

SHIRE OF MERREDIN

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 MERREDIN
STATEMENT OF BUDGET REVIEW
FOR THE PERIOD ENDED 28 FEBRUARY 2026

Budget v Actual						
Note	Adopted Budget	Updated Budget		Estimated Year at End Amount (b)	Predicted Variance (b) - (a)	
		Estimates (a)	Year to Date Actual			
	\$	\$	\$	\$	\$	
OPERATING ACTIVITIES						
Revenue from operating activities						
General rates	4.1	5,846,844	5,846,100	5,837,076	5,837,050	(9,050) ▼
Rates excluding general rates		89,400	91,950	91,977	91,950	0
Grants, subsidies and contributions	4.2	2,363,350	2,217,350	1,622,318	2,214,000	(3,350) ▼
Fees and charges	4.3	923,250	910,900	958,579	968,350	57,450 ▲
Interest revenue	4.4	435,050	450,050	357,093	500,450	50,400 ▲
Other revenue	4.5	330,900	376,400	391,791	443,900	67,500 ▲
Profit on asset disposals	4.6	122,400	122,400	139,827	391,250	268,850 ▲
		10,111,194	10,015,150	9,398,661	10,446,950	431,800
Expenditure from operating activities						
Employee costs	4.7	(4,930,800)	(5,018,850)	(2,768,198)	(4,614,050)	404,800 ▲
Materials and contracts	4.8	(3,848,800)	(3,976,600)	(2,075,993)	(4,645,850)	(669,250) ▼
Utility charges	4.9	(579,600)	(604,200)	(350,277)	(650,550)	(46,350) ▼
Depreciation	4.10	(5,399,100)	(5,792,000)	(3,880,960)	(5,747,150)	44,850 ▲
Finance costs	4.11	(66,850)	(66,850)	(37,537)	(68,700)	(1,850) ▼
Insurance	4.12	(268,200)	(278,200)	(266,158)	(283,950)	(5,750) ▼
Other expenditure	4.13	(383,950)	(396,900)	(183,031)	(411,950)	(15,050) ▼
Loss on asset disposals	4.14	0	0	(157,535)	(329,050)	(329,050) ▼
		(15,477,300)	(16,133,600)	(9,719,689)	(16,751,250)	(617,650)
Non-cash amounts excluded from operating activities	4.15	5,276,700	5,669,600	3,898,668	5,684,950	15,350 ▲
Amount attributable to operating activities		(89,406)	(448,850)	3,577,640	(619,350)	(170,500)
INVESTING ACTIVITIES						
Inflows from investing activities						
Capital grants, subsidies and contributions	4.16	4,390,750	4,064,500	1,273,952	5,543,000	1,478,500 ▲
Proceeds from disposal of assets	4.17	258,000	258,000	311,324	808,350	550,350 ▲
Proceeds from self supporting loans		40,600	40,600	20,058	40,600	0
		4,689,351	4,363,100	1,605,334	6,391,950	2,028,850
Outflows from investing activities						
Purchase of land and buildings	4.18	(1,352,000)	(1,348,450)	(17,614)	(1,302,450)	46,000 ▲
Purchase of plant and equipment		(407,000)	(1,050,500)	(548,110)	(2,266,850)	(1,216,350) ▼
Purchase of furniture and equipment		0	(10,000)	(8,127)	(8,150)	1,850 ▲
Purchase and construction of infrastructure-roads	4.19	(5,807,200)	(5,475,200)	(841,494)	(5,534,850)	(59,650) ▼
Purchase and construction of infrastructure-other	4.20	(724,650)	(876,150)	(455,757)	(893,350)	(17,200) ▼
		(8,290,850)	(8,760,300)	(1,871,102)	(10,005,650)	(1,245,350)
Amount attributable to investing activities		(3,601,499)	(4,397,200)	(265,768)	(3,613,700)	783,500
FINANCING ACTIVITIES						
Cash inflows from financing activities						
Transfers from reserve accounts	4.21	47,550	450,000	0	300,000	(150,000) ▼
		47,550	450,000	0	300,000	(150,000)
Cash outflows from financing activities						
Repayment of borrowings		(233,600)	(233,600)	(212,999)	(233,600)	0
Transfers to reserve accounts	4.22	(735,000)	(800,000)	(153,145)	(1,325,000)	(525,000) ▼
		(968,600)	(1,033,600)	(366,144)	(1,558,600)	(525,000)
Amount attributable to financing activities		(921,050)	(583,600)	(366,144)	(1,258,600)	(675,000)
MOVEMENT IN SURPLUS OR DEFICIT						
Surplus or deficit at the start of the financial year		4,612,994	5,435,602	5,502,685	5,502,685	67,083 ▲
Amount attributable to operating activities		(89,406)	(448,850)	3,577,640	(619,350)	(170,500)
Amount attributable to investing activities		(3,601,499)	(4,397,200)	(265,768)	(3,613,700)	783,500
Amount attributable to financing activities		(921,050)	(583,600)	(366,144)	(1,258,600)	(675,000)
Surplus or deficit after imposition of general rates	3(a),4.23	1,039	5,952	8,448,413	11,035	5,083 ▲

