

SHIRE OF DUMBLEYUNG

BUDGET REVIEW REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2024

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

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SHIRE OF DUMBLYUNG
STATEMENT OF BUDGET REVIEW
FOR THE PERIOD ENDED 31 DECEMBER 2024

		Budget v Actual			Estimated	Predicted	
		Adopted	Updated	Year to Date	Year at End	Variance	
Note		Budget	Budget	Actual	Amount	(b) - (a)	
		\$	Estimates	Actual	(b)	(b) - (a)	
		\$	(a)	\$	\$	\$	
OPERATING ACTIVITIES							
Revenue from operating activities							
	General rates	3.1	2,110,357	2,126,966	2,130,447	2,130,447	3,481 ▲
	Rates excluding general rates		16,247	0	0	0	0
	Grants, subsidies and contributions	3.2	791,154	801,154	515,239	850,654	49,500 ▲
	Fees and charges	3.3	592,874	592,874	431,252	585,874	(7,000) ▼
	Interest revenue		201,300	210,800	130,488	210,800	0
	Other revenue	3.4	45,900	45,900	22,541	48,900	3,000 ▲
	Profit on asset disposals	3.5	29,000	29,000	18,334	21,500	(7,500) ▼
			3,786,832	3,806,694	3,248,301	3,848,175	41,481
Expenditure from operating activities							
	Employee costs		(1,606,679)	(1,606,679)	(786,086)	(1,606,679)	0
	Materials and contracts	3.6	(1,763,204)	(1,843,305)	(987,731)	(1,989,855)	(146,550) ▼
	Utility charges	3.7	(164,880)	(164,880)	(77,206)	(183,380)	(18,500) ▼
	Depreciation		(2,896,835)	(2,896,835)	(1,488,157)	(2,896,835)	0
	Finance costs		(7,638)	(7,638)	(778)	(7,638)	0
	Insurance	3.8	(214,996)	(214,996)	(197,185)	(206,996)	8,000 ▲
	Other expenditure		(6,013,521)	(6,013,521)	(157,735)	(6,013,521)	0
	Loss on asset disposals	3.9	(49,000)	(49,000)	0	(5,000)	44,000 ▲
			(12,716,753)	(12,796,854)	(3,694,878)	(12,909,904)	(113,050)
	Non-cash amounts excluded from operating activities	3.10	2,916,835	2,916,835	1,469,823	2,880,335	(36,500) ▼
	Amount attributable to operating activities		(6,013,086)	(6,073,325)	1,023,246	(6,181,394)	(108,069)
INVESTING ACTIVITIES							
Inflows from investing activities							
	Capital grants, subsidies and contributions	3.11	7,920,676	8,020,676	2,112,064	8,119,798	99,122 ▲
	Proceeds from disposal of assets	3.12	172,000	172,000	73,136	226,000	54,000 ▲
			8,092,676	8,192,676	2,185,200	8,345,798	153,122
Outflows from investing activities							
	Purchase of land and buildings	3.13	(3,300,529)	(3,313,529)	(149,173)	(3,181,322)	132,207 ▲
	Purchase of plant and equipment		(1,200,000)	(1,146,000)	(920,920)	(1,146,000)	0
	Purchase and construction of infrastructure-roads	3.14	(5,566,673)	(5,566,673)	(1,920,349)	(5,850,105)	(283,432) ▼
	Purchase and construction of infrastructure-other	3.15	(618,238)	(617,999)	(335,242)	(662,999)	(45,000) ▼
			(10,685,440)	(10,644,201)	(3,325,684)	(10,840,426)	(196,225)
	Amount attributable to investing activities		(2,592,764)	(2,451,525)	(1,140,484)	(2,494,628)	(43,103)
FINANCING ACTIVITIES							
Cash inflows from financing activities							
	Transfers from reserve accounts	3.16	6,970,461	6,816,461	0	6,915,254	98,793 ▲
			6,970,461	6,816,461	0	6,915,254	98,793
Cash outflows from financing activities							
	Repayment of borrowings		(12,366)	(12,366)	(4,003)	(12,366)	0
	Transfers to reserve accounts	3.17	(888,650)	(815,650)	(32,473)	(772,428)	43,222 ▲
			(901,016)	(828,016)	(36,476)	(784,794)	43,222
	Amount attributable to financing activities		6,069,445	5,988,445	(36,476)	6,130,460	142,015
MOVEMENT IN SURPLUS OR DEFICIT							
	Surplus or deficit at the start of the financial year	3.18	2,536,405	2,536,405	2,545,562	2,545,562	9,157 ▲
	Amount attributable to operating activities		(6,013,086)	(6,073,325)	1,023,246	(6,181,394)	(108,069)
	Amount attributable to investing activities		(2,592,764)	(2,451,525)	(1,140,484)	(2,494,628)	(43,103)
	Amount attributable to financing activities		6,069,445	5,988,445	(36,476)	6,130,460	142,015
	Surplus or deficit after imposition of general rates	2(a),3.19	(0)	0	2,391,849	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 Dumbleyung to measure any vested improvements at zero cost.

