

# SHIRE OF CRANBROOK

## BUDGET REVIEW REPORT

### FOR THE PERIOD ENDED 31 DECEMBER 2025

*LOCAL GOVERNMENT ACT 1995*

*LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996*

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

		Budget v Actual			Estimated	Predicted	
Note	Adopted Budget	Updated Budget	Year to Date Actual	Year at End Amount (b)	Variance (b) - (a)		
		Estimates (a)					
		\$	\$	\$	\$	\$	
<b>OPERATING ACTIVITIES</b>							
<b>Revenue from operating activities</b>							
General rates	4.1	3,245,442	3,245,442	3,245,525	3,219,289	(26,153)	▼
Rates excluding general rates	4.2	85,000	85,000	85,218	85,219	219	▲
Grants, subsidies and contributions	4.3	1,265,199	1,265,199	814,931	1,425,566	160,367	▲
Fees and charges	4.4	392,008	392,008	343,302	456,917	64,909	▲
Interest revenue	4.5	194,200	194,200	57,248	195,410	1,210	▲
Other revenue		205,225	205,225	176,234	205,225	0	
Profit on asset disposals		242,749	242,749	20,688	242,749	0	
		5,629,823	5,629,823	4,743,146	5,830,375	200,552	
<b>Expenditure from operating activities</b>							
Employee costs	4.6	(3,183,109)	(3,183,109)	(1,612,474)	(3,333,495)	(150,386)	▼
Materials and contracts	4.7	(1,612,073)	(1,594,890)	(910,769)	(1,752,692)	(157,802)	▼
Utility charges	4.8	(136,964)	(136,964)	(90,752)	(163,345)	(26,381)	▼
Depreciation	4.9	(7,177,819)	(7,177,819)	(3,674,742)	(7,349,484)	(171,665)	▼
Finance costs		(423)	(423)	(19)	(423)	0	
Insurance	4.10	(261,158)	(261,158)	(260,936)	(260,936)	222	▲
Other expenditure	4.11	(123,762)	(123,762)	(48,002)	(121,788)	1,974	▲
Loss on asset disposals		(3,604)	(3,604)	0	(3,604)	0	
		(12,498,912)	(12,481,729)	(6,597,694)	(12,985,767)	(504,038)	
Non-cash amounts excluded from operating activities	4.12	6,938,674	6,938,674	3,654,054	7,110,339	171,665	▲
<b>Amount attributable to operating activities</b>		69,585	86,768	1,799,506	(45,053)	(131,821)	
<b>INVESTING ACTIVITIES</b>							
<b>Inflows from investing activities</b>							
Capital grants, subsidies and contributions		4,742,205	4,742,205	1,405,026	4,742,205		
Proceeds from disposal of assets		578,306	578,306	233,781	578,306		
		5,320,511	5,320,511	1,638,807	5,320,511	0	
<b>Outflows from investing activities</b>							
Purchase of land and buildings	4.13	(953,477)	(890,660)	(702,364)	(895,703)	(5,043)	▼
Purchase of plant and equipment	4.14	(1,521,041)	(1,521,041)	(78,856)	(1,538,134)	(17,093)	▼
Purchase and construction of infrastructure-roads		(4,110,227)	(4,110,227)	(986,240)	(4,110,227)		
Purchase and construction of infrastructure-other	4.15	(1,480,256)	(1,560,256)	(254,719)	(1,554,756)	5,500	▲
		(8,065,001)	(8,082,184)	(2,022,179)	(8,098,820)	(16,636)	
<b>Amount attributable to investing activities</b>		(2,744,490)	(2,761,673)	(383,372)	(2,778,309)	(16,636)	
<b>FINANCING ACTIVITIES</b>							
<b>Cash inflows from financing activities</b>							
Transfers from reserve accounts		937,475	937,475	0	937,475	0	
		937,475	937,475	0	937,475	0	
<b>Cash outflows from financing activities</b>							
Payments for principal portion of lease liabilities		(6,542)	(6,542)	(6,542)	(6,542)	0	
Transfers to reserve accounts		(282,240)	(282,240)	(17,269)	(282,240)	0	
		(288,782)	(288,782)	(23,811)	(288,782)	0	
<b>Amount attributable to financing activities</b>		648,693	648,693	(23,811)	648,693	0	
<b>MOVEMENT IN SURPLUS OR DEFICIT</b>							
<b>Surplus or deficit at the start of the financial year</b>	4.16	2,026,212	2,026,212	2,174,669	2,174,669	148,457	▲
Amount attributable to operating activities		69,585	86,768	1,799,506	(45,053)	(131,821)	
Amount attributable to investing activities		(2,744,490)	(2,761,673)	(383,372)	(2,778,309)	(16,636)	
Amount attributable to financing activities		648,693	648,693	(23,811)	648,693	0	
<b>Surplus or deficit after imposition of general rates</b>	3(a),4.17	0	0	3,566,992	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 Cranbrook 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 Cranbrook 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:

