

SHIRE OF WICKEPIN

BUDGET REVIEW REPORT

FOR THE PERIOD ENDED 28 FEBRUARY 2022

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

TABLE OF CONTENTS

Statement of Budget Review by Nature or Type	2
Statement of Budget Review by Program	3
Note 1 Basis of Preparation	4
Note 2 Summary Graphs - Budget Review	5
Note 3 Net Current Funding Position	6
Note 4 Predicted Variances	8
Note 5 Budget Amendments	9

SHIRE OF WICKEPIN
STATEMENT OF BUDGET REVIEW
(NATURE OR TYPE)
FOR THE PERIOD ENDED 28 FEBRUARY 2022

Note	Budget v Actual		Predicted			
	Adopted Budget (a)	YTD Actual (b)	Variance Permanent (c)	Variance Timing (Carryover) (d)	Year End (a)+(c)+(d)	
	\$	\$	\$	\$	\$	
OPERATING ACTIVITIES						
Net current assets at start of financial year surplus/(deficit)	1,601,290	1,502,429	737		1,602,027	▲
Revenue from operating activities (excluding rates)						
Operating grants, subsidies and contributions	1,712,333	763,322	25,001		1,737,334	▲
Fees and charges	412,931	395,413	6,217		419,148	▲
Interest earnings	17,300	3,784			17,300	
Other revenue	0	19,785	19,785		19,785	▲
Profit on asset disposals	100,545	56,771			100,545	
	2,243,109	1,239,075	51,003	0	2,294,112	
Expenditure from operating activities						
Employee costs	(1,236,635)	(813,774)			(1,236,635)	
Materials and contracts	(1,198,778)	(637,290)	(6,275)		(1,205,053)	▲
Utility charges	(187,750)	(128,606)			(187,750)	
Depreciation on non-current assets	(4,727,594)	(3,176,041)			(4,727,594)	
Interest expenses	(4,032)	(3,424)			(4,032)	
Insurance expenses	(214,969)	(213,473)	6,930		(208,039)	▼
Other expenditure	(19,000)	(34,899)			(19,000)	
Loss on asset disposals	(20,988)	0			(20,988)	
	(7,609,746)	(5,007,507)	655	0	(7,609,091)	
Non-cash amounts excluded from operating activities	4,648,319	3,119,270			4,648,319	
Amount attributable to operating activities	882,972	853,267	52,395	0	935,367	
INVESTING ACTIVITIES						
Non-operating grants, subsidies and contributions	2,281,858	1,006,639			2,281,858	
Purchase land and buildings	(1,097,025)	(306,271)	(102,702)		(1,199,727)	▲
Purchase plant and equipment	(959,000)	(600,980)			(959,000)	
Purchase and construction of infrastructure-roads	(2,140,019)	(1,195,771)			(2,140,019)	
Purchase and construction of infrastructure-other	(414,000)	(474,492)	(116,491)		(530,491)	▲
Proceeds from self supporting loans	6,847	6,848			6,847	
Proceeds from disposal of assets	378,000	194,790			378,000	
	(1,943,339)	(1,369,237)	(219,193)	0	(2,162,532)	
Non-cash amounts excluded from investing activities	0	0			0	
Amount attributable to investing activities	(1,943,339)	(1,369,237)	(219,193)	0	(2,162,532)	
FINANCING ACTIVITIES						
Repayment of debentures	(46,139)	(26,448)			(46,139)	
Transfers to cash backed reserves (restricted assets)	(561,000)	0			(561,000)	
Transfers from cash backed reserves (restricted assets)	283,000	0	158,542		441,542	▼
Amount attributable to financing activities	(324,139)	(26,448)	158,542	0	(165,597)	
Budget deficiency before general rates	(1,384,506)	(542,418)	(8,256)	0	(1,392,762)	
Estimated amount to be raised from general rates	1,385,242	1,406,508			1,385,242	
Closing funding surplus/(deficit)	737	864,090	(8,256)	0	(7,520)	▼

3 (c)

