

SHIRE OF KENT

BUDGET REVIEW REPORT

FOR THE PERIOD ENDED 28 FEBRUARY 2025

LOCAL GOVERNMENT ACT 1995

LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996

TABLE OF CONTENTS

Statement of Budget Review	2
Note 1 Basis of Preparation	3
Note 2 Summary Graphs - Budget Review	4
Note 3 Net Current Funding Position	5
Note 4 Predicted Variances / Future Budget Amendments	6
Note 5 Amendments for approval	7

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

		Budget v Actual			Estimated Year at End Amount (b)	Predicted Variance (b) - (a)	
Note	Adopted Budget	Updated Budget Estimates (a)	Year to Date Actual				
	\$	\$	\$	\$	\$		
OPERATING ACTIVITIES							
Revenue from operating activities							
	General rates	2,612,637	2,612,637	2,602,618	2,601,651	(10,986)	▼
4.1							
	Grants, subsidies and contributions	427,512	427,512	388,537	733,801	306,289	▲
4.2							
	Fees and charges	890,693	890,693	400,480	590,693	(300,000)	▼
4.3							
	Interest revenue	248,298	248,298	228,613	384,640	136,342	▲
4.4							
	Other revenue	81,000	81,000	44,471	81,000		
	Profit on asset disposals	266,451	266,451	120,446	266,451		
		4,526,591	4,526,591	3,785,165	4,658,236	131,645	
Expenditure from operating activities							
	Employee costs	(2,680,825)	(2,680,825)	(1,720,775)	(2,692,825)	(12,000)	▼
4.5							
	Materials and contracts	(1,581,651)	(1,581,651)	(474,261)	(1,608,381)	(26,730)	▼
4.6							
	Utility charges	(190,700)	(190,700)	(109,610)	(190,700)		
	Depreciation	(2,742,500)	(2,742,500)	(827,273)	(2,742,500)		
	Finance costs	(12,777)	(12,777)	(5,851)	(12,777)		
	Insurance	(210,379)	(210,379)	(192,461)	(210,379)		
	Other expenditure	(382,811)	(382,811)	(59,124)	(82,811)	300,000	▲
4.7							
	Loss on asset disposals	(3,815)	(3,815)	(4,818)	(3,815)		
		(7,805,458)	(7,805,458)	(3,394,173)	(7,544,188)	261,270	
	Non-cash amounts excluded from operating activities	2,484,864	2,484,864	711,645	2,479,864	(5,000)	▼
4.8							
	Amount attributable to operating activities	(794,003)	(794,003)	1,102,637	(406,088)	387,915	
INVESTING ACTIVITIES							
Inflows from investing activities							
	Capital grants, subsidies and contributions	2,238,494	2,238,494	1,154,985	3,202,130	963,636	▲
4.9							
	Proceeds from disposal of assets	673,000	673,000	201,364	892,663	219,663	▲
4.10							
		2,911,494	2,911,494	1,356,349	4,094,793	1,183,299	
Outflows from investing activities							
	Purchase of plant and equipment	(2,848,480)	(2,848,480)	(1,932,780)	(3,106,381)	(257,901)	▼
4.11							
	Purchase and construction of infrastructure-roads	(3,418,904)	(3,418,904)	(1,467,352)	(4,504,905)	(1,086,001)	▼
4.12							
		(6,267,384)	(6,267,384)	(3,400,132)	(7,611,286)	(1,343,902)	
	Amount attributable to investing activities	(3,355,890)	(3,355,890)	(2,043,783)	(3,516,493)	(160,603)	
FINANCING ACTIVITIES							
Cash inflows from financing activities							
	Transfers from reserve accounts	883,000	883,000	0	1,076,995	193,995	▲
4.13							
		883,000	883,000	0	1,076,995	193,995	
Cash outflows from financing activities							
	Repayment of borrowings	(70,472)	(70,472)	(35,773)	(70,472)	0	
	Transfers to reserve accounts	(1,093,288)	(1,093,288)	(114,529)	(1,400,460)	(307,172)	▼
4.14							
		(1,163,760)	(1,163,760)	(150,302)	(1,470,932)	(307,172)	
	Amount attributable to financing activities	(280,760)	(280,760)	(150,302)	(393,937)	(113,177)	
MOVEMENT IN SURPLUS OR DEFICIT							
	Surplus or deficit at the start of the financial year	4,430,653	4,430,653	4,316,518	4,316,518	(114,135)	▼
4.15							
	Amount attributable to operating activities	(794,003)	(794,003)	1,102,637	(406,088)	387,915	
	Amount attributable to investing activities	(3,355,890)	(3,355,890)	(2,043,783)	(3,516,493)	(160,603)	
	Amount attributable to financing activities	(280,760)	(280,760)	(150,302)	(393,937)	(113,177)	
	Surplus or deficit after imposition of general rates	0	0	3,225,070	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 Kent 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 Kent 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:

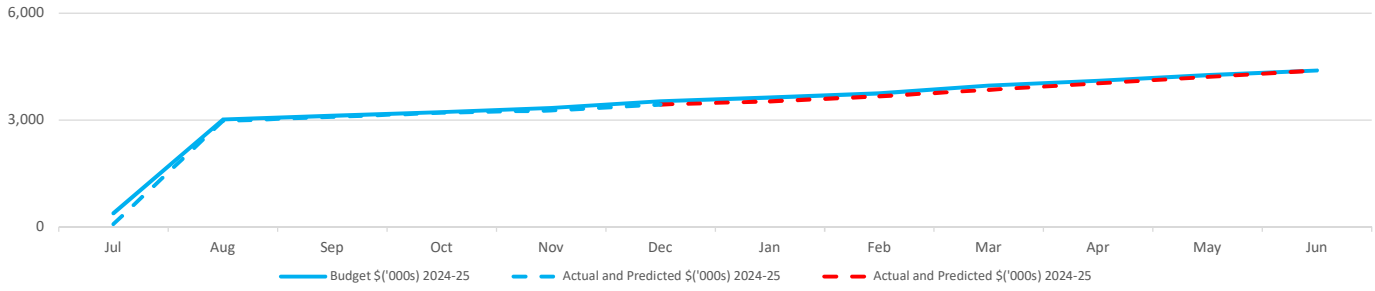
- estimated fair value of certain financial assets
- impairment of financial assets
- estimation of fair values of land and buildings, infrastructure and investment property
- estimation uncertainties made in relation to lease accounting
- estimation of fair values of provisions

MATERIAL ACCOUNTING POLICIES

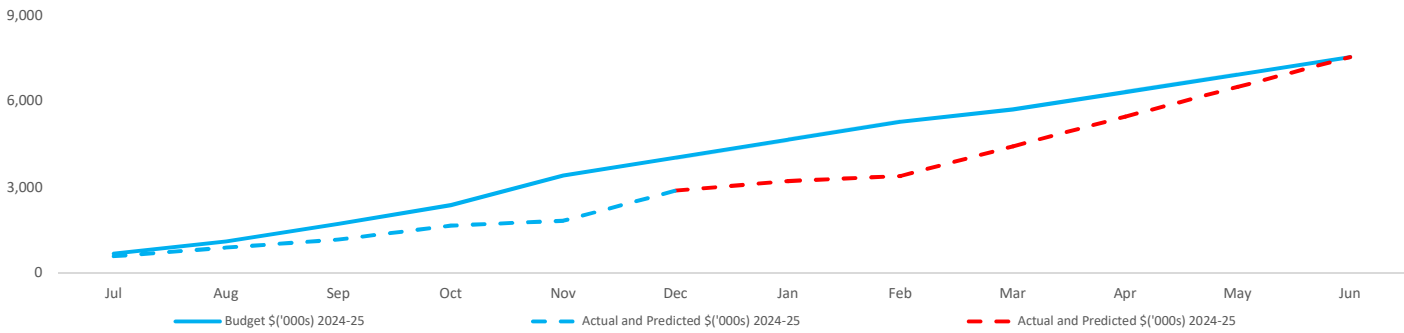
Material accounting policies utilised in the preparation of these statements are as described within the 2025-26 Annual Budget. Please refer to the adopted budget document for details of these policies.