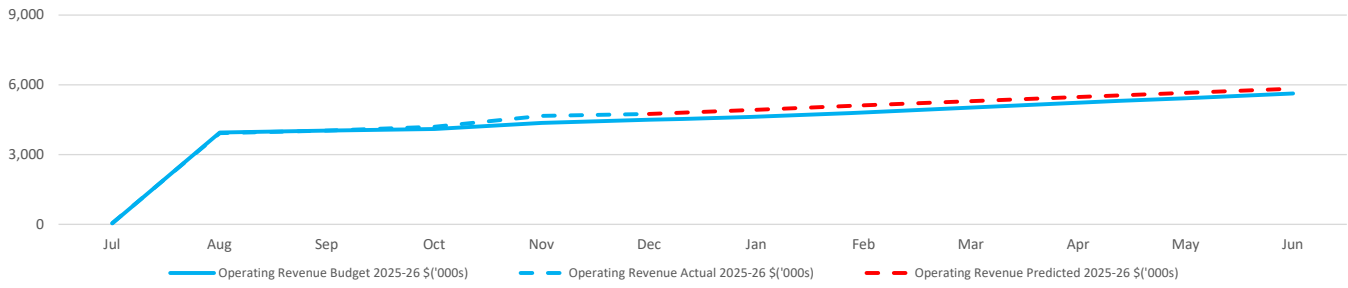
- estimated fair value of certain financial assets
- impairment of financial assets
- estimation of fair values of land and buildings, infrastructure and investment property
- estimation uncertainties made in relation to lease accounting
- estimation of fair values of provisions

### **MATERIAL ACCOUNTING POLICIES**

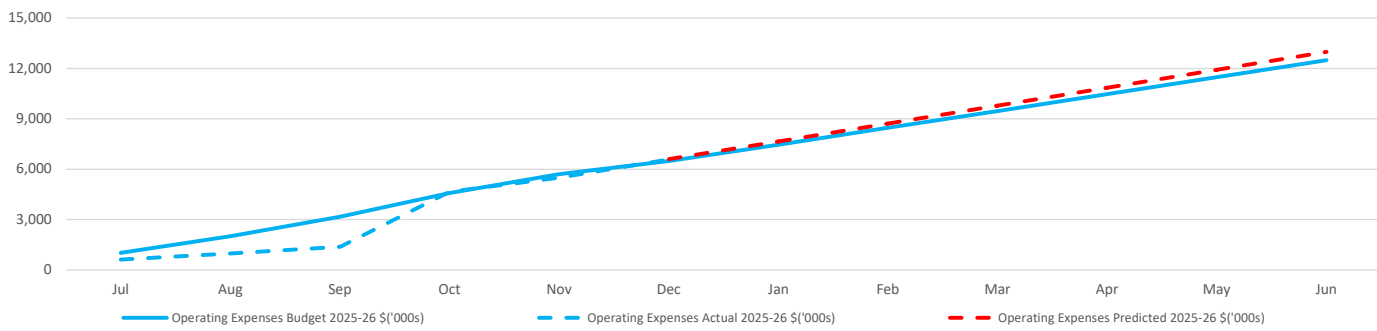
Material accounting policies utilised in the preparation of these statements are as described within the 2025-26 Annual Budget. Please refer to the adopted budget document for details of these policies.