SHIRE OF WICKEPIN
STATEMENT OF BUDGET REVIEW
(STATUTORY REPORTING PROGRAM)
FOR THE PERIOD ENDED 28 FEBRUARY 2022

	Budget v Actual		Predicted			Material Variance
	Adopted Annual Budget (a)	YTD Actual (b)	Variance Permanent (c)	Variance Timing (Carryover) (d)	Year End (a)+(c)+(d)	
Note	\$	\$	\$	\$	\$	
OPERATING ACTIVITIES						
Net current assets at start of financial year surplus/(deficit)	1,601,290	1,502,429	737	0	1,602,027	▲
Revenue from operating activities (excluding rates)						
Governance	1,725	6,783			1,725	
General purpose funding	782,761	599,136	34,218		816,979	▲
Law, order, public safety	97,284	86,584			97,284	
Health	700	100			700	
Education and welfare	300	1,950			300	
Housing	757,934	51,434			757,934	
Community amenities	188,570	191,935	16,785		205,355	▲
Recreation and culture	58,860	17,660			58,860	
Transport	247,191	1,203,926			247,191	
Economic services	73,785	56,572	2,000		75,785	▲
Other property and services	34,000	29,635			34,000	
	2,243,110	2,245,715	53,003	0	2,296,113	
Expenditure from operating activities						
Governance	(102,524)	(311,645)	(2,775)		(105,299)	▲
General purpose funding	(500,591)	(51,830)			(500,591)	
Law, order, public safety	(238,302)	(191,345)	12,330		(225,972)	▼
Health	(25,055)	(18,409)			(25,055)	
Education and welfare	(26,840)	(14,575)			(26,840)	
Housing	(165,862)	(104,230)	3,000		(162,862)	▼
Community amenities	(426,833)	(258,082)	(8,500)		(435,333)	▲
Recreation and culture	(997,842)	(776,772)	(13,500)		(1,011,342)	▲
Transport	(4,899,391)	(4,116,027)	24,600		(4,874,791)	▼
Economic services	(262,672)	(160,323)	(16,500)		(279,172)	▲
Other property and services	36,166	(10,909)			36,166	
	(7,609,746)	(6,014,147)	(1,345)	0	(7,611,091)	
Non-cash amounts excluded from operating activities	4,648,319	3,119,270			4,648,319	
Amount attributable to operating activities	882,973	853,267	52,395	0	935,368	
INVESTING ACTIVITIES						
Non-operating grants, subsidies and contributions	2,281,858	1,006,639	0	0	2,281,858	
Purchase land and buildings	(1,097,025)	(306,271)	(102,702)	0	(1,199,727)	▲
Purchase plant and equipment	(959,000)	(600,980)	0	0	(959,000)	
Purchase and construction of infrastructure - roads	(2,140,019)	(1,195,771)	0	0	(2,140,019)	
Purchase and construction of infrastructure - other	(414,000)	(474,492)	(116,491)	0	(530,491)	▲
Proceeds from self supporting loans	6,847	6,848	0	0	6,847	
Proceeds from disposal of assets	378,000	194,790	0	0	378,000	
	(1,943,339)	(1,369,237)	(219,193)	0	(2,162,532)	
Non-cash amounts excluded from investing activities	0	0	0	0	0	
Amount attributable to investing activities	(1,943,339)	(1,369,237)	(219,193)	0	(2,162,532)	
FINANCING ACTIVITIES						
Repayment of borrowings	(46,139)	(26,448)	0	0	(46,139)	
Transfers to cash backed reserves (restricted assets)	(561,000)	0	0	0	(561,000)	
Transfers from cash backed reserves (restricted assets)	283,000	0	158,542	0	441,542	▼
Amount attributable to financing activities	(324,139)	(26,448)	158,542	0	(165,597)	
Budget deficiency before general rates	(1,384,505)	(542,418)	(8,256)	0	(1,392,761)	
Estimated amount to be raised from general rates	1,385,242	1,406,508	0	0	1,385,242	
Closing Funding Surplus(Deficit)	3 (c) 737	864,090	(8,256)	0	(7,519)	▼

1. BASIS OF PREPARATION

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

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

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

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 rate setting information, 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 Shire of Wickepin controls resources to carry on its functions have been included in the financial statements forming part of this budget review.

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.

All monies held in the Trust Fund are excluded from the financial statements.

CRITICAL ACCOUNTING ESTIMATES

The preparation of a budget review 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 that are 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.

