

SHIRE OF PERENJORI
MONTHLY FINANCIAL REPORT
(Containing the Statement of Financial Activity)
For The Period Ended 31 May 2022

LOCAL GOVERNMENT ACT 1995

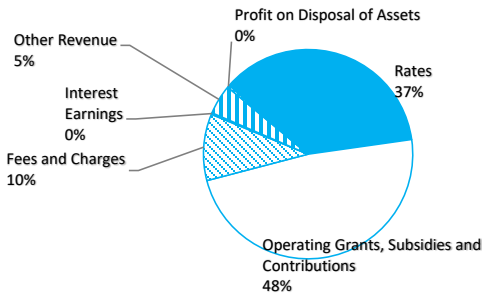
LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996

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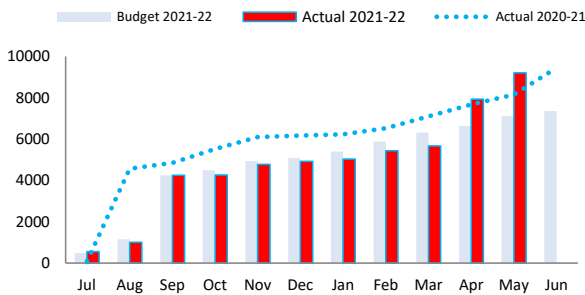
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OPERATING ACTIVITIES

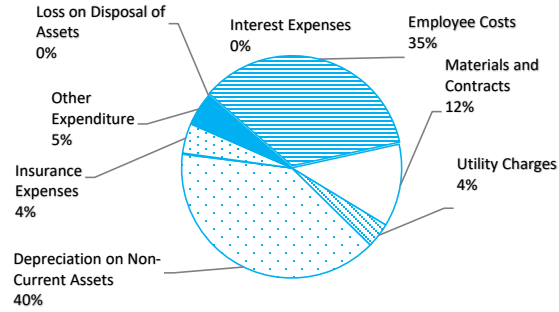
OPERATING REVENUE



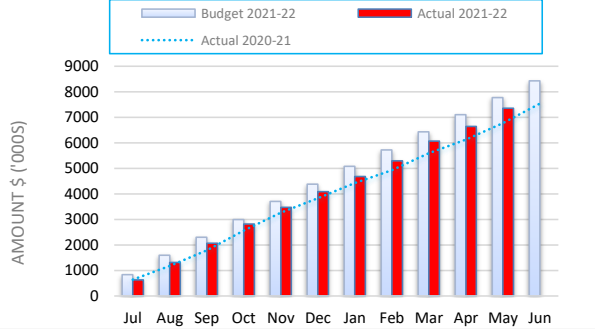
Budget Operating Revenues -v- Actual



OPERATING EXPENSES

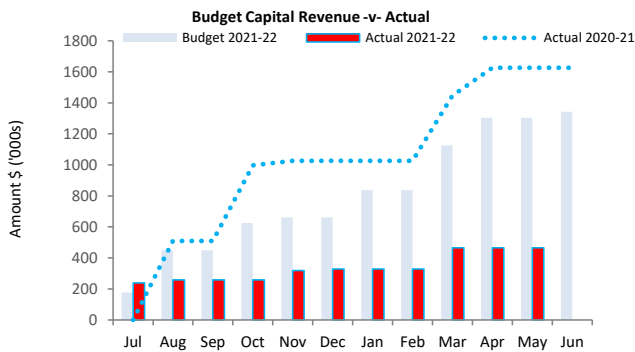


Budget Operating Expenses -v- Actual

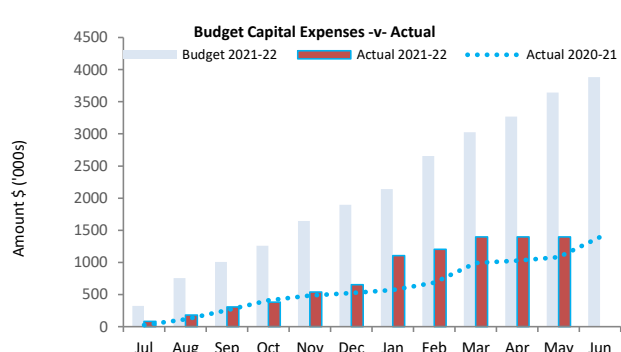


INVESTING ACTIVITIES

CAPITAL REVENUE



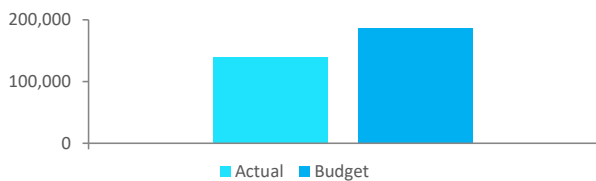
CAPITAL EXPENSES



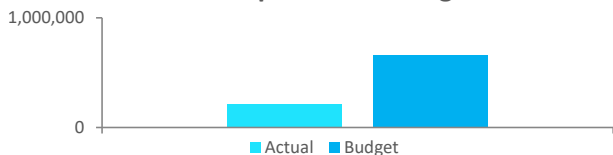
FINANCING ACTIVITIES

BORROWINGS

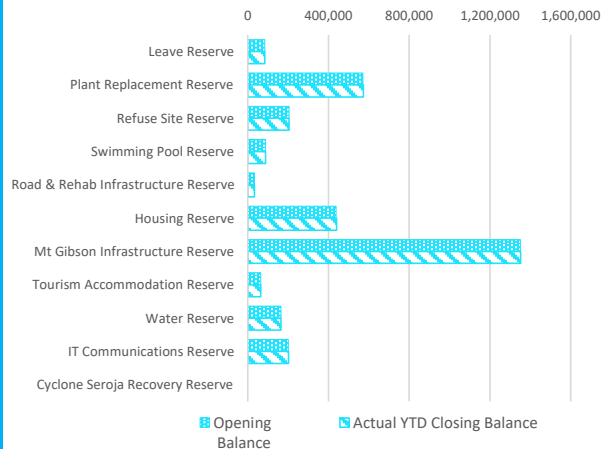
Principal Repayments



Principal Outstanding



RESERVES



Funding surplus / (deficit) Components

Funding surplus / (deficit)				
	Amended Budget	YTD Budget (a)	YTD Actual (b)	Var. \$ (b)-(a)
Opening	\$3.02 M	\$2.83 M	\$2.83 M	\$0.00 M
Closing	\$0.00 M	\$1.52 M	\$4.78 M	\$3.26 M

Refer to Statement of Financial Activity

Cash and cash equivalents		
	YTD Actual	% of total
Unrestricted Cash	\$4.77 M	59.8%
Restricted Cash	\$3.21 M	40.2%

Refer to Note 2 - Cash and Financial Assets

Payables		
	YTD Actual	% Outstanding
Trade Payables	\$0.09 M	
Over 30 Days		0.0%
Over 90 Days		0%

Refer to Note 5 - Payables

Receivables		
	YTD Actual	% Collected
Rates Receivable	\$0.04 M	98.7%
Trade Receivable	\$0.33 M	
Over 30 Days		78.1%
Over 90 Days		55.4%

Refer to Note 3 - Receivables

Key Operating Activities

Amount attributable to operating activities			
Amended Budget	YTD Budget (a)	YTD Actual (b)	Var. \$ (b)-(a)
\$0.90 M	\$0.89 M	\$3.77 M	\$2.87 M

Refer to Statement of Financial Activity

Rates Revenue		
	YTD Actual	% Variance
YTD Actual	\$2.99 M	
YTD Budget	\$2.99 M	0.2%

Refer to Note 6 - Rate Revenue

Operating Grants and Contributions		
	YTD Actual	% Variance
YTD Actual	\$3.97 M	
YTD Budget	\$1.90 M	108.8%

Refer to Note 12 - Operating Grants and Contributions

Fees and Charges		
	YTD Actual	% Variance
YTD Actual	\$0.85 M	
YTD Budget	\$0.72 M	17.3%

Refer to Statement of Financial Activity

Key Investing Activities

Amount attributable to investing activities			
Amended Budget	YTD Budget (a)	YTD Actual (b)	Var. \$ (b)-(a)
(\$4.73 M)	(\$2.55 M)	(\$1.66 M)	\$0.89 M

Refer to Statement of Financial Activity

Proceeds on sale		
	YTD Actual	%
YTD Actual	\$0.12 M	
Amended Budget	\$0.19 M	(36.0%)

Refer to Note 7 - Disposal of Assets

Asset Acquisition		
	YTD Actual	% Spent
YTD Actual	\$2.75 M	
Amended Budget	\$4.57 M	(39.9%)

Refer to Note 8 - Capital Acquisition

Capital Grants		
	YTD Actual	% Received
YTD Actual	\$0.97 M	
Amended Budget	\$1.34 M	(27.9%)

Refer to Note 8 - Capital Acquisition

Key Financing Activities

Amount attributable to financing activities			
Amended Budget	YTD Budget (a)	YTD Actual (b)	Var. \$ (b)-(a)
\$0.81 M	\$0.35 M	(\$0.15 M)	(\$0.50 M)

Refer to Statement of Financial Activity

Borrowings	
Principal repayments	\$0.14 M
Interest expense	\$0.01 M
Principal due	\$0.21 M

Refer to Note 9 - Borrowings

Reserves	
Reserves balance	\$3.21 M
Interest earned	\$0.01 M

Refer to Note 10 - Cash Reserves

This information is to be read in conjunction with the accompanying Financial Statements and notes.