2. SUMMARY GRAPHS - BUDGET REVIEW

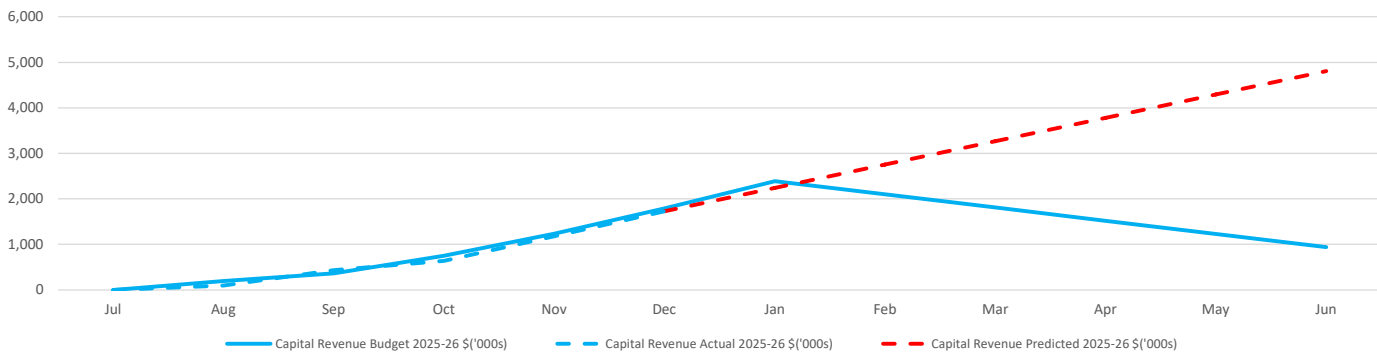
Operating Revenue



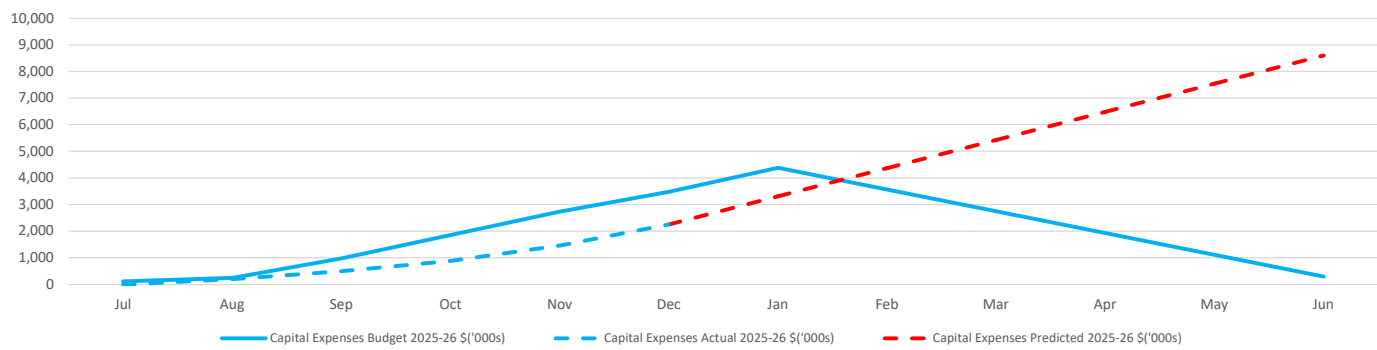
Operating Expenses



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	31 December 2025	End Amount
	\$	\$	\$	\$	\$
<b>Current assets</b>					
Cash and cash equivalents	5,590,480	3,746,252	3,746,252	6,142,314	3,746,252
Financial assets	10,500	5,500	5,500	7,000	5,500
Trade and other receivables	437,073	172,606	172,606	1,601,419	172,606
Inventories	42,013	42,725	42,725	32,551	42,725
Other assets	138,428	0	0	0	0
Contract assets	626,519	0	0	246,451	0
	6,845,013	3,967,083	3,967,083	8,029,735	3,967,083
<b>Less: current liabilities</b>					
Trade and other payables	(710,256)	(659,274)		(300,659)	(659,274)
Contract liabilities	(28,477)	0		(352,468)	0
Lease liabilities	(6,542)	0		0	0
Employee related provisions	(401,909)	(410,677)		(401,909)	(401,909)
Other provisions		(57,666)		0	(57,666)
	(1,147,184)	(1,127,617)	0	(1,055,036)	(1,118,849)
<b>Net current assets</b>	5,697,829	2,839,466	3,967,083	6,974,699	2,848,234
Less: Total adjustments to net current assets	(3,523,160)	(2,869,466)	(2,869,466)	(3,542,848)	(2,869,466)
<b>Closing funding surplus / (deficit)</b>	2,174,669	(30,000)	1,097,617	3,431,851	(21,232)

(b) Current assets and liabilities excluded from budgeted deficiency

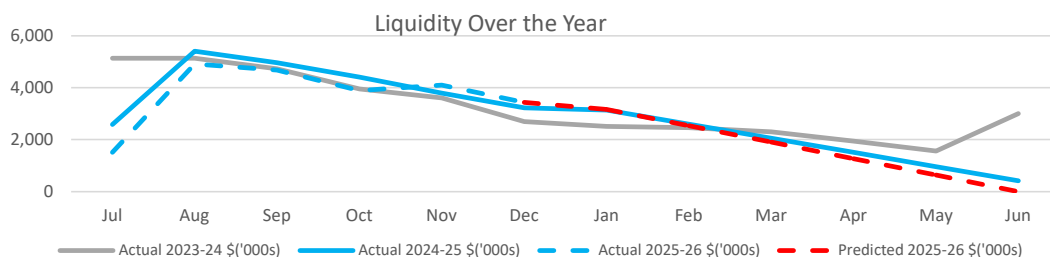
The following current assets and liabilities have been excluded from the net current assets used in the Statement of Financial Activity in accordance with *Financial Management Regulation 32* to agree to the surplus/(deficit) after imposition of general rates.