ROUNDING OFF FIGURES

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

2021-2022 ACTUAL BALANCES

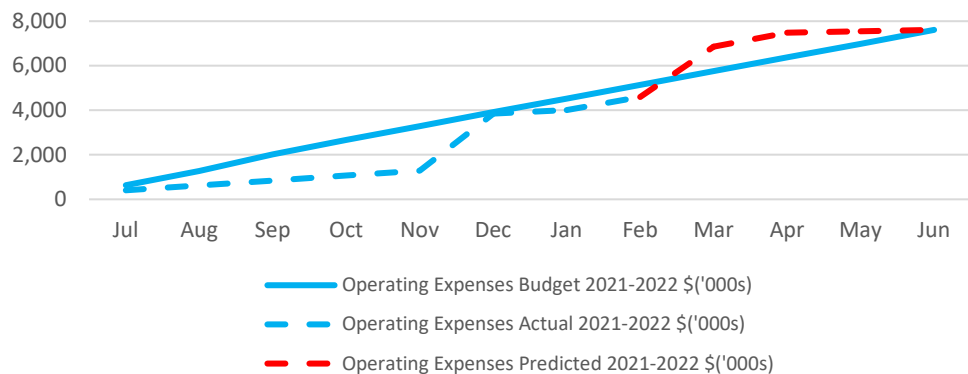
Balances shown in this budget review report as YTD Actual are as forecast at the time of budget review preparation and are subject to final adjustments.

BUDGET COMPARATIVE FIGURES

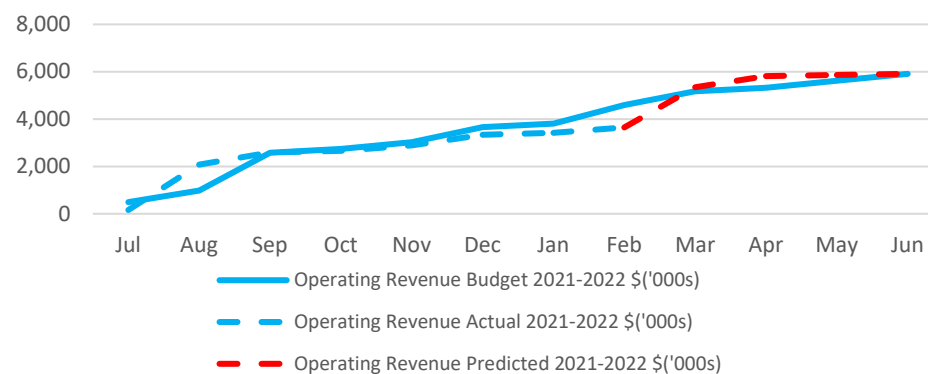
Unless otherwise stated, the budget comparative figures shown in the budget review relate to the original budget estimate for the relevant item of disclosure.