2. SUMMARY GRAPHS - BUDGET REVIEW

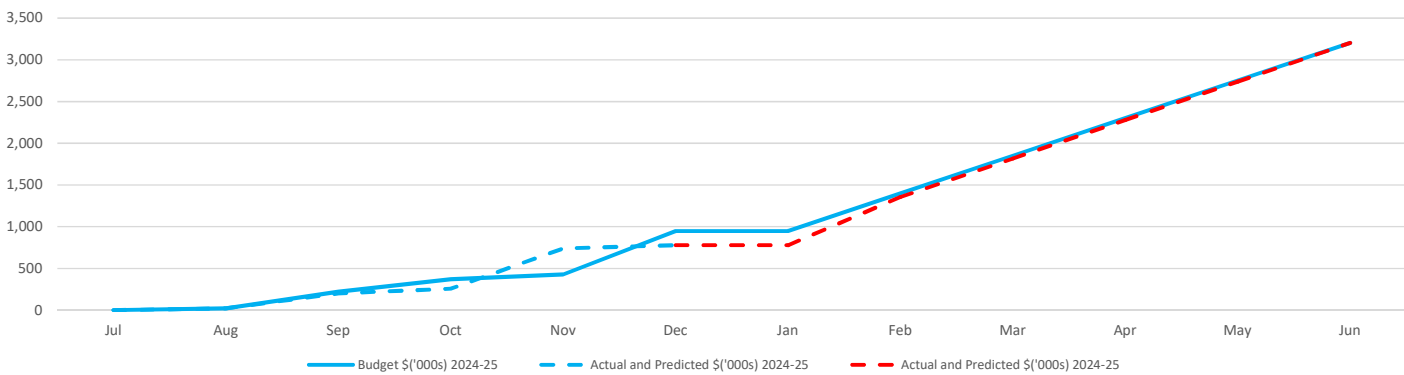
Operating Revenue



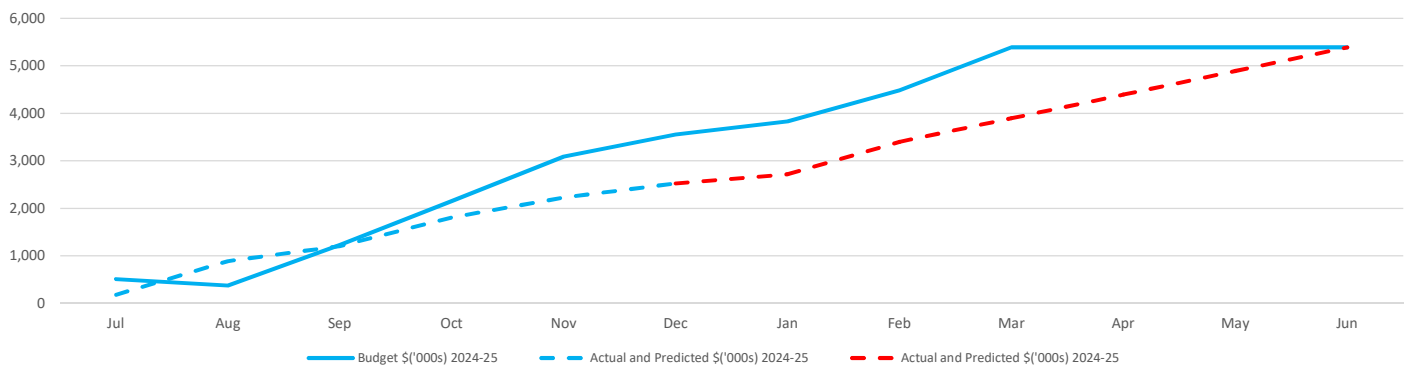
Operating Expenses



Capital Revenue



Capital Expenditure



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)