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 Merredin 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 Merredin 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:

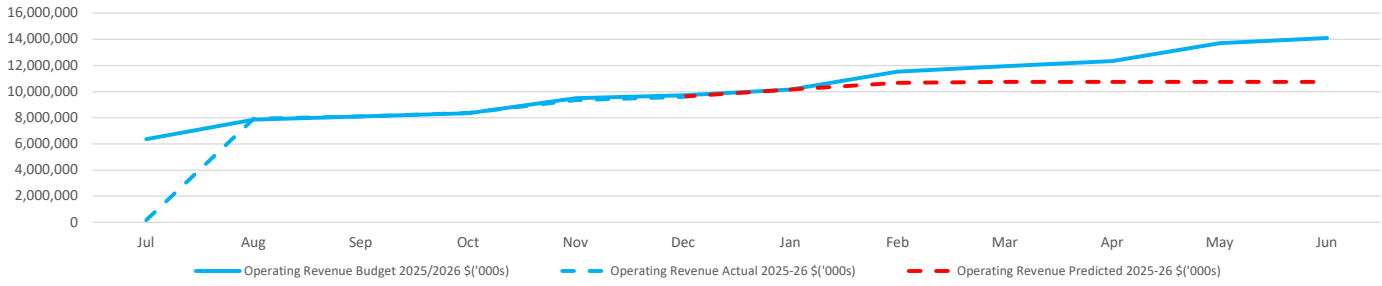
- estimated fair value of certain financial assets
- impairment of financial assets
- estimation of fair values of land and buildings, infrastructure and investment property
- estimation uncertainties made in relation to lease accounting
- estimation of fair values of provisions

MATERIAL ACCOUNTING POLICIES

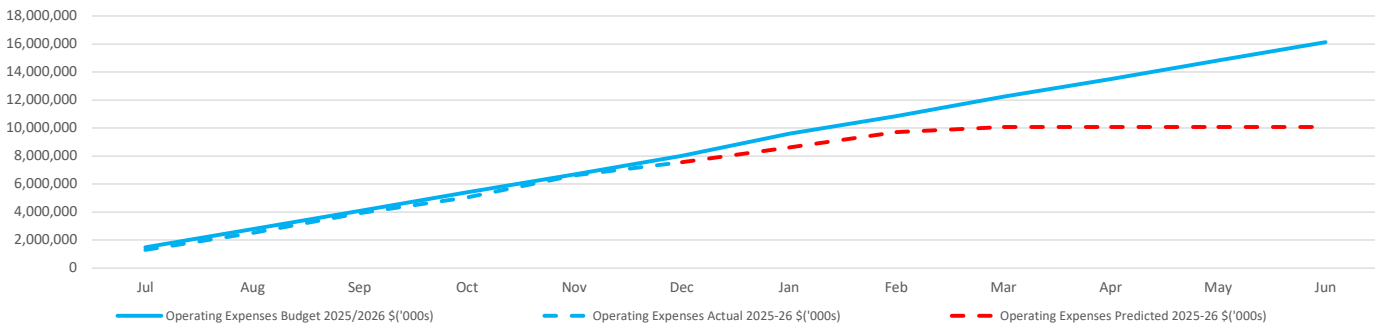
Material accounting policies utilised in the preparation of these statements are as described within the 2025-26 Annual Budget. Please refer to the adopted budget document for details of these policies.