Local Government (Financial Management) Regulations 1996, regulation 33A prescribes contents of the budget review.

Accounting policies which have been adopted in the preparation of this budget review have been consistently applied unless stated otherwise. Except for cash flow and statement of financial activity, the budget review has been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

THE LOCAL GOVERNMENT REPORTING ENTITY

All funds through which the Shire of Dumbleyung controls resources to carry on its functions have been included in the financial statements forming part of this financial report.

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

Judgements and estimates

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances; the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The balances, transactions and disclosures impacted by accounting estimates are as follows:

- estimated fair value of certain financial assets
- impairment of financial assets
- estimation of fair values of land and buildings, infrastructure and investment property
- estimation uncertainties made in relation to lease accounting
- estimation of fair values of provisions

SIGNIFICANT ACCOUNTING POLICES

Significant accounting policies utilised in the preparation of these statements are as described within the 2023-24 Annual Budget. Please refer to the adopted budget document for details of these policies.

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

	Audited Actual 30 June 2024	Adopted Budget 30 June 2025	Updated Budget Estimates 30 June 2025	Year to Date Actual 31 December 2024	Estimated Year at End Amount 30 June 2025
	\$	\$	\$	\$	\$
(a) Composition of estimated net current assets					
Current assets					
Cash and cash equivalents	6,484,277	613,142	694,143	2,160,949	635,921
Financial assets	6,304,769	3,774,051	3,774,051	9,872,533	3,774,051
Trade and other receivables	1,187,644	1,783,606	1,783,606	620,946	1,783,606
Inventories	20,408	36,126	36,126	14,606	36,126
Contract assets	747,877	240,272	240,272	63,856	240,272
	14,744,975	6,447,197	6,528,198	12,732,890	6,469,976
Less: current liabilities					
Trade and other payables	(1,401,331)	(970,092)	(970,092)	(551,932)	(970,092)
Contract liabilities	(705,370)	(1,512,290)	(1,512,290)	336,700	(1,512,290)
Borrowings	(12,367)	0	0	4,003	0
Employee related provisions	(163,310)	(190,764)	(190,764)	(163,310)	(190,764)
	(2,282,378)	(2,673,146)	(2,673,146)	(374,539)	(2,673,146)
Net current assets	12,462,597	3,774,051	3,855,052	12,358,351	3,796,830
Less: Total adjustments to net current assets	(9,917,035)	(3,774,051)	(3,855,052)	(9,965,877)	(3,796,830)
Closing funding surplus / (deficit)	2,545,562	0	0	2,392,474	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 31 December 2024	Estimated Year at End Amount 30 June 2025
	\$	\$	\$	\$	\$
Adjustments to net current assets					
Less: Reserve accounts	(9,929,402)	(3,774,051)	(3,855,052)	(9,961,874)	(3,796,830)
Add: Current liabilities not expected to be cleared at end of year - Current portion of borrowings	12,367	0	0	(4,003)	0
Total adjustments to net current assets	(9,917,035)	(3,774,051)	(3,855,052)	(9,965,877)	(3,796,830)

(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 31 December 2024	Estimated Year at End Amount 30 June 2025
	\$	\$	\$	\$	\$
Adjustments to operating activities					
Less: Profit on asset disposals	(39,679)	(29,000)	(29,000)	(18,334)	(21,500)
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	48,034	49,000	49,000	0	5,000
Add: Depreciation on assets	2,912,705	2,896,835	2,896,835	1,488,157	2,896,835
Non-cash movements in non-current assets and liabilities:					
Pensioner deferred rates	(2,547)	0	0	0	0
Employee benefit provisions	24,587	0	0	0	0
Other provisions	1,584	0	0	0	0
Non-cash amounts excluded from operating activities	2,943,423	2,916,835	2,916,835	1,469,823	2,880,335

2 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 Dumbleyung 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 grants, contributions, reimbursements, and goods sold and services performed in the ordinary course of business.