2. SUMMARY GRAPHS - BUDGET REVIEW

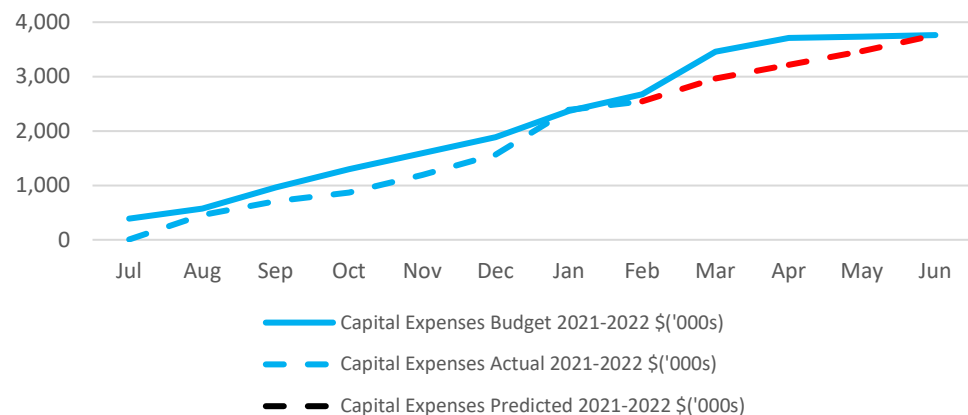
Operating Expenses



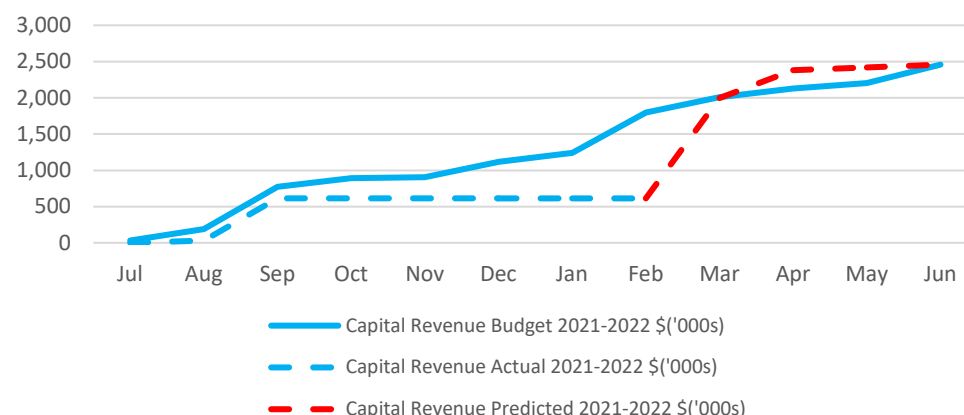
Operating Revenue



Capital Expenditure



Capital Revenue



This information is to be read in conjunction with the accompanying financial statements and notes.

3 NET CURRENT FUNDING POSITION

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

Operating activities excluded from budgeted deficiency

When calculating the budget deficiency for the purpose of Section 6.2 (2)(c) of the *Local Government Act 1995* the following amounts have been excluded as provided by *Local Government (Financial Management) Regulation 32* which will not fund the budgeted expenditure.

(a) Operating activities excluded from budgeted deficiency

The following non-cash revenue or expenditure has been excluded from operating activities within the Rate Setting Statement.

	Actual - Used for Budget 30 June 2021	Audited Actual 30 June 2021	Budget 30 June 2022	Actual 28 February 2022
Adjustments to operating activities			\$	\$
Less: Profit on asset disposals	(14,503)	(22,523)	(100,545)	(56,771)
Less: Movement in liabilities associated with restricted cash	746	(1,939)	282	
Add: Loss on asset disposals	23,126	4,848	20,988	0
Add: Depreciation on non-current assets	4,317,355	4,729,345	4,727,594	3,176,041
Non-cash amounts excluded from operating activities	4,326,724	4,709,731	4,648,319	3,119,270

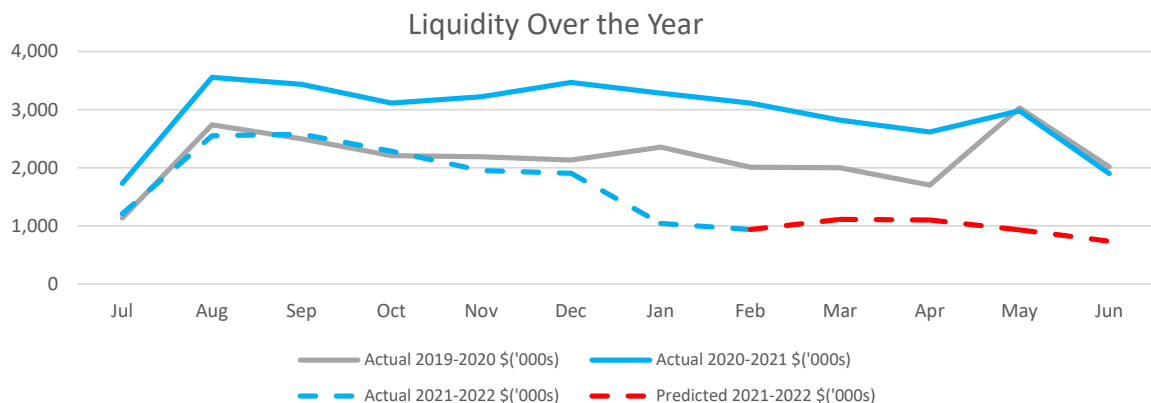
(b) Current assets and liabilities excluded from budgeted deficiency

The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement.