Adjustments to net current assets	Audited Actual	Adopted Budget	Updated Budget	Year to Date Actual	Estimated Year at
	30 June 2025	30 June 2026	Estimates	31 December 2025	End Amount
	\$	\$	\$	\$	\$
Less: Reserve accounts	(3,651,498)	(2,996,262)	(2,996,262)	(3,668,766)	(2,996,262)
Less: Financial assets at amortised cost - self supporting loans	(10,500)	(5,500)	(5,500)	(7,000)	(5,500)
Add: Current liabilities not expected to be cleared at end of year					
- Current portion of lease liabilities	6,542	0		0	0
- Employee benefit provisions	132,296	132,296	132,296	132,918	132,296
<b>Total adjustments to net current assets</b>	(3,523,160)	(2,869,466)	(2,869,466)	(3,542,848)	(2,869,466)

(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*.

Adjustments to operating activities	Audited Actual	Adopted Budget	Updated Budget	Year to Date Actual	Estimated Year at
	30 June 2025	30 June 2026	Estimates	31 December 2025	End Amount
	\$	\$	\$	\$	\$
Less: Profit on asset disposals	(181,281)	(242,749)	(242,749)	(20,688)	(242,749)
Less: Fair value adjustments to financial assets at fair value through profit or loss	(2,663)				0
Add: Loss on disposal of assets	16,200	3,604	3,604	0	3,604
Add: Depreciation on assets	7,183,785	7,177,819	7,177,819	3,674,742	7,349,484
Non-cash movements in non-current assets and liabilities					
Pensioner deferred rates	5,794	0	0	0	0
<b>Non-cash amounts excluded from operating activities</b>	7,021,835	6,938,674	6,938,674	3,654,054	7,110,339



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

**4 PREDICTED VARIANCES**

		<b>Variance</b>
		<b>\$</b>
<b>Revenue from operating activities</b>		
4.1	<b>General rates</b> Rates are less than originally budgeted due to the Forrest Products Commission non payment of rates	(26,153) ▼
4.2	<b>Rates excluding general rates</b> Slight increase to Ex Gratia rates received	219 ▲
4.3	<b>Grants, subsidies and contributions</b> Increase due to additional Financial Assistance Grant revenue	160,367 ▲
4.4	<b>Fees and charges</b> Increase due to additional Private Works income from Oil Spill	64,909 ▲
4.5	<b>Interest revenue</b> Increase due to improved Interest Rates on investments	1,210 ▲
<b>Expenditure from operating activities</b>		
4.6	<b>Employee costs</b> Employee costs are higher than originally budgeted due to staff movement and increases in pay levels	(150,386) ▼
4.7	<b>Materials and contracts</b> Higher due to the use of contractors when staff numbers were low and unexpected weather events created damage that urgently needed repairing	(157,802) ▼
4.8	<b>Utility charges</b> Utilities expense is higher due to increased charge rates not anticipated at budget	(26,381) ▼
4.9	<b>Depreciation</b> Increase to roads infrastructure depreciation is a non-cash item and not reflected in the surplus/deficit	(171,665) ▼
4.10	<b>Insurance</b> Slightly lower insurance charges than anticipated	222 ▲
4.11	<b>Other expenditure</b> Variance from an IE code correction and income from the Hollow Log event	1,974 ▲
4.12	<b>Non-cash amounts excluded from operating activities</b> See Depreciation	171,665 ▲
<b>Outflows from investing activities</b>		
4.13	<b>Purchase of land and buildings</b> Fire shed came in slightly higher than anticipated	(5,043) ▼
4.14	<b>Purchase of plant and equipment</b> Savings on light vehicle purchases	(17,093) ▼
4.15	<b>Purchase and construction of infrastructure-other</b> Bowling Green came in slightly lower than anticipated	5,500 ▲
4.16	<b>Surplus or deficit at the start of the financial year</b> Adjustments to opening surplus as part of 2024/25 annual financial audit process	148,457 ▲
4.17	<b>Surplus or deficit after imposition of general rates</b> Sum of the above	0 0.00 ▲