**STATEMENT OF FINANCIAL ACTIVITY
FOR THE PERIOD ENDED 31 MAY 2022**

STATUTORY REPORTING PROGRAMS

	Ref Note	Adopted Budget	Amended Budget	YTD Budget (a)	YTD Actual (b)	Var. \$ (b)-(a)	Var. % (b)-(a)/(a)	Var.
		\$		\$	\$	\$	%	
Opening funding surplus / (deficit)	1(c)	3,022,228	2,825,918	2,825,918	2,825,918	0	0.00%	
Revenue from operating activities								
Governance		28,396	28,396	27,896	152,533	124,637	446.79%	▲
General purpose funding - general rates	6	2,988,225	2,988,225	2,988,225	2,994,519	6,294	0.21%	
General purpose funding - other		1,702,795	1,702,795	1,634,886	3,707,680	2,072,794	126.79%	▲
Law, order and public safety		153,756	153,756	94,203	165,681	71,478	75.88%	▲
Health		2,500	2,500	2,300	7,105	4,805	208.91%	
Education and welfare		80,000	80,000	73,337	91,343	18,006	24.55%	▲
Housing		140,000	140,000	128,326	165,536	37,210	29.00%	▲
Community amenities		36,000	36,000	35,925	58,365	22,440	62.46%	▲
Recreation and culture		5,050	5,050	4,882	7,460	2,578	52.81%	
Transport		315,653	315,653	302,971	254,224	(48,747)	(16.09%)	▼
Economic services		282,000	492,000	451,326	496,364	45,038	9.98%	
Other property and services		68,000	68,000	65,750	133,106	67,356	102.44%	▲
		5,802,375	6,012,375	5,810,027	8,233,916	2,423,889		
Expenditure from operating activities								
Governance		(309,856)	(309,856)	(282,736)	(225,193)	57,543	20.35%	▼
General purpose funding		(199,827)	(199,827)	(184,136)	(160,049)	24,087	13.08%	▼
Law, order and public safety		(523,809)	(531,503)	(487,751)	(458,674)	29,077	5.96%	
Health		(151,918)	(151,918)	(140,884)	(141,678)	(794)	(0.56%)	▲
Education and welfare		(552,703)	(568,873)	(519,339)	(411,393)	107,946	20.79%	▼
Housing		(183,110)	(277,899)	(250,769)	(389,388)	(138,619)	(55.28%)	▲
Community amenities		(717,520)	(730,235)	(668,525)	(493,867)	174,658	26.13%	▼
Recreation and culture		(1,557,167)	(1,584,567)	(1,490,176)	(1,335,585)	154,591	10.37%	▼
Transport		(2,930,943)	(2,930,943)	(2,685,705)	(2,571,118)	114,587	4.27%	
Economic services		(952,005)	(1,036,295)	(951,244)	(924,776)	26,468	2.78%	
Other property and services		(77,381)	(106,381)	(110,930)	(246,821)	(135,891)	(122.50%)	▲
		(8,156,239)	(8,428,297)	(7,772,194)	(7,358,542)	413,652		
Non-cash amounts excluded from operating activities	1(a)	3,253,371	3,253,371	2,856,758	2,890,572	33,814	1.18%	
Amount attributable to operating activities		899,507	837,449	894,591	3,765,946	2,871,355		
Investing Activities								
Proceeds from non-operating grants, subsidies and contributions	13	1,242,607	1,342,594	1,302,607	967,499	(335,108)	(25.73%)	▼
Proceeds from disposal of assets	7	189,000	189,000	97,000	120,909	23,909	24.65%	▲
Payments for property, plant and equipment and infrastructure	8	(6,163,115)	(4,569,657)	(3,950,957)	(2,747,291)	1,203,666	30.47%	▼
Amount attributable to investing activities		(4,731,508)	(3,038,063)	(2,551,350)	(1,658,883)	892,467		
Financing Activities								
Proceeds from new debentures	9	500,000	0	500,000	0	(500,000)	(100.00%)	▼
Transfer from reserves	10	925,000	175,000	0	0	0	0.00%	
Repayment of debentures	9	(185,836)	(185,836)	(138,624)	(138,624)	0	0.00%	
Transfer to reserves	10	(429,394)	(614,471)	(8,878)	(10,248)	(1,370)	(15.43%)	▲
Amount attributable to financing activities		809,770	(625,307)	352,498	(148,872)	(501,370)		
Closing funding surplus / (deficit)	1(c)	0	0	1,521,657	4,784,110	3,262,453		

KEY INFORMATION

▲ ▼ Indicates a variance between Year to Date (YTD) Actual and YTD Actual data as per the adopted materiality threshold. Refer to Note 2 for an threshold. Refer to Note 16 for an explanation of the reasons for the variance.

The material variance adopted by Council for the 2021-22 year is \$10,000 or 10.00% whichever is the greater.

This statement is to be read in conjunction with the accompanying Financial Statements and notes.

Shire operations as disclosed in these financial statements encompass the following service orientated activities/programs.

KEY TERMS AND DEFINITIONS - REPORTING PROGRAMS

In order to discharge its responsibilities to the community, Council has developed a set of operational and financial objectives. These objectives have been established both on an overall basis, reflected by the Shire of Perenjori's Community Vision, and for each of its broad activities/programs.

Council has adopted a 'Plan for the future' comprising a Strategic Community Plan and Corporate Business Plan to provide the long term community vision, aspirations and objectives.

Based upon feedback received from the community the vision of the Shire is:

"A wonderful place to live, work, invest and visit with the community working together to achieve shared objectives"

The Strategic Community Plan defines the key objectives of the Shire as:

"Economic: A strong, resilient and balanced economy.

Environment: Our unique natural and built environment is protected and enhanced.

Social: Our community enjoys a high quality of life.

Civic Leadership: A collaborative and engaged community."

PROGRAM NAME AND OBJECTIVES

GOVERNANCE

Activities:

Expenses associated with provision of services to members of council and elections. Also included are costs associated with computer operations, corporate accounting, corporate records and asset management. Costs reported as administrative expenses are redistributed in accordance with the principle of activity based costing (ABC).

GENERAL PURPOSE FUNDING

Activities:

Rates and associated revenues, general purpose government grants, interest revenue and other miscellaneous revenues such as commission on police licensing. The costs associated with raising the above mentioned revenues, eg. valuation expenses, debt collection and overheads.

LAW, ORDER, PUBLIC SAFETY

Activities:

Enforcement of local laws, fire prevention, animal control and provision of ranger services.

HEALTH

Activities:

Health inspection services, food quality control, mosquito control and contributions towards provision of medical health services.

EDUCATION AND WELFARE

Activities:

Donations to local education facilities, Perenjori Early Childhood Centre .

HOUSING

Activities:

Provision of maintenance for staff and private housing.

COMMUNITY AMENITIES

Activities:

Rubbish collection services, operation and maintenance of refuse sites, cemetery maintenance and improvements, flood mitigation, public convenience maintenance.

RECREATION AND CULTURE

Activities:

Maintenance of halls, swimming pool, recreation centres, parks and gardens, ovals and various reserves, operation of library services.

TRANSPORT

Activities:

Maintenance of roads, drainage, footpaths, parking facilities, traffic control, street cleaning, maintenance of airstrip

ECONOMIC SERVICES

Activities:

Tourism, community development, pest control, building services, caravan parks and private works.

OTHER PROPERTY AND SERVICES

Activities:

Plant works, plant overheads and stock of materials.

