,497,242	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 2025	Adopted Budget 30 June 2026	Updated Budget Estimates 30 June 2026	Year to Date Actual 28 February 2026	Estimated Year at End Amount 30 June 2026
	\$	\$	\$	\$	\$
Adjustments to net current assets					
Less: Reserve accounts	(3,706,222)	(3,516,337)	(3,516,337)	(4,438,188)	(3,534,937)
Movement in creditors	0	100,000	100,000	0	100,000
Movement in contract liabilities	0	167,089	167,089	0	167,089
Movement in employee benefit provisions	0	34,148	34,148	(11,592)	34,148
Add: Current liabilities not expected to be cleared at end of year					
Current portion of borrowings	149,393	151,000	151,000	34,831	151,000
Current portion of lease liabilities	34,148	(100,536)	(100,536)	10,463	(100,536)
Current portion of employee benefit provisions held in reserve	154,271	169,124	169,124	165,863	169,124
Total adjustments to net current assets	(3,368,410)	(2,995,512)	(2,995,512)	(4,238,623)	(3,014,112)

(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 2025	Adopted Budget 30 June 2026	Updated Budget Estimates 30 June 2026	Year to Date Actual 28 February 2026	Estimated Year at End Amount 30 June 2026
	\$	\$	\$	\$	\$
Adjustments to operating activities					
Less: Profit on asset disposals	0	(93,695)	(93,695)	(67,719)	(93,695)
Less: Movement in current employee provisions associated with restricted	26,379	14,853	14,853	0	14,853
Less: Fair value adjustments to financial assets at fair value through profit or loss	2,663	0	0	0	0
Add: Loss on disposal of assets	6,935	0	0	4,651	0
Add: Depreciation on assets	3,189,885	3,204,440	3,204,440	2,123,900	3,204,440
Non-cash movements in non-current assets and liabilities:					
Employee benefit provisions	(5,733)	0	0	0	0
Other provisions	14,180	0	0	0	0
Non-cash amounts excluded from operating activities	3,234,309	3,125,598	3,125,598	2,060,832	3,125,598

SHIRE OF JERRAMUNGUP
NOTES TO THE REVIEW OF THE ANNUAL BUDGET
FOR THE PERIOD ENDED 28 FEBRUARY 2026

3 PREDICTED VARIANCES

	Variance
	\$
Revenue from operating activities	
3.1 Grants, subsidies and contributions	(80,920) ▼
Federal Assistance Grants (General Purpose/Roads) revenue increased by \$64,080. Mitigation Activity Fund grant revenue decrease by \$145,000, reflecting the project being carried forward into the next financial year.	
3.2 Fees and charges	(43,386) ▼
Lease income reduced due to valuation adjustment after budget adopted.	
3.3 Other revenue	69,226 ▲
Variances include reimbursement of Paid Parental Leave costs of \$19,910, legal and valuation costs associated with various leases of \$7,751, insurance claim receipts of \$16,117, and reimbursement of the Workers' Compensation premium of \$8,638. In addition, retention funds of \$16,810 were withheld to cover rock removal at Fisheries Beach.	
Expenditure from operating activities	
3.4 Materials and contracts	(114,101) ▼
Bremer Bay Loop trail masterplan consultant fee – additional expenditure: \$25,000, Road maintenance – additional expenditure: \$106,000, Flood works – additional expenditure: \$95,000, Toilet maintenance – additional expenditure: \$38,000, House maintenance – additional expenditure: \$9,701, Sewer – additional expenditure: \$6,400, Pt Henry slashing – additional expenditure: \$23,000, Waste collection – additional expenditure: \$23,000, Public works overheads - additional expenditure \$23,000. Under expenditure relating to Works Manager consultant – reduction in expenditure: \$90,000, MAF – underspend of \$145,000 due to project carry-over.	
3.5 Insurance	(21,516) ▼
Increase in insurance costs due to Shire increasing the value of some plant and buildings for 25/26, together with an additional premium adjustment reflecting the higher asset values compared with the prior financial year.	
Inflows from investing activities	
3.6 Capital grants, subsidies and contributions	(1,475,246) ▼
Due to the Bremer Bay Airfield Cross runway clearing permit application remaining with DWER, it is anticipated that the grant funding will not be fully expended in 2025/26. Following the budget review, expenditure in 2025/26 is estimated at \$70,000, primarily relating to consultant costs associated with the DWER clearing permit process.	
Outflows from investing activities	
3.7 Purchase and construction of infrastructure-other	2,504,182 ▲
Significant variances to be reported on relate to the following projects. The Bremer Bay Airfield Cross Runway clearing permit application remains pending with DWER. As approval timing will delay commencement of procurement, forecast expenditure for 2025/26 has been revised to approximately \$70,000. Executive Staff are meeting with key stakeholders to commence the planning phase of the Pelican Park playground project; however, it is anticipated that the \$100,000 allocation will not be expended during 2025/26. Following completion of the procurement process, total expenditure for the resurfacing and repair works to the Bremer Bay Skate Park and grind rail was \$25,000, which was materially below the indicative quotes obtained prior to budget adoption. Urgent repairs to the John Cove boardwalk were completed, with costs capitalised to the asset.	
Cash inflows from financing activities	
3.8 Proceeds from new borrowings	(900,000) ▼
Due to project delays associated with the DWER clearing application remaining pending, the loan funding for the Bremer Bay Airfield cross runway project is not expected to be required in 2025/26.	
3.9 Transfers from reserve accounts	(18,600) ▼
Additional Effluent transfer for additional expenditure incurred, reduction in skate park reserve transfer to match actual expenditure incurred.	
3.10 Surplus or deficit at the start of the financial year	80,360 ▲
Movement in opening surplus figure due to the recognition of Roads to Recovery grant funding being brought forward and an adjustment to creditors outstanding.	