	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	4,591,952	780,654	780,654	3,380,893	780,654
Financial assets	4,640,130	4,850,416	4,850,416	4,754,658	5,314,029
Trade and other receivables	123,174	123,769	123,769	252,015	123,769
Inventories	98,647	89,542	89,542	93,417	89,542
Other assets	391,651			332,588	
	9,845,554	5,844,381	5,844,381	8,813,571	6,307,994
Less: current liabilities					
Trade and other payables	(194,715)	(227,721)	(227,721)	(139,238)	(226,613)
Contract liabilities	(474,517)	(524,517)	(524,517)	(474,282)	(524,517)
Borrowings	(72,267)	(73,377)	(73,377)	(36,494)	(73,377)
Employee related provisions	(218,370)	(241,725)	(241,725)	(218,369)	(241,725)
	(959,869)	(1,067,340)	(1,067,340)	(868,383)	(1,066,232)
Net current assets	8,885,685	4,777,041	4,777,041	7,945,188	5,241,762
Less: Total adjustments to net current assets	(4,569,167)	(4,777,041)	(4,777,041)	(4,574,121)	(5,241,762)
Closing funding surplus / (deficit)	4,316,518	0	0	3,371,067	0

(b) Current assets and liabilities excluded from budgeted deficiency

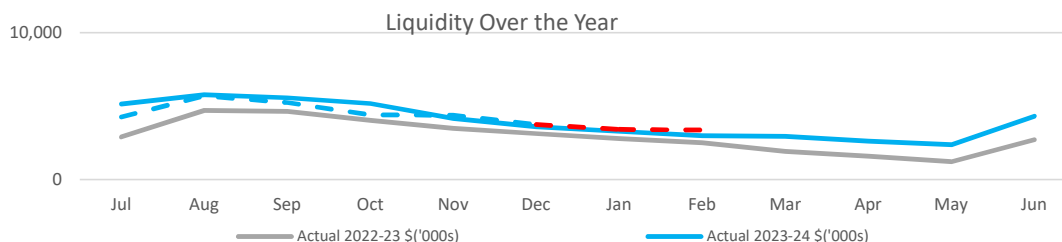
The following current assets and liabilities have been excluded from the net current assets used in the Statement of Financial Activity in accordance with *Financial Management Regulation 32* to agree to the surplus/(deficit) after imposition of general rates.

	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	(4,640,130)	(4,850,418)	(4,850,418)	(4,754,658)	(5,314,029)
Less: Financial assets at amortised cost - self supporting loans	(1,304)				
Add: Current liabilities not expected to be cleared at end of year					
- Current portion of borrowings	72,267	73,377	73,377	36,494	72,267
- Current portion of provisions held in reserve				144,043	
Total adjustments to net current assets	(4,569,167)	(4,777,041)	(4,777,041)	(4,574,121)	(5,241,762)

(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	(38,678)	(266,451)	(266,451)	(120,446)	(266,451)
Add: Loss on disposal of assets	53,546	3,815	3,815	4,818	3,815
Add: Loss on revaluation of fixed assets	1,319				
Add: Depreciation on assets	2,821,486	2,742,500	2,742,500	827,273	2,742,500
Non-cash movements in non-current assets and liabilities:					
Employee benefit provisions		5,000	5,000		
Non-cash amounts excluded from operating activities	2,837,673	2,484,864	2,484,864	711,645	2,479,864