Adjustments to net current assets				
Less: Restricted cash	(2,355,569)	(3,677,846)	(3,102,405)	(3,677,845)
Add: Long term borrowings	26,000	46,139	46,784	26,448
Add: Provisions - employee	99,497	99,103	99,384	99,103
Total adjustments to net current assets	(2,230,072)	(3,532,604)	(2,956,237)	(3,552,294)

(c) Composition of estimated net current assets

Current assets				
Cash unrestricted	260,079	1,651,666	218,777	2,515,458
Cash restricted	2,355,569	3,879,027	3,102,405	2,248,893
Receivables - rates and rubbish	42,979	42,979	42,979	53,108
Receivables - other	118,644	117,090	117,094	101,149
	2,777,271	5,690,762	3,481,255	4,918,608
Less: current liabilities				
Payables	(322,941)	(281,137)	(249,843)	(149,018)
Long term borrowings	(26,000)	(46,139)	(46,784)	(26,448)
Provisions	(204,292)	(227,654)	(227,654)	(326,757)
	(553,233)	(554,930)	(524,281)	(502,223)
Net current assets	2,224,038	5,135,832	2,956,974	4,416,385
Less: Total adjustments to net current assets	(2,230,072)	(3,532,604)	(2,956,237)	(3,552,294)
Closing funding surplus / (deficit)	(6,034)	1,603,229	737	864,091



3 COMMENTS/NOTES - NET CURRENT FUNDING POSITION (CONTINUED)

SIGNIFICANT ACCOUNTING POLICIES

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks, other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.

Bank overdrafts are shown as short term borrowings in current liabilities.

FINANCIAL ASSETS AT AMORTISED COST

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

- the asset is held within a business model whose objective is to collect the contractual cashflows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

TRADE AND OTHER RECEIVABLES

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

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

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

Due to the short term nature of current receivables, their carrying amount is considered to be the same as their fair value. Non-current receivables are indexed to inflation, any difference between the face value and fair value is considered immaterial.

The Shire of Wickepin applies the AASB 9 simplified approach to measuring expected credit losses using a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, rates receivable are separated from other trade receivables due to the difference in payment terms and security for rates receivable.

INVENTORIES

General

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

CONTRACT ASSETS

A contract asset is the right to consideration in exchange for goods or services the entity has transferred to a customer when that right is conditioned on something other than the passage of time.

CURRENT AND NON-CURRENT CLASSIFICATION

An asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Shire of Wickepin's operational cycle. In the case of liabilities where the Shire of Wickepin 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 or non-current based on the Shire of Wickepin's intentions to release for sale.

TRADE AND OTHER PAYABLES

Trade and other payables represent liabilities for goods and services provided to the Shire of Wickepin prior to the end of the financial year that are unpaid and arise when the Shire of Wickepin becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition.

PREPAID RATES

Prepaid rates are, until the taxable event has occurred (start of the next financial year), refundable at the request of the ratepayer. Rates received in advance are initially recognised as a financial liability. When the taxable event occurs, the financial liability is extinguished and the Shire of Wickepin recognises revenue for the prepaid rates that have not been refunded.

EMPLOYEE BENEFITS

Short-Term Employee Benefits

Provision is made for the Shire of Wickepin's obligations for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Shire of Wickepin's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current of financial trade and other payables in the statement position. Shire of Wickepin's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

PROVISIONS

Provisions are recognised when the Shire of Wickepin has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

CONTRACT LIABILITIES

An entity's obligation to transfer goods or services to a customer for which the entity has received consideration (or the amount is due) from the customer. Grants to acquire or construct recognisable non-financial assets to be controlled by the Shire of Wickepin are recognised as a liability until such time as the Shire of Wickepin satisfies its obligations under the agreement.

