

SHIRE OF TRAYNING

BUDGET REVIEW REPORT

FOR THE PERIOD ENDED 31 DECEMBER 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

SHIRE OF TRAYNING
STATEMENT OF BUDGET REVIEW
FOR THE PERIOD ENDED 31 DECEMBER 2025

		Budget v Actual		Estimated	Predicted	
	Note	Adopted Budget	Year to Date Actual	Year at End Amount (b)	Variance (b) - (a)	
		\$	\$	\$	\$	
OPERATING ACTIVITIES						
Revenue from operating activities						
General rates		1,419,892	1,420,934	1,419,892	0	
Grants, subsidies and contributions	4.1	1,485,230	784,641	1,518,164	32,934	▲
Fees and charges	4.2	268,393	184,555	278,393	10,000	▲
Interest revenue		49,494	9,041	49,494	0	
Other revenue	4.3	260,346	130,580	270,802	10,456	▲
Profit on asset disposals		40,993	19,516	40,993	0	
		<u>3,524,348</u>	<u>2,549,267</u>	<u>3,577,738</u>	<u>53,390</u>	
Expenditure from operating activities						
Employee costs	4.4	(1,323,715)	(565,914)	(1,178,315)	145,400	▲
Materials and contracts	4.5	(1,636,532)	(1,126,671)	(1,696,437)	(59,905)	▼
Utility charges	4.6	(128,843)	(50,244)	(136,843)	(8,000)	▼
Depreciation		(2,804,028)	(1,471,042)	(2,804,028)	0	
Finance costs		(50,179)	(9,669)	(50,179)	0	
Insurance		(146,072)	(135,539)	(146,072)	0	
Other expenditure	4.7	(103,757)	(43,221)	(86,557)	17,200	▲
Loss on asset disposals		(28,007)	(22,894)	(28,007)	0	
		<u>(6,221,133)</u>	<u>(3,425,194)</u>	<u>(6,126,438)</u>	<u>94,695</u>	
Non-cash amounts excluded from operating activities		2,796,782	1,474,420	2,796,782	0	
Amount attributable to operating activities		<u>99,997</u>	<u>598,493</u>	<u>248,082</u>	<u>148,085</u>	
INVESTING ACTIVITIES						
Inflows from investing activities						
Capital grants, subsidies and contributions	4.8	1,215,615	478,193	1,169,104	(46,511)	▼
Proceeds from disposal of assets	4.9	315,500	168,864	279,045	(36,455)	▼
		<u>1,531,115</u>	<u>647,056</u>	<u>1,448,149</u>	<u>(82,966)</u>	
Outflows from investing activities						
Purchase of land and buildings	4.10	(177,265)	(119,760)	(269,265)	(92,000)	▼
Purchase of plant and equipment	4.11	(494,767)	(311,550)	(477,133)	17,634	▲
Purchase and construction of infrastructure-roads	4.12	(2,739,522)	(423,380)	(2,360,512)	379,010	▲
Purchase and construction of infrastructure-other	4.13	(232,649)	(151,856)	(298,649)	(66,000)	▼
		<u>(3,644,203)</u>	<u>(1,006,547)</u>	<u>(3,405,559)</u>	<u>238,644</u>	
Non-cash amounts excluded from investing activities	4.14	0	51,751	51,751	51,751	▼
Amount attributable to investing activities		<u>(2,113,088)</u>	<u>(307,740)</u>	<u>(1,905,659)</u>	<u>207,429</u>	
FINANCING ACTIVITIES						
Cash inflows from financing activities						
Transfers from reserve accounts	4.15	109,000	0	100,000	(9,000)	▼
		<u>109,000</u>	<u>0</u>	<u>100,000</u>	<u>(9,000)</u>	
Cash outflows from financing activities						
Payments for principal portion of lease liabilities		(1,628)	0	(1,628)	0	
Repayment of borrowings		(130,473)	(64,641)	(130,473)	0	
Transfers to reserve accounts	4.16	(217,912)	(1,014)	(427,474)	(209,562)	▼
		<u>(350,013)</u>	<u>(65,655)</u>	<u>(559,575)</u>	<u>(209,562)</u>	
Amount attributable to financing activities		<u>(241,013)</u>	<u>(65,655)</u>	<u>(459,575)</u>	<u>(218,562)</u>	
MOVEMENT IN SURPLUS OR DEFICIT						
Surplus or deficit at the start of the financial year	4.17	2,254,104	2,117,152	2,117,152	(136,952)	▼
Amount attributable to operating activities		99,997	598,493	248,082	148,085	
Amount attributable to investing activities		(2,113,088)	(307,740)	(1,905,659)	207,429	
Amount attributable to financing activities		(241,013)	(65,655)	(459,575)	(218,562)	
Surplus or deficit after imposition of general rates		<u>0</u>	<u>2,342,250</u>	<u>0</u>	<u>0</u>	