**STATEMENT OF FINANCIAL ACTIVITY
FOR THE PERIOD ENDED 31 MAY 2022**

BY NATURE OR TYPE

	Ref Note	Adopted Budget	Amended Budget	YTD Budget (a)	YTD Actual (b)	Var. \$ (b)-(a)	Var. % (b)-(a)/(a)	Var.
		\$		\$	\$	\$	%	
Opening funding surplus / (deficit)	1(c)	3,022,228	2,825,918	2,825,918	2,825,918	0	0.00%	
Revenue from operating activities								
Rates	6	2,988,225	2,988,225	2,988,225	2,994,519	6,294	0.21%	
Operating grants, subsidies and contributions	12	1,967,514	1,967,514	1,900,046	3,966,643	2,066,597	108.77%	▲
Fees and charges		574,000	784,000	722,195	847,149	124,954	17.30%	▲
Interest earnings		14,620	14,620	14,204	20,848	6,644	46.78%	
Other revenue		184,706	184,706	124,267	377,652	253,385	203.90%	▲
Profit on disposal of assets	7	73,310	73,310	61,090	27,105	(33,985)	(55.63%)	▼
		5,802,375	6,012,375	5,810,027	8,233,916	2,423,889		
Expenditure from operating activities								
Employee costs		(2,939,661)	(2,939,661)	(2,730,904)	(2,586,486)	144,418	5.29%	
Materials and contracts		(1,226,582)	(1,498,640)	(1,349,544)	(893,455)	456,089	33.80%	▼
Utility charges		(279,595)	(279,595)	(268,368)	(270,150)	(1,782)	(0.66%)	▲
Depreciation on non-current assets		(3,211,087)	(3,211,087)	(2,943,703)	(2,917,677)	26,026	0.88%	
Interest expenses		(26,076)	(26,076)	(26,076)	(11,671)	14,405	55.24%	▼
Insurance expenses		(163,494)	(163,494)	(161,422)	(323,746)	(162,324)	(100.56%)	▲
Other expenditure		(278,718)	(278,718)	(266,323)	(355,357)	(89,034)	(33.43%)	▲
Loss on disposal of assets	7	(31,026)	(31,026)	(25,855)	0	25,855	100.00%	▼
		(8,156,239)	(8,428,297)	(7,772,194)	(7,358,542)	413,652		
Non-cash amounts excluded from operating activities	1(a)	3,253,371	3,253,371	2,856,758	2,890,572	33,814	1.18%	
Amount attributable to operating activities		899,507	837,449	894,591	3,765,946	2,871,355		
Investing activities								
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Financing Activities								
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Refer to Note 16 for an explanation of the reasons for the variance.

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**KEY TERMS AND DESCRIPTIONS
FOR THE PERIOD ENDED 31 MAY 2022**

NATURE OR TYPE DESCRIPTIONS

REVENUE

RATES

All rates levied under the *Local Government Act 1995*. Includes general, differential, specified area rates, minimum rates, interim rates, back rates, ex-gratia rates, less discounts and concessions offered. Exclude administration fees, interest on instalments, interest on arrears, service charges and sewerage rates.

OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS

Refers to all amounts received as grants, subsidies and contributions that are not non-operating grants.

NON-OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS

Amounts received specifically for the acquisition, construction of new or the upgrading of identifiable non financial assets paid to a local government, irrespective of whether these amounts are received as capital grants, subsidies, contributions or donations.

REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue from contracts with customers is recognised when the local government satisfies its performance obligations under the contract.

FEES AND CHARGES

Revenues (other than service charges) from the use of facilities and charges made for local government services, sewerage rates, rentals, hire charges, fee for service, photocopying charges, licences, sale of goods or information, fines, penalties and administration fees. Local governments may wish to disclose more detail such as rubbish collection fees, rental of property, fines and penalties, other fees and charges.

SERVICE CHARGES

Service charges imposed under *Division 6 of Part 6 of the Local Government Act 1995*. *Regulation 54 of the Local Government (Financial Management) Regulations 1996* identifies these as television and radio broadcasting, underground electricity and neighbourhood surveillance services. Exclude rubbish removal charges. Interest and other items of a similar nature received from bank and investment accounts, interest on rate instalments, interest on rate arrears and interest on debtors.

INTEREST EARNINGS

Interest and other items of a similar nature received from bank and investment accounts, interest on rate instalments, interest on rate arrears and interest on debtors.

OTHER REVENUE / INCOME

Other revenue, which can not be classified under the above headings, includes dividends, discounts, rebates etc.

PROFIT ON ASSET DISPOSAL

Excess of assets received over the net book value for assets on their disposal.

EXPENSES

EMPLOYEE COSTS

All costs associate with the employment of person such as salaries, wages, allowances, benefits such as vehicle and housing, superannuation, employment expenses, removal expenses, relocation expenses, worker's compensation insurance, training costs, conferences, safety expenses, medical examinations, fringe benefit tax, etc.

MATERIALS AND CONTRACTS

All expenditures on materials, supplies and contracts not classified under other headings. These include supply of goods and materials, legal expenses, consultancy, maintenance agreements, communication expenses, advertising expenses, membership, periodicals, publications, hire expenses, rental, leases, postage and freight etc. Local governments may wish to disclose more detail such as contract services, consultancy, information technology, rental or lease expenditures.

UTILITIES (GAS, ELECTRICITY, WATER, ETC.)

Expenditures made to the respective agencies for the provision of power, gas or water. Exclude expenditures incurred for the reinstatement of roadwork on behalf of these agencies.

INSURANCE

All insurance other than worker's compensation and health benefit insurance included as a cost of employment.

LOSS ON ASSET DISPOSAL

Shortfall between the value of assets received over the net book value for assets on their disposal.

DEPRECIATION ON NON-CURRENT ASSETS

Depreciation expense raised on all classes of assets.

INTEREST EXPENSES

Interest and other costs of finance paid, including costs of finance for loan debentures, overdraft accommodation and refinancing expenses.

OTHER EXPENDITURE

Statutory fees, taxes, allowance for impairment of assets, member's fees or State taxes. Donations and subsidies made to community groups.

BASIS OF PREPARATION

REPORT PURPOSE

This report is prepared to meet the requirements of *Local Government (Financial Management) Regulations 1996 , Regulation 34* . Note: The statements and accompanying notes are prepared based on all transactions recorded at the time of preparation and may vary due to transactions being processed for the reporting period after the date of preparation.

BASIS OF ACCOUNTING

This statement comprises a special purpose financial report which 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 (Financial Management) Regulations 1996* take precedence over Australian Accounting Standards. Regulation 16 prohibits a local government from recognising as assets Crown land that is a public thoroughfare, such as land under roads, and land not owned by but under the control or management of the local government, unless it is a golf course, showground, racecourse or recreational facility of State or regional significance. Consequently, some assets, including land under roads acquired on or after 1 July 2008, have not been recognised in this financial report. This is not in accordance with the requirements of *AASB 1051 Land Under Roads paragraph 15* and *AASB 116 Property, Plant and Equipment paragraph 7*.

Accounting policies which have been adopted in the preparation of this financial report have been consistently applied unless stated otherwise. Except for cash flow and rate setting information, the report 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.

SIGNIFICANT ACCOUNTING POLICES

CRITICAL ACCOUNTING 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 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.

THE LOCAL GOVERNMENT REPORTING ENTITY

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

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. A separate statement of those monies appears at Note 14 to these financial statements.

GOODS AND SERVICES TAX

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). Receivables and payables are stated inclusive of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with receivables or payables in the statement of financial position. Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows.

ROUNDING OFF FIGURES

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

**NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY
FOR THE PERIOD ENDED 31 MAY 2022**

**NOTE 1
STATEMENT OF FINANCIAL ACTIVITY INFORMATION**

(a) Non-cash items 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.

	Notes	Amended Budget	YTD Budget (a)	YTD Actual (b)
Non-cash items excluded from operating activities				
		\$	\$	\$
Adjustments to operating activities				
Less: Profit on asset disposals	7	73,310	(61,090)	(27,105)
Add: Loss on asset disposals	7	(31,026)	(25,855)	0
Add: Depreciation on assets		3,211,087	2,943,703	2,917,677
Total non-cash items excluded from operating activities		3,253,371	2,856,758	2,890,572

(b) Adjustments to net current assets in the Statement of Financial Activity

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.