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

4 PREDICTED VARIANCES

		Variance
		\$
Revenue from operating activities		
4.1	General rates <i>CBH Ex Gratia rates less than budget</i>	(10,986) ▼
4.2	Grants, subsidies and contributions <i>FAG received more than anticipated (General Purpose & Untied Roads)</i> <i>2025 Childcare Conference grant received</i> <i>DOT training reimbursements</i> <i>Insurance claims</i> <i>Nyabing Sports Club contribution received</i> <i>Team Town grant received</i>	306,289 ▲ 208,689 12,000 6,000 8,500 66,100 5,000
4.3	Fees and charges <i>Amendment - audit correction</i>	(300,000) ▼
4.4	Interest revenue <i>Increase interest rate of TD and Muni</i>	136,342 ▲
Expenditure from operating activities		
4.5	Employee costs <i>Cost of services provided</i>	(12,000) ▼
4.6	Materials and contracts <i>24/25 election cost saving</i> <i>2025 Childcare Conference grant paid</i> <i>Contract work for 29 Aspendale cost saving</i> <i>Unexpected engineering works to side tippers, dolly, trailer</i>	(26,730) ▼ 5,000 (12,000) 5,270 (25,000)
4.7	Other expenditure <i>Amendment - audit correction</i>	300,000 ▲
4.8	Non-cash amounts excluded from operating activities <i>Adjust Provisions and Accruals - LSL NC</i>	(5,000) ▼
Inflows from investing activities		
4.9	Capital grants, subsidies and contributions <i>Unbudgeted grant, Great Southern Secondary Freight Network</i>	963,636 ▲
4.10	Proceeds from disposal of assets <i>Increase to anticipated disposal of plant</i> <i>Variance asset disposal: add 29 Aspendale less 8-10 Reid</i>	219,663 ▲ 69,663 150,000
Outflows from investing activities		
4.11	Purchase of plant and equipment <i>Unbudgeted expenditure for prime mover and side tipper less savings from YTD purchases</i>	(257,901) ▼
4.12	Purchase and construction of infrastructure-roads <i>Unbudgeted expense for grant received, Great Southern Secondary Freight Network</i>	(1,086,001) ▼
Cash inflows from financing activities		
4.13	Transfers from reserve accounts <i>Additional funds required from Plant reserve and Admin Vehicle reserve</i>	193,995 ▲
Cash outflows from financing activities		
4.14	Transfers to reserve accounts <i>Increase interest rate</i> <i>Cost savings from cancelled/postponed housing capital works</i> <i>Sale of 29 Aspendale</i>	(307,172) ▼ 56,317 48,720 150,000
4.15	Surplus or deficit at the start of the financial year <i>Audited opening surplus</i>	(114,135) ▼