2. SUMMARY GRAPHS - BUDGET REVIEW

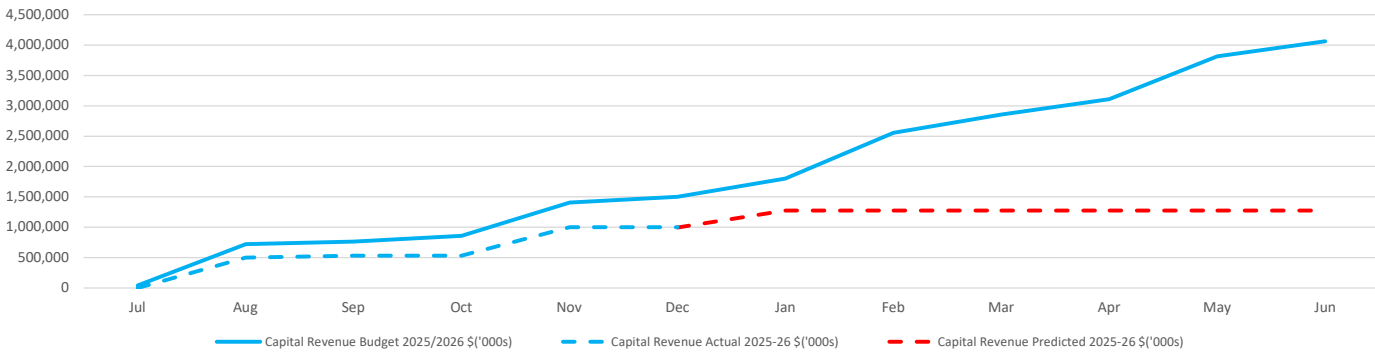
Operating Revenue



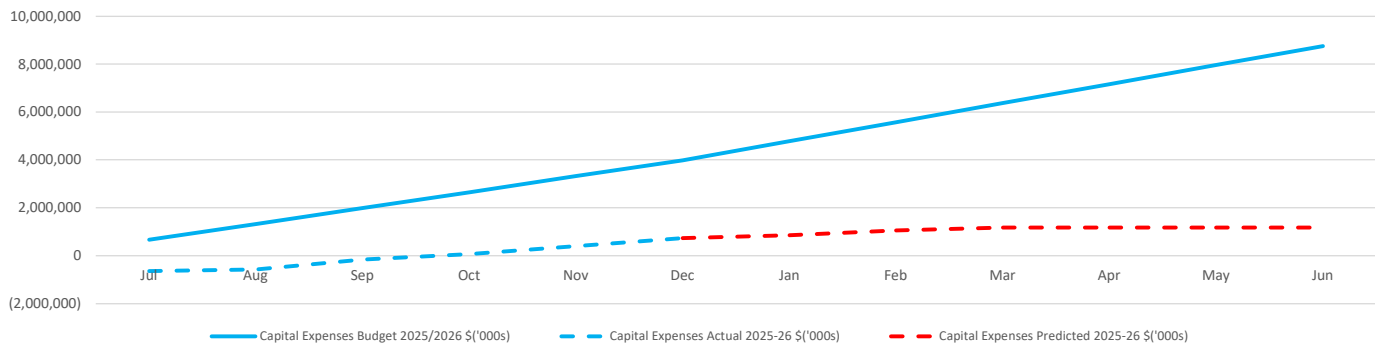
Operating Expenses



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)