Trade and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value.

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 Dumbleyung 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

Contract assets primarily relate to the Shire of Dumbleyung's right to consideration for work completed but not billed at the end of the period.

CONTRACT LIABILITIES

Contract liabilities represent the Shire of Dumbleyung's obligation to transfer goods or services to a customer for which the Shire of Dumbleyung has received consideration from the customer.

Contract liabilities represent obligations which are not yet satisfied. Contract liabilities are recognised as revenue when the performance obligations in the contract are satisfied.

PROVISIONS

Provisions are recognised when the Shire of Dumbleyung has a present 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.

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 Dumbleyung's operational cycle. In the case of liabilities where the Shire of Dumbleyung 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 Dumbleyung'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 Dumbleyung prior to the end of the financial year that are unpaid and arise when the Shire of Dumbleyung 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. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

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 Dumbleyung recognises revenue for the prepaid rates that have not been refunded.

EMPLOYEE BENEFITS

Short-Term Employee Benefits

Provision is made for the Shire of Dumbleyung'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 Dumbleyung's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the net current funding position. Shire of Dumbleyung's current obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the net current funding position.

Other long-term employee benefits

Long-term employee benefits provisions are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Shire of Dumbleyung's obligations for long-term employee benefits where the Shire of Dumbleyung does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, are presented as current provisions in the net current funding position.

SHIRE OF DUMBLYUNG
NOTES TO THE REVIEW OF THE ANNUAL BUDGET
FOR THE PERIOD ENDED 31 DECEMBER 2024

Budget Review - Feb24 Council Meeting

3 PREDICTED VARIANCES

	Variance
	\$
Revenue from operating activities	
3.1 General rates	3,481 ▲
Increase budget to align with total value of rates income raised to date	3,481
3.2 Grants, subsidies and contributions	49,500 ▲
3130610 ECON DEV - GRANTS - Increase for \$5k grant funding missed from budget for sponsorship of AgTech event	5,000
3030214 GEN PUR - GRANT FUNDING - Add LRCI Phase 4A funding utilised for existing budgeted FY25 projects.	44,500
Operating expenses are Dumbleyung town hall floor refinishing and Skate park painting, remaining projects are Capital	
3.3 Fees and charges	(7,000) ▼
3090220 OTH HOUSE - FEES & CHARGES - increase in line with actual trend	20,000
3100620 PLAN - PLANNING APPLICATION FEES - Increase in line with actual trend	3,000
3130221 TOUR - CARAVAN PARK FEES - Reduce in line with actual trend	(5,000)
3130222 TOUR - SHORT STAY ACCOMMODATION UNIT FEES - Reduce in line with actual trend	(10,000)
3130821 OTH ECON - STANDPIPE INCOME - Reduce in line with actual trend	(15,000)
3.4 Other revenue	3,000 ▲
3110301 REC - REIMBURSEMENTS - OTHER RECREATION - Recognise power outage income from Western Power	3,000
3.5 Profit on asset disposals	(7,500) ▼
Lower than budgeted profit on sale of DOI and WS vehicles	(7,500)
Expenditure from operating activities	
3.6 Materials and contracts	(146,550) ▼
2030112 RATES - VALUATION EXPENSES - Reduce as no GRV revaluation occurring in FY25	8,000
2040104 MEMBERS - TRAINING & DEVELOPMENT - Reduce as only small attendance at annual conference	3,000
2070411 HEALTH - CONTRACT EHO - Increase in line with current monthly charges	(6,000)
2110366 REC - SPORTS OVALS MAINTENANCE - Add \$10k to the budget to cover the reticulation audit and repairs	(10,000)
2120235 ROADM - TRAFFIC SIGNS/EQUIPMENT (SAFETY) - Increase in line with expenditure trend	(5,000)
2120652 AERO - CONSULTANTS - Dumbleyung airport concept design report	(71,800)
2130166 RURAL - FENCE ROAD DRAIN - Add maintenance expense incurred and add transfer from reserve to offset	(15,000)
2130240 TOUR - PUBLIC RELATIONS & AREA PROMOTION - Reduce in line with actual trend	10,000
2140221 ADMIN - INFORMATION TECHNOLOGY - \$10.5k for new VOIP phone system, - \$11.5k additional Wallis Support, \$3k estimate for CouncilFirst support hours for 24/25, \$10k to address cyber security audit finding relating to IT build documentation, \$10k SynergySoft subscription through to Jun25, originally budgeted to Mar25.	(45,000)
2110366 - Connection of destination plant water tanks to Stubbs park oval reticulation	(5,000)
2140227 ADMIN - RECORDS MANAGEMENT - Increase in line with actual archive disposal cost incurred	(5,000)
2110389 - Lakeview Golf Club 50% contribution towards painting.	(4,750)
3.7 Utility charges	(18,500) ▼
2110366 - Purchase of Water Corp scheme water for irrigation of Stubbs Park oval	(18,500)
3.8 Insurance	8,000 ▲
Reduce in line with actual insurance cost incurred	8,000
3.9 Loss on asset disposals	44,000 ▲
Sale of 6 wheel tipper made a small profit (~\$3k) compared to \$44k loss budgeted	44,000
Non-cash amounts excluded from operating activities	(36,500) ▼
Relates to movement in profit and loss on sale of assets	(36,500)
Inflows from investing activities	
3.11 Capital grants, subsidies and contributions	99,122 ▲
3050110 FIRE - GRANTS - Remove \$900k DFES grant and capital job	(900,000)
3110300 REC - CONTRIBUTIONS - Increase from \$800k to \$1.11m as Stubbs contribution is \$460k and FF \$650k	310,000
3110310 REC - GRANTS - Increase from \$800k to \$1.1m to be 50% of \$2.21m as per successful DFES grant	305,000
3030214 GEN PUR - GRANT FUNDING - Add LRCI Phase 4A funding utilised for existing budgeted FY25 projects.	384,122
Capital projects are Nenke toilet block, Dumbleyung playground shade shelter, CWA & new daycare building upgrades, oval lighting and reticulation upgrades.	
3.12 Proceeds from disposal of assets	54,000 ▲
Higher proceeds than budget on sale of 6 Wheel Tipper	54,000