SHIRE OF WICKEPIN
 NOTES TO THE REVIEW OF THE ANNUAL BUDGET
 FOR THE PERIOD ENDED 28 FEBRUARY 2022

4. PREDICTED VARIANCES

Comments/Reason for Variance	Variance \$	
	Permanent	Timing
4.1 OPERATING REVENUE (EXCLUDING RATES)		
4.1.1 FEES AND CHARGES		
Increase in Rates Discount	6,217	
4.1.2 OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS		
Increase in Road Project Grants,	25,001	
4.1.7 OTHER REVENUE		
Sale of Scrap	19,785	
Predicted Variances Carried Forward	51,003	0
Predicted Variances Brought Forward	51,003	0
4.2 OPERATING EXPENSES		
4.2.2 MATERIAL AND CONTRACTS		
Decrease in Election Expenses, Blinds transferred to capital, Annual Road Maintenance, Regional Welfare, Increase in Advertising, computer support, Yealering Hall, Yealering Caravan Park, Wickepin Saleyards	(6,275)	
4.2.6 INSURANCE EXPENSES		
	6,930	
Predicted Variances Carried Forward	51,658	0
Predicted Variances Brought Forward	51,658	0
4.3 CAPITAL REVENUE		
4.3.7 TRANSFER FROM RESERVES (RESTRICTED ASSETS)		
Saleyards reserve, Buidling Reserve	158,542	
Predicted Variances Carried Forward	210,200	0
Predicted Variances Brought Forward	210,200	0
4.4 CAPITAL EXPENSES		
4.4.2 LAND AND BUILDINGS		
Staff House - Driveway & gardens, Staff house - Blinds transferred to capital, Increase cost of Playgroup building roof, Additional cost of crib room, Additional cost of public toilets Harrismith	(102,702)	
4.4.6 INFRASTRUCTURE ASSETS - OTHER		
Increase in Wogolin Playground costs-carry over figure incorrect, Wlakways at Saleyards	(116,491)	
Predicted Variances Carried Forward	(8,993)	0
Predicted Variances Brought Forward	(8,993)	0
4.5 OTHER ITEMS		
4.5.2 OPENING FUNDING SURPLUS(DEFICIT)		
Use of Opening Surplus	737	
Total Predicted Variances as per Annual Budget Review	(8,256)	0

5. BUDGET AMENDMENTS

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	Comments
				\$	\$	\$	\$	
	Budget Adoption		Opening Surplus(Deficit)				737	
CHS10	Staff House		Capital Expenses			5,160	(4,423)	
3232	Staff House		Capital Expenses			50,650	(55,073)	
1514	Playgroup Building		Capital Expenses			5,000	(60,073)	
5088	Wogolin Street Playground		Capital Expenses			60,491	(120,564)	
LDP1	Depot Construction - Additional cost crib room		Capital Expenses			13,000	(133,564)	
LPCC	Public Toilets - Additional cost		Capital Expenses			28,892	(162,456)	
CLYS1	Saleyards - Walkways		Capital Expenses			56,000	(218,456)	
	Transfer from Building Reserve		Capital Revenue		(23,000)		(195,456)	
	Transfer from Building Reserve		Capital Revenue		(28,892)		(166,564)	
	Transfer from Building Reserve		Capital Revenue		(50,650)		(115,914)	
	Transfer from Saleyards Reserve		Capital Revenue		(56,000)		(59,914)	
0352	Election Expenses		Operating Expenses		(5,300)		(54,614)	
0282	Sundry Advertising		Operating Expenses			5,000	(59,614)	
0762	Computer Support		Operating Expenses			3,075	(62,689)	
1072	Fire Insurance		Operating Expenses		(12,330)		(50,359)	
LHS10	Staff House		Operating Expenses		(3,000)		(47,359)	
LED1	Effluent Drainage System		Operating Expenses			6,000	(53,359)	
LPC2	Yealering Public Toilets		Operating Expenses			2,500	(55,859)	
LPH2	Yealering Hall		Operating Expenses			13,500	(69,359)	
LRB1	Annual Maintenance Program Roads		Operating Expenses		(13,500)		(55,859)	
LCP2	Yealering Caravan Park and accommodation units		Operating Expenses			13,500	(69,359)	
LRB1	Annual Maintenance Program Roads		Operating Expenses		(13,500)		(55,859)	
LSY1	Wickepin Saleyards		Operating Expenses			3,000	(58,859)	
LRB1	Annual Maintenance Program Roads		Operating Expenses		(3,000)		(55,859)	
7392	Insurance		Operating Expenses			5,400	(61,259)	
6552	Regional Welfare/Medical Support		Operating Expenses		(2,000)		(59,259)	
0181	Grants Commission - General Purpose		Operating Revenue			11,197	(70,456)	
0201	Grants Commission - Roads		Operating Revenue		(36,198)		(34,258)	
0151	Rates Discount/Concession		Operating Revenue		(9,217)		(25,041)	
3573	Sale of Recycled materials		Operating Revenue		(19,785)		(5,256)	
4203	Charges - Planning fees		Operating Revenue			3,000	(8,256)	
Amended Budget Cash Position as per Council Resolution				0	(209,172)	265,768	(8,256)	

Classifications Pick List
 Operating Revenue
 Operating Expenses
 Capital Revenue
 Capital Expenses
 Opening Surplus(Deficit)
 Non Cash Item