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 Trayning 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 Trayning 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:

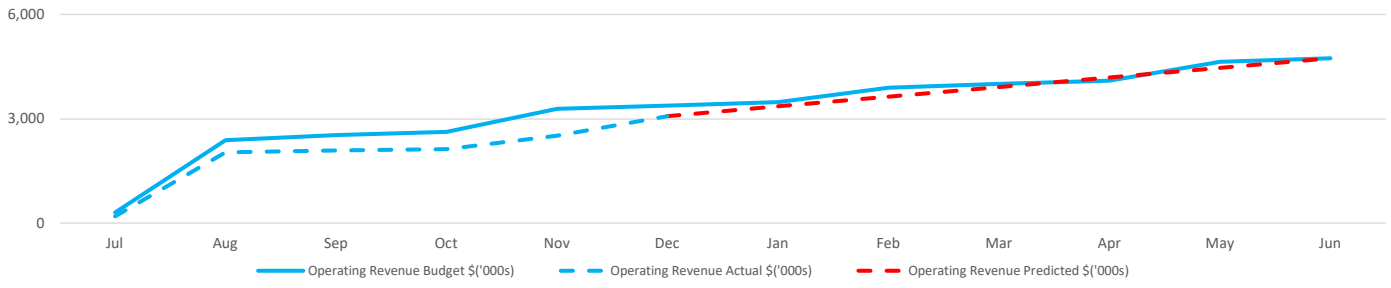
- estimated fair value of certain financial assets
- impairment of financial assets
- estimation of fair values of land and buildings, infrastructure and investment property
- estimation uncertainties made in relation to lease accounting
- estimation of fair values of provisions

MATERIAL ACCOUNTING POLICIES

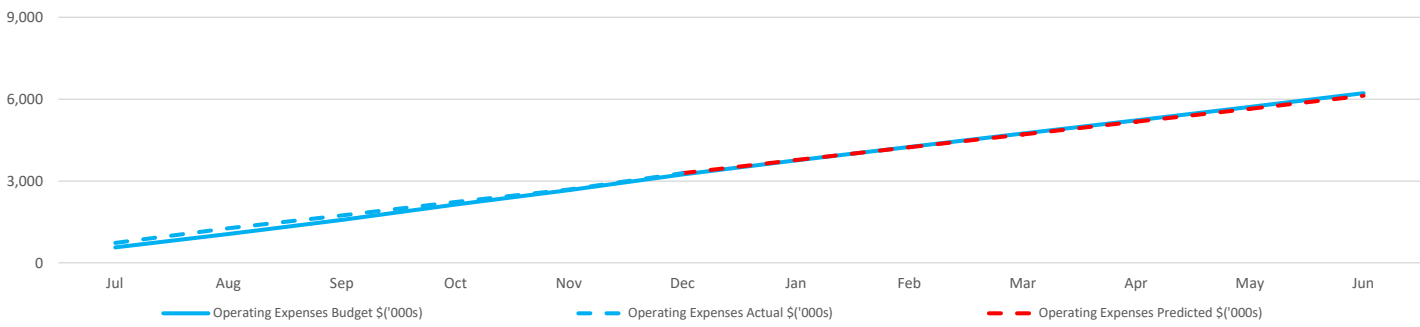
Material accounting policies utilised in the preparation of these statements are as described within the 2025-26 Annual Budget. Please refer to the adopted budget document for details of these policies.