		Last Year Closing 30 June 2021	This Time Last Year 31 May 2021	Year to Date 31 May 2022
Adjustments to net current assets				
Less: Reserves - restricted cash	10	(3,199,589)	(3,199,391)	(3,209,836)
Add: Borrowings	9	138,630	175,267	6
Add: Provisions - employee	11	84,303	298,002	84,303
Total adjustments to net current assets		(2,976,656)	(2,726,122)	(3,125,527)

(c) Net current assets used in the Statement of Financial Activity

Current assets

Cash and cash equivalents	2	6,737,285	2,561,024	7,979,730
Rates receivables	3	35,713	40,891	38,751
Receivables	3	64,472	90,889	330,503
Other current assets	4	12,021	14,945	7,500
Less: Current liabilities				
Payables	5	(320,642)	(359)	(100,324)
Borrowings	9	(138,630)	(175,267)	(6)
Contract liabilities	11	(277,492)	0	(36,364)
Provisions	11	(310,153)	(298,002)	(310,153)
Less: Total adjustments to net current assets	1(b)	(2,976,656)	(2,726,122)	(3,125,527)
Closing funding surplus / (deficit)		2,825,918	(492,003)	4,784,110

CURRENT AND NON-CURRENT CLASSIFICATION

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. Unless otherwise stated assets or liabilities are classified as current if expected to be settled within the next 12 months, being the Council's operational cycle.

**NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY
FOR THE PERIOD ENDED 31 MAY 2022**

**OPERATING ACTIVITIES
NOTE 2
CASH AND FINANCIAL ASSETS**

Description	Classification	Unrestricted \$	Restricted \$	Total Cash \$	Institution	Interest Rate	Maturity Date
Cash on hand							
Bankwest Municipal Account	Cash and cash equivalents	176,670	0	176,670	Bank	0.00%	On Hand
Petty Cash & Till Float	Cash and cash equivalents	300	0	300	Bank	0.00%	On Hand
Bankwest Municipal Telenet Saver Account	Cash and cash equivalents	4,592,923	0	4,592,923	Bank	0.05%	On Hand
Reserve Funds - Restricted Cash	Cash and cash equivalents	1	3,209,836	3,209,837	Bank	0.05%	On Call
Total		4,769,894	3,209,836	7,979,730			
Cash and cash equivalents		4,769,894	3,209,836	7,979,730			

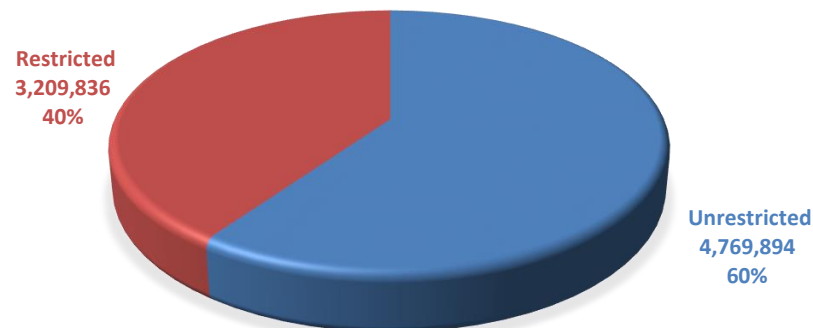
KEY INFORMATION

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and other short term highly liquid investments highly liquid investments with original maturities of three months or less 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 reported as short term borrowings in current liabilities in the statement of net current assets.

The local government 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.

Financial assets at amortised cost held with registered financial institutions are listed in this note other financial assets at amortised cost are provided in Note 4 - Other assets.



**NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY
FOR THE PERIOD ENDED 31 MAY 2022**

**OPERATING ACTIVITIES
NOTE 3
RECEIVABLES**

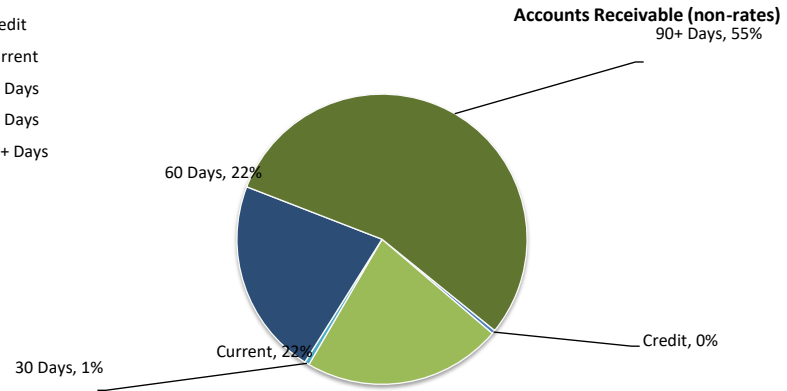
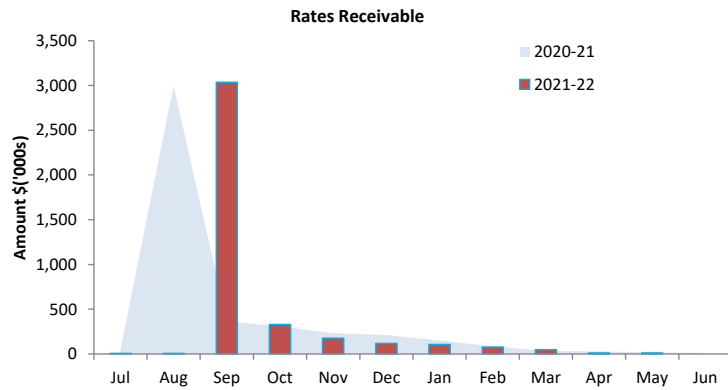
Rates receivable	30 June 2021	31 May 2022
	\$	\$
Opening arrears previous years	68,995	35,713
Levied this year		2,994,519
Less - collections to date	(33,282)	(2,991,481)
Equals current outstanding	35,713	38,751
Net rates collectable	35,713	38,751
% Collected	48.2%	98.7%

Receivables - general	Credit	Current	30 Days	60 Days	90+ Days	Total
	\$	\$	\$	\$	\$	\$
Receivables - general	(1,068)	55,427	1,300	54,992	137,570	248,221
Percentage	(0.4%)	22.3%	0.5%	22.2%	55.4%	
Balance per trial balance						
Sundry receivable						248,221
GST receivable						82,282
Owing from the Trust Fund						0
Total receivables general outstanding						330,503

Amounts shown above include GST (where applicable)

KEY INFORMATION

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. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets. Collectability of trade and other receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for impairment of receivables is raised when there is objective evidence that they will not be collectible.



	Opening Balance 1 July 2021	Asset Increase	Asset Reduction	Closing Balance 31 May 2022
Other current assets	\$	\$	\$	\$
Inventory				
Stock on Hand	12,021	0	(4,521)	7,500
Total other current assets	12,021	0	(4,521)	7,500

Amounts shown above include GST (where applicable)

KEY INFORMATION

Inventory

Inventories are measured at the lower of cost and net realisable value.