SHIRE OF DUMBLEYUNG
NOTES TO THE REVIEW OF THE ANNUAL BUDGET
FOR THE PERIOD ENDED 31 DECEMBER 2024

Budget Review - Feb24 Council Meeting

3 PREDICTED VARIANCES

		Variance	
		\$	
Outflows from investing activities			
3.13	Purchase of land and buildings	132,207	▲
	DFES funded Kukerin BFB shed - Remove as grant was unsuccessful	900,000	
	Stubbs Pavilion - Increase to \$2.21m as submitted to DFES grant	(610,000)	
	Dumbleyung Swimming Pool Western Power Upgrades	(128,293)	
	Dumbleyung Swimming Pool additional drainage design integration	(5,000)	
	Dumbleyung Swimming Pool Quantity Surveyor pre-tender estimate	(4,500)	
	Toilet block Kukerin cemetery	(20,000)	
3.14	Purchase and construction of infrastructure-roads	(283,432)	▼
	WSFN Kulin - Dumbleyung (Fence Road) 23/24 works completed over budget due to additional traddic control costs and extra cement stabilisation required. A grant funding variation is to be requested from WSFN but at this stage the overspend is Shire funded.	(203,432)	
	Dart road re-sheeting project	(80,000)	
3.15	Purchase and construction of infrastructure-other	(45,000)	▼
	Replacement Kukerin Bouncy Pillow	(25,000)	
	Increased project cost for installation of 3 new water storage tanks for Dumbleyung desal plant	(20,000)	
Cash inflows from financing activities			
3.16	Transfers from reserve accounts	98,793	▲
	Transfer from reserve to fund above maintenance added to materials and contracts budget	15,000	
	Reduced transfer from Plant reserve due to higher proceeds on sale of 6 Wheel Tipper	(54,000)	
	Transfer from Swimming Pool Reserve to fund Western Power upgrades	137,793	
Cash outflows from financing activities			
3.17	Transfers to reserve accounts	43,222	▲
	Reduced transfer to Building Reserve to balance budget	43,222	
3.18	Surplus or deficit at the start of the financial year	9,157	▲
	Slight change to opening 1/7/24 surplus on finalisation of 30/6/2024 financial statement audit	9,157	
.19	Surplus or deficit after imposition of general rates	(0)	▼
	See above.		