2. SUMMARY GRAPHS - BUDGET REVIEW

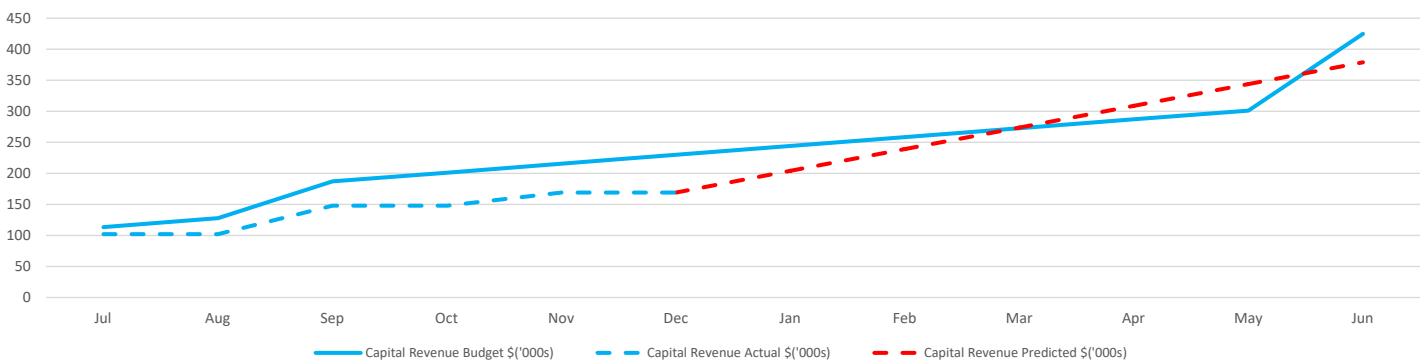
Operating Revenue



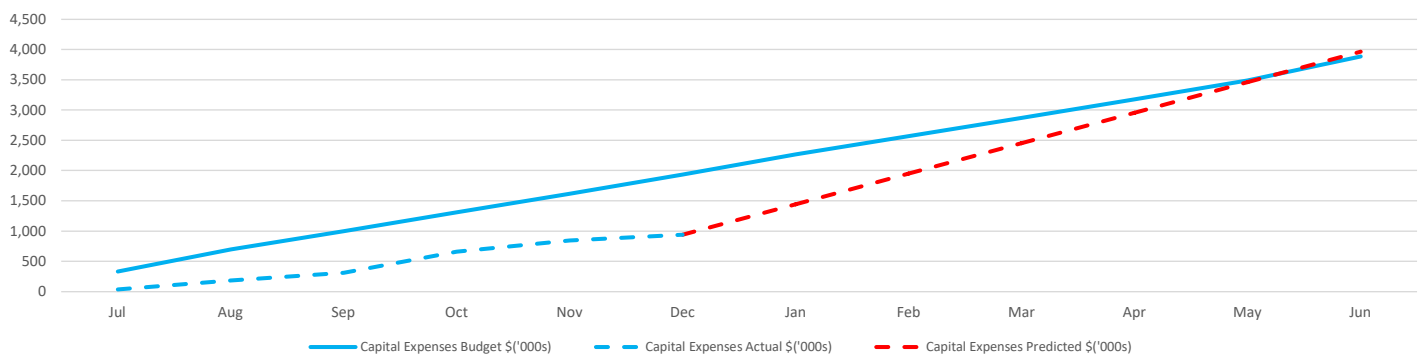
Operating Expenses



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 2025	Adopted Budget 30 June 2026	Year to Date Actual 31 December 2025	Estimated Year at End Amount 30 June 2026
	\$	\$	\$	\$
(a) Composition of estimated net current assets				
Current assets				
Cash and cash equivalents	3,269,211	1,360,885	3,431,656	2,095,856
Trade and other receivables	343,467	91,466	263,936	91,466
Inventories	1,043	2,263	1,509	2,263
Contract assets	0	279,109	0	0
	3,613,721	1,733,723	3,697,101	2,189,585
Less: current liabilities				
Trade and other payables	(228,651)	(381,502)	(137,670)	(381,502)
Capital grant/contribution liability	(51,751)	0	0	0
Lease liabilities	(1,624)	0	(1,624)	0
Borrowings	(126,013)	0	(61,372)	0
Employee related provisions	(145,431)	(168,414)	(145,431)	(168,414)
Bonds and deposits	(16,090)	(26,505)	(16,090)	(26,505)
	(569,560)	(576,421)	(362,187)	(576,421)
Net current assets	3,044,161	1,157,302	3,334,914	1,613,164
Less: Total adjustments to net current assets	(927,009)	(1,157,302)	(992,664)	(1,613,164)
Closing funding surplus / (deficit)	2,117,152	0	2,342,250	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	Year to Date Actual 31 December 2025	Estimated Year at End Amount 30 June 2026
	\$	\$	\$	\$
Adjustments to net current assets				
Less: Reserve accounts	(1,054,921)	(1,163,317)	(1,055,936)	(1,619,179)
Add: Current liabilities not expected to be cleared at end of year				
- Current portion of borrowings	126,013	0	61,372	0
- Current portion of lease liabilities	1,624	0	1,624	0
- Current portion of provisions held in reserve	275	6,015	276	6,015
Total adjustments to net current assets	(927,009)	(1,157,302)	(992,664)	(1,613,164)

(c) Non-cash amounts excluded from operating activities

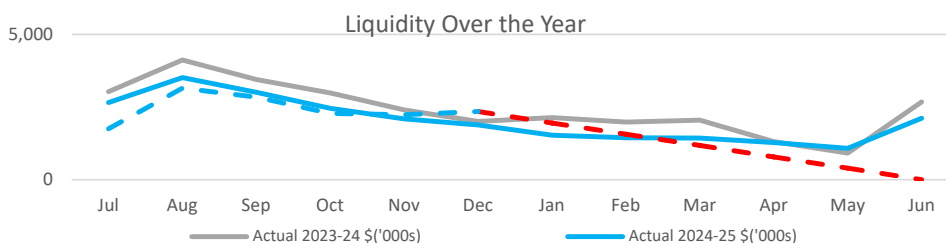
The following non-cash revenue and expenditure has been excluded from operating activities within the Statement of Financial Activity in accordance with *Financial Management Regulation 32*.