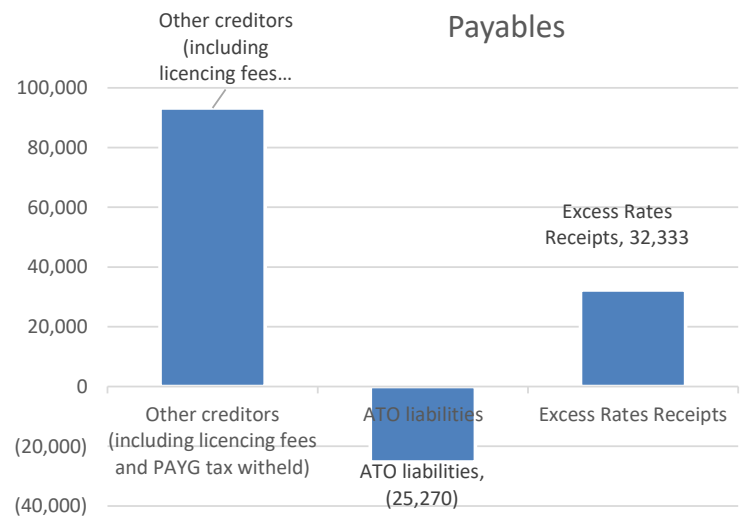
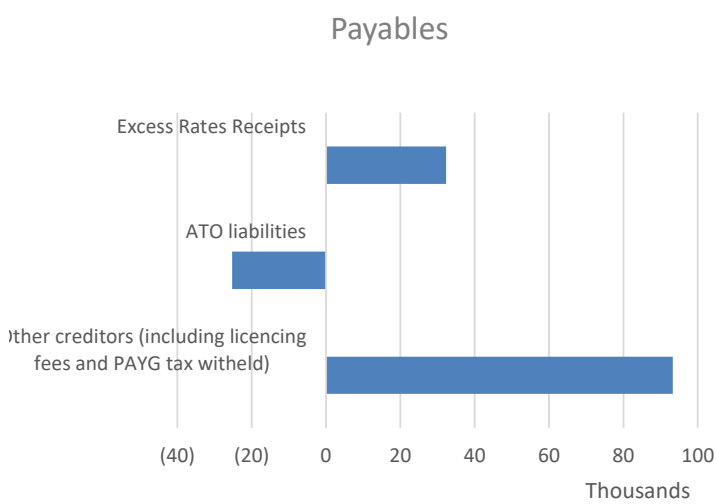
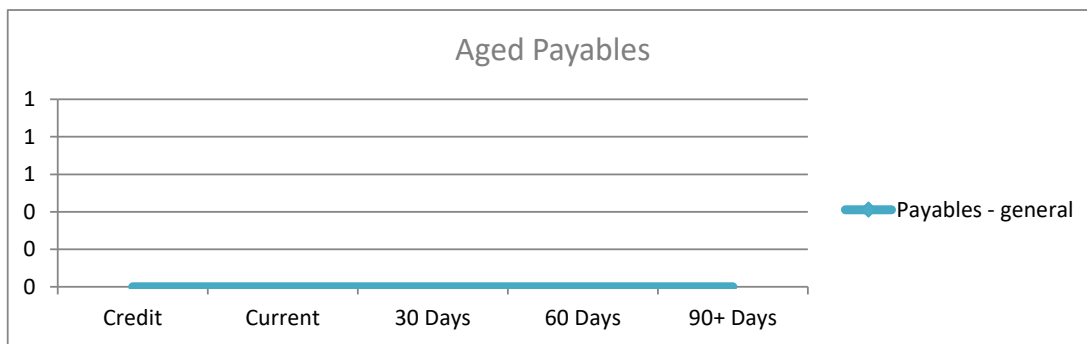
Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Payables - general	Credit	Current	30 Days	60 Days	90+ Days	Total
	\$	\$	\$	\$	\$	\$
Payables - general	0	0	0	0	0	0
Percentage	0%	0%	0%	0%	0%	
Balance per trial balance						
Other creditors (including licencing fees and PAYG tax withheld)						93,261
ATO liabilities						(25,270)
Excess Rates Receipts						32,333
Total payables general outstanding						100,324

Amounts shown above include GST (where applicable)

KEY INFORMATION

Trade and other payables represent liabilities for goods and services provided to the Shire that are unpaid and arise when the Shire 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.



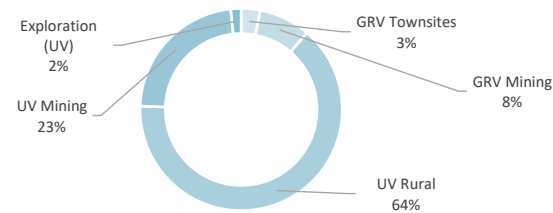
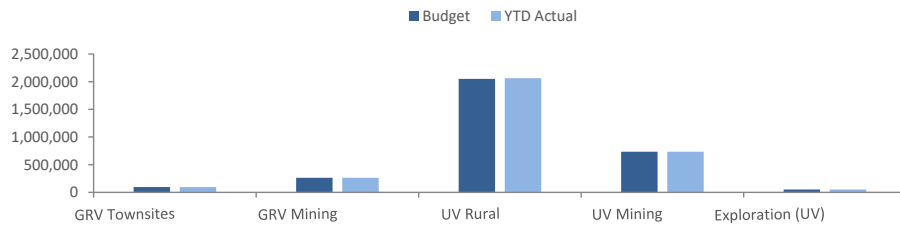
NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY
FOR THE PERIOD ENDED 31 MAY 2022

OPERATING ACTIVITIES
NOTE 6
RATE REVENUE

General rate revenue	Budget							YTD Actual			
	Rate in \$ (cents)	Number of Properties	Rateable Value	Rate Revenue	Interim Rate	Back Rate	Total Revenue	Rate Revenue	Interim Rates	Back Rates	Total Revenue
RATE TYPE				\$	\$	\$	\$	\$	\$	\$	\$
Gross rental value											
GRV Townsites	8.4366	106	1,157,948	97,691	0	0	97,691	97,691	(266)	0	97,425
GRV Mining	8.4366	1	3,144,000	265,247	0	0	265,247	265,247	0	0	265,247
Unimproved value											
UV Rural	1.9380	254	102,237,000	2,042,671	9,000	0	2,051,671	2,042,671	21,379	39	2,064,089
UV Mining	34.940100	39	2,068,797	732,884	0	0	732,884	732,884	0	0	732,884
Exploration (UV)	26.010000	36	66,066	53,168	0	0	53,168	53,168	0	0	53,168
Sub-Total		436	108,673,811	3,191,661	9,000	0	3,200,661	3,191,662	21,113	39	3,212,813
Minimum payment	Minimum \$										
Gross rental value											
GRV Townsites	349	32	0	11,392	0	0	11,392	11,392	0	0	11,392
GRV Mining	349	1	0	356	0	0	356	356	0	0	356
UV Rural	349	10	0	3,916	0	0	3,916	3,916	0	0	3,916
UV Mining	349	5	0	2,492	0	0	2,492	2,492	0	0	2,492
Exploration (UV)	349	15	0	6,408	0	0	6,408	6,408	0	0	6,408
Sub-total		63	0	24,564	0	0	24,564	24,564	0	0	24,564
Discount							(250,000)				(259,778)
Amount from general rates							2,975,225				2,977,599
Ex-gratia rates							13,000				16,920
Total general rates							2,988,225				2,994,519
Total							2,988,225				2,994,519

KEY INFORMATION

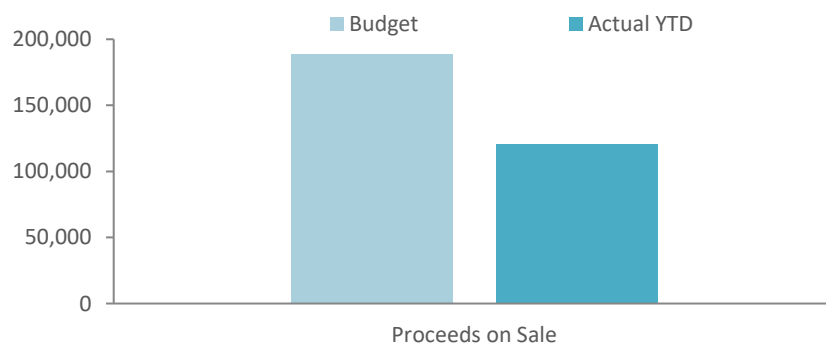
Prepaid rates are, until the taxable event for the rates has occurred, refundable at the request of the ratepayer. Rates received in advance give rise to a financial liability. On 1 July 2020 the prepaid rates were recognised as a financial asset and a related amount was recognised as a financial liability and no income was recognised. When the taxable event occurs the financial liability is extinguished and income recognised for the prepaid rates that have not been refunded.



**NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY
FOR THE PERIOD ENDED 31 MAY 2022**

**OPERATING ACTIVITIES
NOTE 7
DISPOSAL OF ASSETS**

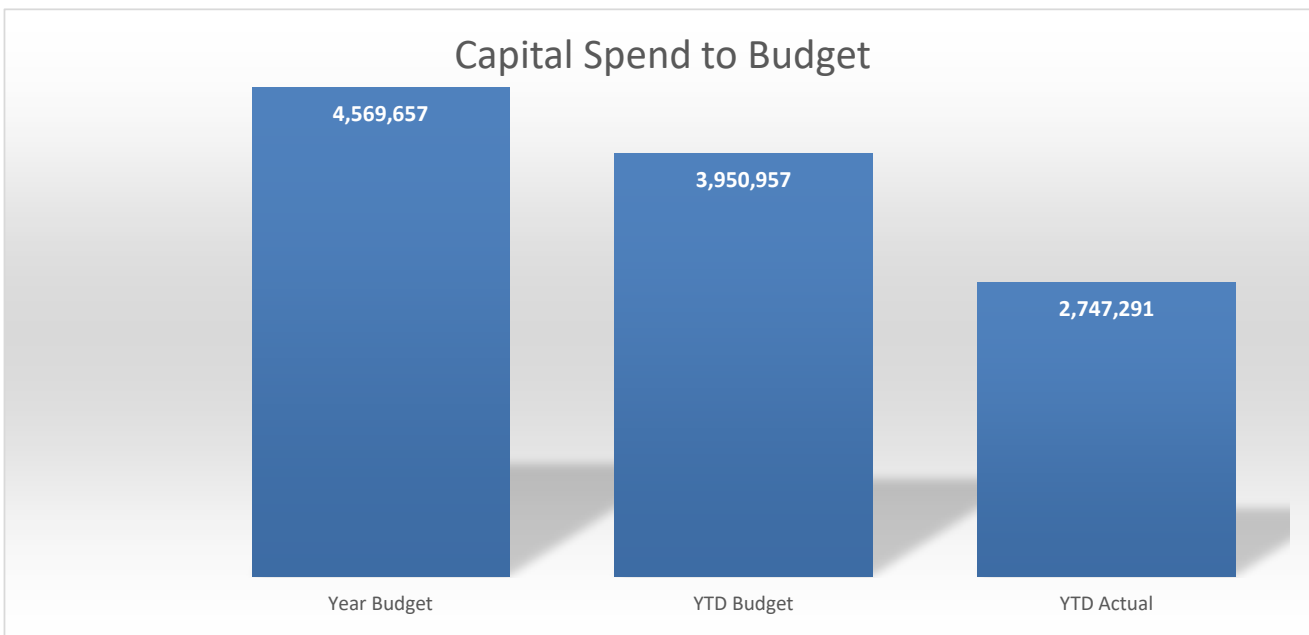
Asset Ref.	Asset description	Budget				YTD Actual			
		Net Book Value	Proceeds	Profit	(Loss)	Net Book Value	Proceeds	Profit	(Loss)
		\$	\$	\$	\$	\$	\$	\$	\$
	Plant and equipment								
	Governance								
	Holden Trailblazer	31,841	27,000	0	(4,841)	14,931	30,909	15,978	0
	Transport								
	Volvo Grader	100,185	70,000	0	(30,185)	78,875	90,000	11,125	0
	Nissan UD Two Way Tipper	0	70,000	0	70,000	0	0	0	0
	FUSO Tipper	14,690	22,000	0	7,310	0	0	0	0
		146,716	189,000	0	42,284	93,806	120,909	27,103	0



Capital acquisitions	Amended		YTD Actual	YTD Actual Variance
	Year Budget	YTD Budget		
	\$	\$	\$	\$
Buildings	740,373	576,050	571,666	(4,384)
Furniture and equipment	150,000	75,000	0	(75,000)
Plant and equipment	684,008	628,837	507,059	(121,778)
Infrastructure - roads	2,455,289	2,295,269	1,471,255	(824,014)
Infrastructure - Other	384,987	322,801	53,793	(269,008)
Infrastructure - Parks & Ovals	155,000	53,000	143,518	90,518
Total Capital Acquisitions	4,569,657	3,950,957	2,747,291	(1,203,666)
Capital Acquisitions Funded By:				
	\$	\$	\$	\$
Capital grants and contributions	1,342,594	1,302,607	967,499	(335,108)
Borrowings	500,000	500,000	0	(500,000)
Other (disposals & C/Fwd)	189,000	97,000	120,909	23,909
Cash backed reserves				
Mt Gibson Infrastructure Reserve	75,000	0	0	0
IT Communications Reserve	100,000	0	0	0
Contribution - operations	2,363,063	2,051,350	1,658,883	(392,467)
Capital funding total	4,569,657	3,950,957	2,747,291	(1,203,666)

SIGNIFICANT ACCOUNTING POLICIES

All assets are initially recognised at cost. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the local government includes the cost of all materials used in the construction, direct labour on the project and an appropriate proportion of variable and fixed overhead. Certain asset classes may be revalued on a regular basis such that the carrying values are not materially different from fair value. Assets carried at fair value are to be revalued with sufficient regularity to ensure the carrying amount does not differ materially from that determined using fair value at reporting date.



**NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY
FOR THE PERIOD ENDED 31 MAY 2022**

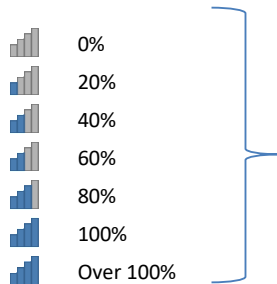
**INVESTING ACTIVITIES
NOTE 8
CAPITAL ACQUISITIONS (CONTINUED)**

Level of completion indicator, please see table at the end of this note for further detail.

		Amended			
Account Description		Budget	YTD Budget	YTD Actual	Variance (Under)/Over
	Governance Capital -Office Equipment	150,000	75,000	0	(75,000)
	Law, Order & Public Safety Capital Expenditure - Other Infrastructure	139,987	92,392	0	(92,392)
	Housing Housing Project - Capital	27,803	19,036	14,412	(4,624)
	Community Amenities Capital - Other Infrastructure	175,000	160,413	0	(160,413)
	Community Amenities Capital Expenditure Cemetery	53,000	53,000	49,162	(3,838)
	Rec & Culture Capital - Parks & Ovals	155,000	53,000	143,518	90,518
	Rec & Culture Capital - Perenjori Pavillion Building	432,070	360,060	227,524	(132,536)
	Transport Plant & Equipment Purchase	662,008	606,837	482,245	(124,592)
	Transport Capital - Road Equipment	10,000	10,000	12,235	2,235
	Transport Capital Road Expenditure	2,455,289	2,295,269	1,471,255	(824,014)
	Economic Services Caravan Park - Capital.	102,500	93,962	276,024	182,062
	Economic Services Capital - Business Incubator (Russell Street Depot).	50,000	49,992	0	(49,992)
	Economic Services Shopping Centre Development	75,000	0	4,545	4,545
	Economic Services Capital - Tourism	70,000	69,996	53,793	(16,203)
	Other property & Services Capital - Workshop Equipment	12,000	12,000	12,579	579
		4,569,657	3,950,957	2,747,291	(1,203,666)

Capital expenditure total

Level of completion indicators



Percentage Year to Date Actual to Annual Budget expenditure where the expenditure over budget highlighted in red.

**NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY
FOR THE PERIOD ENDED 31 MAY 2022**

**FINANCING ACTIVITIES
NOTE 9
BORROWINGS**

Repayments - borrowings

Information on borrowings Particulars	Loan No.	1 July 2021	New Loans		Principal Repayments		Principal Outstanding		Interest Repayments	
			Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget
		\$	\$	\$	\$	\$	\$	\$	\$	\$
Housing										
CHA Housing	96	48,544	0	0	15,140	15,185	33,404	33,359	1,598	2,883
Flat Pack Housing	97	26,852	0	0	26,854	26,854	-2	-2	765	946
Duplex Construction	101	30,510	0	0	30,516	30,516	-6	-6	870	1,075
Community amenities										
John Street Subdivision	98	200,635	0	0	23,169	23,053	177,466	177,582	7,346	13,684
Recreation and culture										
Perenjori Acquatic Centre	100	43,410	0	0	42,946	42,946	464	464	1,093	1,555
Transport										
John Deere Grader	102	0	0	0	0	0	0	0	0	0
Economic services										
Caravan Park Chalets *	103	0	0	500,000	0	47,282	0	452,718	0	5,932
Total		349,951	0	500,000	138,624	185,836	211,327	664,115	11,671	26,076
Current borrowings		185,836					6			
Non-current borrowings		164,115					211,321			
		349,951					211,327			

* This loan was removed from the Budget at MYR

All debenture repayments were financed by general purpose revenue.

New borrowings 2021-22

Particulars	Amount Borrowed Actual	Amount Borrowed Budget	Institution	Loan Type	Term Years	Total Interest & Charges	Interest Rate	Amount (Used)		Balance Unspent
								Actual	Budget	
	\$	\$				\$	%	\$	\$	\$
Caravan Park Chalets	103	0	500,000 WATC	Fixed	5	32,148		0	0	0
		0	500,000			32,148		0	0	0

KEY INFORMATION

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

**NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY
FOR THE PERIOD ENDED 31 MAY 2022**

**OPERATING ACTIVITIES
NOTE 10
CASH RESERVES**

Cash backed reserve

Reserve name	Opening Balance	Budget Transfer to (+)	Actual Transfers To (+)	Budget Transfers Out (-)	Actual Transfers Out (-)	Budget Closing Balance	Actual YTD Closing Balance
	\$	\$	\$	\$	\$	\$	\$
Leave Reserve	84,303	337	411	0	0	84,640	84,714.00
Plant Replacement Reserve	570,348	187,358	2,779	0	0	757,706	573,127
Refuse Site Reserve	204,141	817	995	0	0	204,958	205,136
Swimming Pool Reserve	88,204	20,353	430	0	0	108,557	88,634
Road & Rehab Infrastructure Reserve	33,526	134	163	0	0	33,660	33,689
Housing Reserve	438,057	1,752	2,134	0	0	439,809	440,191
Mt Gibson Infrastructure Reserve	1,350,992	2,000	1,240	(75,000)	0	1,277,992	1,352,232
Tourism Accommodation Reserve	64,728	259	315	0	0	64,987	65,043
Water Reserve	164,095	656	800	0	0	164,751	164,895
IT Communications Reserve	201,195	805	980	(100,000)	0	102,000	202,175
Cyclone Seroja Recovery Reserve	0	400,000	0	0	0	400,000	0
	3,199,589	614,471	10,248	(175,000)	0	3,639,060	3,209,836