(a) Composition of estimated net current assets	Audited Actual	Adopted Budget	Updated Budget	Year to Date Actual	Estimated Year at
	30 June 2025	30 June 2026	Estimates 30 June 2026	28 February 2026	End Amount 30 June 2026
	\$	\$	\$	\$	\$
Current assets					
Cash and cash equivalents	14,749,289	8,132,565	8,826,267	8,826,667	8,826,267
Financial assets	40,611	0	40,600	20,553	40,600
Trade and other receivables	861,624	958,881	861,624	1,817,178	958,881
Inventories	23,923	23,923	23,923	47,829	23,923
Other assets	316,114	639,070	639,070	159,396	639,070
	15,991,561	9,754,439	10,391,484	10,871,623	10,488,741
Less: current liabilities					
Trade and other payables	(974,320)	(916,524)	(916,524)	(410,578)	(916,524)
Contract liabilities	0	(8,372)	(9,990)	(9,990)	(8,372)
Capital grant/contribution liability	(1,563,213)	(208,079)	(208,079)	(1,482,853)	(208,079)
Long Term Borrowings	(233,551)	0	0	(20,552)	0
Employee related provisions	(494,332)	(516,573)	(494,332)	(494,332)	(494,332)
	(3,265,416)	(1,649,548)	(1,628,925)	(2,418,305)	(1,627,307)
Net current assets	12,726,145	8,104,891	8,762,559	8,453,318	8,861,434
Less: Total adjustments to net current assets	(7,182,851)	(8,103,852)	(8,103,852)	(7,548,995)	(8,674,953)
Closing funding surplus / (deficit)	5,543,294	1,039	658,707	904,323	186,481

(b) Current assets and liabilities excluded from budgeted deficiency

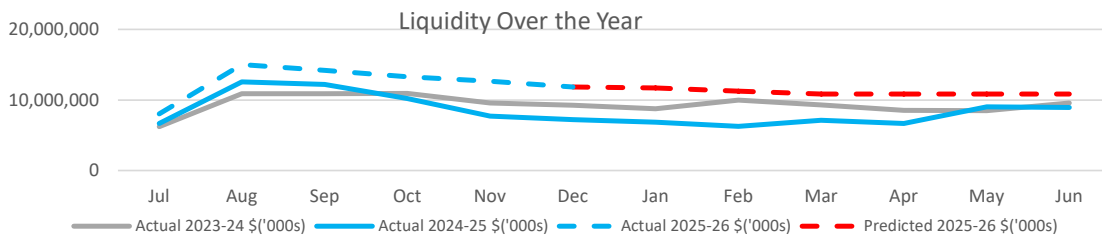
The following current assets and liabilities have been excluded from the net current assets used in the Statement of Financial Activity in accordance with *Financial Management Regulation 32* to agree to the surplus/(deficit) after imposition of general rates.

	Audited Actual	Adopted Budget	Updated Budget	Year to Date Actual	Estimated Year at
	30 June 2025	30 June 2026	Estimates 30 June 2026	28 February 2026	End Amount 30 June 2026
	\$	\$	\$	\$	\$
Adjustments to net current assets					
Less: Reserve accounts	(7,416,402)	(8,103,852)	(8,103,852)	(7,569,547)	(8,441,402)
- Current portion of borrowings	233,551	0	0	20,552	(233,551)
Total adjustments to net current assets	(7,182,851)	(8,103,852)	(8,103,852)	(7,548,995)	(8,674,953)

(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	Adopted Budget	Updated Budget	Year to Date Actual	Estimated Year at
	30 June 2025	30 June 2026	Estimates 30 June 2026	28 February 2026	End Amount 30 June 2026
	\$	\$	\$	\$	\$
Adjustments to operating activities					
Less: Profit on asset disposals	(231,212)	(122,400)	(122,400)	(139,827)	(391,250)
Add: Loss on disposal of assets	24,440	0	0	157,535	329,050
Add: Depreciation on assets	5,420,188	5,399,100	5,399,100	3,880,960	5,747,150
Non-cash amounts excluded from operating activities	5,213,416	5,276,700	5,276,700	3,898,668	5,684,950