	Audited Actual 30 June 2025	Adopted Budget 30 June 2026	Year to Date Actual 31 December 2025	Estimated Year at End Amount 30 June 2026
	\$	\$	\$	\$
Adjustments to operating activities				
Less: Profit on asset disposals	0	(40,993)	(19,516)	(40,993)
Less: Movement in liabilities associated with restricted cash	(24,117)	5,740	0	5,740
Less: Fair value adjustments to financial assets at fair value through profit or loss	2,663	0	0	0
Add: Loss on disposal of assets	3,855	28,007	22,894	28,007
Add: Depreciation on assets	2,848,433	2,804,028	1,471,042	2,804,028
Non-cash movements in non-current assets and liabilities:				
- Pensioner deferred rates	4,873	0	0	0
- Employee benefit provisions	(18,403)	0	0	0
Non-cash amounts excluded from operating activities	2,817,304	2,796,782	1,474,420	2,796,782

(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 2025	Adopted Budget 30 June 2026	Year to Date Actual 31 December 2025	Estimated Year at End Amount 30 June 2026
	\$	\$	\$	\$
Adjustments to investing activities				
Movement in non-current capital grant/contribution liability			51,751	51,751
Non cash amounts excluded from investing activities	0	0	51,751	51,751



SHIRE OF TRAYNING
NOTES TO THE REVIEW OF THE ANNUAL BUDGET
FOR THE PERIOD ENDED 31 DECEMBER 2025

4 PREDICTED VARIANCES

	Variance
	\$
Revenue from operating activities	
4.1 Grants, subsidies and contributions More Grants Commission funding received than budgeted	32,934 ▲
4.2 Fees and charges More rent received from non-staff housing than budgeted	10,000 ▲
4.3 Other revenue Less income from reimbursements/subsidies offset by more income from insurance claims than budgeted	10,456 ▲
Expenditure from operating activities	
4.4 Employee costs Savings in Administration as less casual/acting staff and training than budgeted and less works staff time on cleaning and maintenance than budgeted	145,400 ▲
4.5 Materials and contracts Unbudgeted building works, overexpenditure on plant operating costs, partially offset by capitalising footpath jobs	(59,905) ▼
4.6 Utility charges Increased use of water for Primary School oval expected due to low dam levels	(8,000) ▼
4.7 Other expenditure Savings in Ordinary Election costs and not attending WALGA Conference	17,200 ▲
Inflows from investing activities	
4.8 Capital grants, subsidies and contributions Less funding from Roads to Recovery and Regional Road Gorup funding than budgeted, partially offset by LRCIP footpath grant funds not budgeted for	(46,511) ▼
4.9 Proceeds from disposal of assets Trade prices on Prados less than budgeted, proceeds from sale of wood chipper expected to be less than budgeted	(36,455) ▼
Outflows from investing activities	
4.10 Purchase of land and buildings Increase budget for caravan park chalets, add ramp/footpath to Playgroup Building, unbudgeted works at Sports Club	(92,000) ▼
4.11 Purchase of plant and equipment Savings on a number of vehicle purchases partially offset by unbudgeted purchase of traffic lights	17,634 ▲
4.12 Purchase and construction of infrastructure-roads Under expenditure on Barnes, Stapleton, Sherzinger, Huandanning and Harrod Roads, removal of Leake Street partially offset by increases on Kununoppin-Mukinbudin and Kellerberrin-Bencubbin Roads	379,010 ▲
4.13 Purchase and construction of infrastructure-other Footpath projects transferred from maintenance, partially offset by removing Adam Street Kununoppin footpath and reducing budget for Pioneer Park	(66,000) ▼
4.14 Non-cash amounts excluded from investing activities Transfer of funds from contract liability to income unbudgeted	51,751 ▼
Cash inflows from financing activities	
4.15 Transfers from reserve accounts Transfer from Facilities Reserve no longer necessary as Gym extension deferred	(9,000) ▼
Cash outflows from financing activities	
4.16 Transfers to reserve accounts Increase transfers to building and infrastructure reserves as a result of under expenditure on capital road projects	(209,562) ▼
4.17 Surplus or deficit at the start of the financial year Opening surplus lower than budgeted, largely due to treatment of grant funding liabilities	(136,952) ▼