KEY INFORMATION

All the reserve accounts are supported by money held in financial institutions and match the amount shown as restricted cash in Note 2 to this financial report

Other current liabilities	Note	Opening Balance 1 July 2021	Liability Increase	Liability Reduction	Closing Balance 31 May 2022
		\$	\$	\$	\$
Contract liabilities					
Unspent grants, contributions and reimbursements					
- operating	12	277,492	0	(277,492)	0
- non-operating	13	0	36,364	0	36,364
Total unspent grants, contributions and reimbursements		277,492	36,364	(277,492)	36,364
Provisions					
Annual leave		210,315	0	0	210,315
Long service leave (current)		99,838	0	0	99,838
Long service leave (non-current)		13,694	0	0	13,694
Total Provisions		323,847	0	0	323,847
Total other current liabilities		601,339	36,364	(277,492)	360,211
Amounts shown above include GST (where applicable)					

A breakdown of contract liabilities and associated movements is provided on the following pages at Note 12 and 13

KEY INFORMATION

Contract liabilities

Expenditure relating to LCRI Phase 2 grants of \$277,492 carried forward from 2020-21 now finalised.
Amount received in May for PAC funding for 2022-23 \$36,364.

Provisions

Provisions are recognised when the Shire 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.

Employee benefits

Short-term employee benefits

Provision is made for the Shire'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'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 calculation of net current assets.

Other long-term employee benefits

The Shire's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Long-term employee benefits 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's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Shire does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

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 identified specifications be constructed to be controlled by the Shire are recognised as a liability until such time as the Shire satisfies its obligations under the agreement.

NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY
FOR THE PERIOD ENDED 31 MAY 2022

NOTE 12

OPERATING GRANTS AND CONTRIBUTIONS

Provider	Unspent operating grant, subsidies and contributions liability					Operating grants, subsidies and contributions revenue		
	Liability 1 July 2021	Increase in Liability	Liability Reduction (As revenue)	Liability 31 May 2022	Current Liability 31 May 2022	Amended Budget Revenue	YTD Budget	YTD Revenue Actual
	\$	\$	\$	\$	\$	\$	\$	\$
Operating grants and subsidies								
General purpose funding								
Grants Commission Grant	0	0	0	0	0	780,427	780,427	2,119,455
Untied Road Grant	0	0	0	0	0	512,046	512,046	1,297,727
LR & CIP Funding	277,492	0	0	277,492	0	404,798	337,330	277,492
Law, order, public safety								
DFES Operating Grant	0	0	0	0	0	33,500	33,500	25,652
Community amenities								
National Australia Day Council	0	0	0	0	0	0	0	9,500
Education & Welfare								
Transport								
Direct Grant	0	0	0	0	0	233,843	233,843	233,843
	277,492	0	0	277,492		1,964,614	1,897,146	\$ 3 963 668
Operating contributions								
Transport								
MRD Street Lighting Subsidy	0	0	0	0	0	2,900	2,900	2,974
	0	0	0	0	0	2,900	2,900	2,974
TOTALS	277,492	0	0	277,492	0	1,967,514	1,900,046	3,966,643

NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY
FOR THE PERIOD ENDED 31 MAY 2022

NOTE 13

NON-OPERATING GRANTS AND CONTRIBUTIONS

Provider	Unspent non operating grants, subsidies and contributions liability					Non operating grants, subsidies and contributions revenue		
	Liability 1 July 2021	Increase in Liability	Liability Reduction (As revenue)	Liability 31 May 2022	Current Liability 31 May 2022	Amended Budget Revenue	YTD Budget	YTD Revenue Actual (b)
	\$	\$	\$	\$	\$	\$	\$	\$
Non-operating grants and subsidies								
Law, order, public safety								
Capital Grant - Fire Truck	0	0	0	0	0	99,987	60,000	59,992
Housing								
Grants for the purchase of 4 caravans	0	0	0	0	0	0	0	133,500
Transport								
Regional Road Group	0	0	0	0	0	707,667	707,667	239,067
Roads to Recovery	0	0	0	0	0	534,940	534,940	534,940
	0	0	0	0	0	1,342,594	1,302,607	967,499

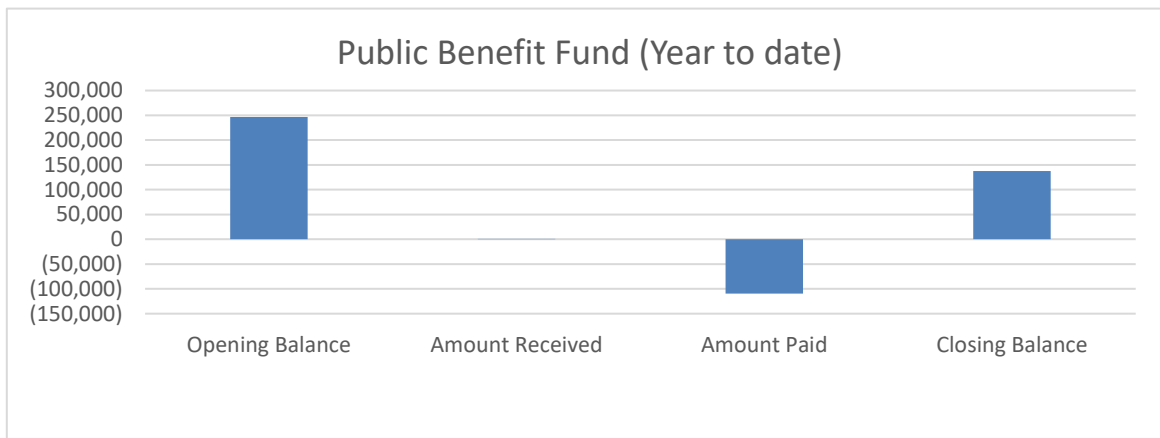
**NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY
FOR THE PERIOD ENDED 31 MAY 2022**

**NOTE 14
MT GIBSON PUBLIC BENEFIT FUND**

Funds held at balance date for the Public Benefit Fund which are not included in this statement are as follows:

Description	Opening Balance 1 July 2021	Amount Received	Amount Paid	Closing Balance 31 May 2022
	\$	\$	\$	\$
Mt Gibson Public Benefit Fund	246,881	406	(109,336)	137,952
	246,881	406	(109,336)	137,952

KEY INFORMATION



**NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY
FOR THE PERIOD ENDED 31 MAY 2022**

**NOTE 15
BUDGET AMENDMENTS**

Amendments to original budget since budget adoption. Surplus/(Deficit)