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

4 PREDICTED VARIANCES

		Variance
		<u>\$</u>
Revenue from operating activities		
4.1	General rates Reduction in rates revenue due to rates refunds.	(9,050) ▼
4.2	Grants, subsidies and contributions Minor reduction in grants subsidies and contributions as compared to current budget.	(3,350) ▼
4.3	Fees and charges Increase due to landfill income, cemetery burial fees and planning application fees being higher than budgeted, as well as some minor amendments to the Nature and Type of some income figures.	57,450 ▲
4.4	Interest revenue Interest earned on municipal funds has been higher than budgeted due to increased interest rates.	50,400 ▲
4.5	Other revenue Workers compensation and Insurance claim reimbursements received have been higher than budgeted.	67,500 ▲
4.6	Profit on asset disposals Increase due to profit on sale of Lot 217 Carrington Way and from LGIS insurance for the Hino Truck written off that were not budgeted.	268,850 ▲
Expenditure from operating activities		
4.7	Employee costs Expenditure decreased due to reduction in wages, superannuation and employee costs other in relation to actual year to date expenditure.	404,800 ▲
4.8	Materials and contracts Increase in expenditure due to greater use of contractors. The movement of expenditure of the upcoming ERP upgrade from capital to operational has accounted for a significant portion of this variance.	(669,250) ▼
4.9	Utility charges Increase in expenditure mainly due to increased water charges related to standpipes.	(46,350) ▼
4.10	Depreciation Reduction in depreciation expenditure due to Merritville asset not being added to the Shire register until 2026/27 financial year.	44,850 ▲
4.11	Finance costs Slight increase required as loan guarantee fees were not originally budgeted.	(1,850) ▼
4.12	Insurance Increase in insurance figures in line with actual costs incurred.	(5,750) ▼
4.13	Other expenditure Increased due to parental leave and insurance expenditure, increased expenditure at landfill site, increase to Bush Fire Brigade (BFB) clothing and accessories and increase to State Emergency Services (SES) maintenance accounts.	(15,050) ▼
4.14	Loss on asset disposals Increased expenditure due to unbudgeted end of life disposal of synthetic bowling green and write off of Hino Truck resulting in loss on disposal.	(329,050) ▼
4.15	Non-cash amounts excluded from operating activities Though there was a slight increase to profit on disposal of assets and a small reduction to depreciation, a large increase to the loss on disposal of assets created this variance.	15,350 ▲
Inflows from investing activities		
4.16	Capital grants, subsidies and contributions Two Tatra fire trucks and one SES vehicle received from DFES as Capital grants not originally budgeted.	1,478,500 ▲
4.17	Proceeds from disposal of assets	550,350 ▲

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

4 PREDICTED VARIANCES

		Variance
		<u>\$</u>
Proceeds from disposal of Hino truck due to insurance write off and sale of land held for resale not originally budgeted.		
Outflows from investing activities		
4.18	Purchase of land and buildings Reduction due to some capital projects removed from the budget.	46,000 ▲
4.18	Purchase of plant and equipment Increase in purchases due to two Tatra fire trucks and one SES vehicle donated by DFES. Expenditure off-setting Capital Grant received.	(1,216,350) ▼
4.18	Purchase of furniture and equipment Reduced due to actual cost of a new Cummins Theatre tables being less than budgeted.	1,850 ▲
4.19	Purchase and construction of infrastructure-roads Increased due to RFQ received for Footpath capital projects coming in higher than originally budgeted. Roads to recovery roads budgets also increased to cover amended project list.	(59,650) ▼
4.20	Purchase and construction of infrastructure-other Funds budgeted for a standpipe swipecard system on request of Council.	(17,200) ▼
Cash inflows from financing activities		
4.21	Transfers from reserve accounts Decrease in ICT reserve funds to be transferred due to reduction in quotation for the new ERP system.	(150,000) ▼
4.22	Transfers to reserve accounts Increase in transfers to reserves due to staff vacancies and extra interest received. Extra funds directed into recreation development, plant replacement, housing and swimming pool reserves.	(525,000) ▼
0	Surplus or deficit at the start of the financial year Increase in surplus at the start of Financial Year to align with 2024/25 audited surplus.	67,083 ▲
3(a),4.2	Surplus or deficit after imposition of general rates Increase to ensure balanced budget achieved.	5,083 ▲