Description	Council Resolution	Classification	No Change -	Increase in	Decrease in	Amended	Comments
			(Non Cash Items) Adjust.	Cash	Cash	Budget Running Balance	
			\$	\$	\$	\$	
Budget Adoption		Opening Surplus(Deficit)			(114,135)	(114,135)	Audited opening surplus
Rates Ex Gratia		Operating Revenue			(10,986)	(125,121)	CBH Ex Gratia less than budget
Grants - General Purpose (FAG)		Operating Revenue		159,316		34,195	FAG received more than anticipated
Grants - Untied Roads (FAG)		Operating Revenue		49,373		83,568	FAG received more than anticipated
Interest on Reserves		Operating Revenue		56,317		139,885	Increase interest rate on TD
Interest on Muni account		Operating Revenue		80,025		219,910	Increase interest rate on Muni
Admin reimbursements received		Operating Revenue		6,000		225,910	DOT training reimbursements
Elections		Operating Expenses		5,000		230,910	24/25 elections cost saving
Recruitment costs		Operating Expenses			(12,000)	218,910	Cost of services provided
Other Welfare donations		Operating Revenue		12,000		230,910	Grant received
Other Welfare donations		Operating Expenses			(12,000)	218,910	Payment of grant to childcare
Staff Housing Reimbursements		Operating Revenue		8,500		227,410	Insurance claims
29 Aspendale Street		Operating Expenses		5,270		232,680	Contract work managed in-house
Proceeds from sale of asset		Operating Revenue		150,000		382,680	Add 29 Aspendale Street Sale, less 8-10 Reid Street sale
Realisation of asset		Operating Expenses			(150,000)	232,680	Add 29 Aspendale Street Sale, less 8-10 Reid Street sale
Other Rec & Sport Contributions		Operating Revenue		66,100		298,780	Nyabing Sports Club additional contribution
Grants Great Southern Secondary Freight		Operating Revenue		963,636		1,262,416	Funding received for GSSF
Proceeds from sale of asset		Operating Revenue		69,663		1,332,079	Savings from plant sales
Realisation of asset		Operating Revenue			(69,663)	1,262,416	Savings from plant sales
Licensing fees & charges		Operating Revenue			(300,000)	962,416	Amendment - audit correction
Other Grant Income		Operating Revenue		5,000		967,416	Unbudgeted grant income
Licensing expense		Operating Expenses		300,000		1,267,416	Amendment - audit correction
Plant op - contract expenses		Operating Expenses			(25,000)	1,242,416	Unexpected engineering works to Side Tippers, dolly, trailer
29 Aspendale Street		Capital Expense		12,000		1,254,416	Asset to be sold - tsfr to Reserve L&B
1/1 Coates Close		Capital Expense		8,300		1,262,716	Project under budget - tsfr to Reserve L&B
2/7 Gaby Street		Capital Expense		3,420		1,266,136	Project under budget - tsfr to Reserve L&B
1/15 George Street		Capital Expense		10,000		1,276,136	Project cancelled - tsfr to Reserve L&B
2/1 Coates Close		Capital Expense		10,000		1,286,136	Project cancelled - tsfr to Reserve L&B
21A George Street		Capital Expense		5,000		1,291,136	Contingency - not required - tsfr to Reserve L&B
Newdegate Pingrup Road (GSSF)		Capital Expense			(963,636)	327,500	GSSF Network - Newdegate-Pingrup widen/seal
Chester Pass Road Tank		Capital Expense		10,709		338,209	Project under budget
Pingrup CP - HWS upgrade		Capital Expense		9,926		348,135	Project under budget
Plant purchase savings		Capital Expense		160,379		508,514	Purchase Hino truck unbudgeted expense
Plant purchases - Road Train & Tipper		Capital Expense			(610,000)	(101,486)	Purchase road train unbudgeted expense
Transfer in from Plant Reserve		Capital Expense		179,621		78,135	Transfer from reserve for road train/tipper
Transfer from Admin Vehicle Reserve		Capital Expense		14,374		92,509	Increase in Reserve funds required to purchase 3 admin vehicles
Interest to Employee Entitlement Reserve		Capital Expense			(749)	91,760	Interest
Interest to Computing Reserve		Capital Expense			(154)	91,606	Interest
Interest to Admin Vehicle Reserve		Capital Expense			(294)	91,312	Interest
Interest to Land & Building Reserve		Capital Expense			(24,221)	67,091	Interest
Transfer to Land and Building Reserve		Capital Expense			(198,720)	(131,629)	Capital works cancelled/postponed; Sale of 29 Aspendale St
Interest to Refuse Disposal Reserve		Capital Expense			(1,125)	(132,754)	Interest
Interest to Cemetery Reserve		Capital Expense			(269)	(133,023)	Interest
Interest to Sewerage Reserve		Capital Expense			(3,067)	(136,090)	Interest
Interest to Nyabing Rec Reserve		Capital Expense			(379)	(136,469)	Interest
Transfer to Nyabing Rec Reserve		Capital Expense			(66,100)	(202,569)	Nyabing Sports Club additional contribution (bowls)
Interest to Pingrup Rec Reserve		Capital Expense			(246)	(202,815)	Interest
Interest to Plant Reserve		Capital Expense			(6,435)	(209,250)	Interest
Interest to Road Reserve		Capital Expense			(5,107)	(214,357)	Interest
Interest to Water Supply Reserve		Capital Expense			(306)	(214,663)	Interest
Proceeds from sale of asset		Non Cash Item	219,663			5,000	
Adjust Provisions and Accruals - LSL NC		Non Cash Item	(5,000)			0	
			214,663	2,359,929	(2,574,592)	0	