GL Code	Description	Council Resolution	Classification	Non Cash Adjustment	Increase in Available Cash	Decrease in Available Cash	Amended Budget Running Balance
				\$	\$	\$	\$
		170322.20, 17 March 2022	Opening Surplus(Deficit)			(196,310)	(196,310)
	Adjusted Carried Forward balance after audit	170322.20, 17 March 2022	Operating Expenses				0
05010	Perenjori Fire Station Building	170322.20, 17 March 2022	Operating Expenses			7,694	(204,004)
05108	Grant Income DWER	170322.20, 17 March 2022	Operating Revenue		99,987		(104,017)
5153	Capital Other Infrastructure	170322.20, 17 March 2022	Capital Expenses			139,987	(244,004)
08400	Perenjori Early Childhood Building	170322.20, 17 March 2022	Operating Expenses			16,170	(260,174)
09255	Housing Capital	170322.20, 17 March 2022	Capital Expenses		350,000		89,826
09291	Non Staff Housing Maintenance	170322.20, 17 March 2022	Operating Expenses			72,069	17,757
09292	Council Staff Housing	170322.20, 17 March 2022	Operating Expenses			22,720	(4,963)
10001	Refuse Site Maintenance	170322.20, 17 March 2022	Operating Expenses		7,450		2,487
10006	Cardboard Recycling	170322.20, 17 March 2022	Operating Expenses			7,450	(4,963)
10253	Capital Other Infrastructure	170322.20, 17 March 2022	Capital Expenses			25,000	(29,963)
04231	CRC Building Maintenance	170322.20, 17 March 2022	Operating Expenses			12,715	(42,678)
11405	Latham Community Centre	170322.20, 17 March 2022	Operating Expenses			20,150	(62,828)
11407	Parks and Gardens	170322.20, 17 March 2022	Operating Expenses			14,650	(77,478)
11409	Perenjori Oval	170322.20, 17 March 2022	Operating Expenses		14,650		(62,828)
11412	Pavillion Cleaning	170322.20, 17 March 2022	Operating Expenses			4,000	(66,828)
11413	Gym Cleaning	170322.20, 17 March 2022	Operating Expenses			3,250	(70,078)
11801	Old Bankwest Building	170322.20, 17 March 2022	Operating Expenses			4,435	(74,513)
11805	Museum Tourist Bureau Maintenance	170322.20, 17 March 2022	Operating Expenses		4,435		(70,078)
12260	General Road Maintenance	170322.20, 17 March 2022	Operating Expenses		10,000		(60,078)
12262	Street Cleaning	170322.20, 17 March 2022	Operating Expenses			10,000	(70,078)
12283	Plant Purchases	170322.20, 17 March 2022	Capital Expenses		183,445		113,367
13109	ECO House Maintenance	170322.20, 17 March 2022	Operating Expenses			5,290	108,077
13150	Caravan Park Fees	170322.20, 17 March 2022	Operating Revenue		16,000		124,077
13154	Proceeds of Loan	170322.20, 17 March 2022	Capital Revenue			500,000	(375,923)
13175	CVP Village Cleaning Costs	170322.20, 17 March 2022	Operating Expenses			58,000	(433,923)
13185	Caravan Park Village Fees	170322.20, 17 March 2022	Operating Revenue		170,000		(263,923)
13194	Caravan Park Capital	170322.20, 17 March 2022	Capital Expenses		500,000		236,077
13613	Shopping Redevelopment	170322.20, 17 March 2022	Capital Expenses		725,000		961,077
13614	Standpipe Water Expenses	170322.20, 17 March 2022	Operating Expenses			21,000	940,077
13700	Standpipe Water Charges	170322.20, 17 March 2022	Operating Revenue		24,000		964,077
14400	Fuel & Oils	170322.20, 17 March 2022	Operating Expenses			24,000	940,077
14401	Tyres & Tubes	170322.20, 17 March 2022	Operating Expenses			5,000	935,077
008TF	Transfer from Plant Reserve	170322.20, 17 March 2022	Capital Expenses			100,000	835,077
021TF	Transfer from Mt Gibson Infrastructure Fund	170322.20, 17 March 2022	Capital Expenses			650,000	185,077
008TT	Transfer to Plant Reserve	170322.20, 17 March 2022	Capital Expenses			185,077	0

**NOTES TO THE STATEMENT OF FINANCIAL ACTIVITY
FOR THE PERIOD ENDED 31 MAY 2022**

**NOTE 16
EXPLANATION OF MATERIAL VARIANCES**

The material variance thresholds are adopted annually by Council as an indicator of whether the actual expenditure or revenue varies from the year to date Actual materially.

The material variance adopted by Council for the 2021-22 year is \$10,000 or 10.00% whichever is the greater.

Reporting Program	Var. \$	Var. %	Timing/ Permanent	Explanation of Variance
	\$	%		
Revenue from operating activities				
Governance	124,637	446.79%	▲ Permanent	This mostly reflects reimbursements for LGIS refunds on insurance payments, reimbursements of Centrelink parenting payments (The Shire pays the employee through our payroll and recovers the cost from Centrelink) and reimbursements for Synergy and Water Corp accounts on rental properties from tenants. \$60k was received in May from LGIS relating to Cyclone Seroja. In addition, an unbudgeted gain on the sale of a vehicle added \$16k to revenue.
General purpose funding - other	2,072,794	126.79%	▲ Permanent	Unbudgeted financial assistance grants for 2022-23 received in April of \$2.125m, partially offset by LRCI Phase 2 Funding which is \$127k less than the YTD budget.
Law, order and public safety	71,478	75.88%	▲ Permanent	The CESM reimbursement is \$75k above the YTD budget (this is a recovery of the expenditure incurred by FESA and 3 other Shires to employ a Community Services Manager). The Shire of Perenjori funds 10% of the costs associated with the position.
Education and welfare	18,006	24.55%	▲ Permanent	Childcare fees & sundry income above predictions YTD.
Housing	37,210	29.00%	▲ Permanent	Private housing revenue is \$60k better than the YTD budget as the Shire housing is currently fully rented due to the impact of cyclone Seroja. Housing allowance revenue is \$19k worse than the budget YTD as a housing allowance has been offered to all staff members which was approved after the budget adoption.
Community amenities	22,440	62.46%	▲ Permanent	Planning approval fees are \$7k above the YTD budget and unbudgeted grant income for \$8k was received from the National Australia Day Council in order to assist with a Community Development project and \$4k from CBH for its grass root fund.
Transport	(48,747)	(16.09%)	▼ Permanent	Profits from the sale of assets are \$50k lower than the YTD budget.
Other property and services	67,356	102.44%	▲ Permanent	Private and mining works income is \$8k better than the YTD budgets, unbudgeted revenue for the sale of scrap metal is \$7k, plant hire income \$9k and workers compensation reimbursements \$47k better than the YTD budget.
Expenditure from operating activities				
Governance	57,543	20.35%	▼ Permanent	Donation expenses are \$32k and consultant fees \$36k more than the YTD budget and are more than offset by savings in member expenses \$41k and ICT expenses \$70k.
General purpose funding	24,087	13.08%	▼ Timing	Training and conference fees are \$10k, valuation fees \$5k and admin allocations \$8k under the YTD budget. These are currently sitting below budget as the current allocation has not been utilised to date.
Education and welfare	107,946	20.79%	▼ Permanent	PECC salary related costs are \$54k, depreciation expense \$15k, youth activities \$9k and housing allocation \$14k lower than the YTD budget. These are mostly due to staff changes and staff positions (one being a trainee).
Housing	(138,619)	(55.28%)	▲ Permanent	Staff and non-staff housing costs are \$49k, depreciation \$21k and housing allocations \$65k over the YTD budget.
Community amenities	174,658	26.13%	▼ Permanent	A year budget of \$150k was provided for Western Power to assist with the underground power in the main street of Perenjori if required, and has not been utilised. This includes \$42k YTD for the transfer station. The refuse site is \$17k, public convenience maintenance expense \$63k, the project for Aboriginal History \$19k and the cemetery are \$7k under the YTD budget.
Recreation and culture	154,591	10.37%	▼ Permanent	A number of recreation facility related expenses are below the YTD budget, including the Latham Hall (\$63k), golf and bowls (\$6k), Perenjori Oval (\$24k), sports club insurance (\$4k) and the Museum and Tourist Bureau (\$34k). In addition, admin and housing allocations are \$27k lower than the YTD budget.
Other property and services	(135,891)	(122.50%)	▲ Permanent	Public works overhead is over-allocated by only \$25k, which will return to \$0 at year end when all allocations are finalised. Depreciation is \$22k and employee related costs are \$100k higher than the YTD budget (including unbudgeted workers compensation wages and parental leave expenditure totalling \$89k). Note that workers compensation recoveries from the insurer sit with 'Other property and services' revenue.
Investing activities				
Proceeds from non-operating grants, subsidies and contributions	(335,108)	(25.73%)	▼ Timing	RRG grants are \$469k lower than the YTD budget. This grant program is reliant on completion of works and submission of reports when milestones are completed to receive funding. \$180k is due from the March quarter submission. Partly offsetting this shortfall are unbudgeted grants received from DFES for the purchase of the 4 caravans of \$134k.
Proceeds from disposal of assets	23,909	24.65%	▲ Timing	Refer to Note 7 Disposal of Assets for details.
Payments for property, plant and equipment and infrastructure	1,203,666	30.47%	▼ Timing	Note 8 Capital Acquisitions detail the items which are currently under budget and still pending. The assumption is given the current economic circumstances and the current COVID situation not all of these budgeted items will proceed or reach completion in this financial year. Currently it is a timing issue and an effort is being made to try and complete as much of the capital expenditure programs as possible before year end.
Financing activities				
Proceeds from new debentures	(500,000)	(100.00%)	▼ Permanent	New loan not to be pursued in 2021-22.
Transfer to reserves	(1,370)	(15.43%)	▲ Permanent	Term deposit interest maturity receipted to reserve accounts less than YTD budget.

KEY INFORMATION

▲ ▼ Indicates a variance between Year to Date (YTD) Actual and YTD Actual data as per the adopted materiality threshold.

This statement is to be read in conjunction with the accompanying Financial Statements and notes.