



# **ATTACHMENTS**

**Audit Risk and Improvement Committee  
Meeting  
Under Separate Cover  
Tuesday, 10 February 2026**

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10.1.1 Budget Review Report

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## SHIRE OF KONDININ

### 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 KONDININ  
STATEMENT OF BUDGET REVIEW  
FOR THE PERIOD ENDED 31 DECEMBER 2025

Budget v Actual					
Note	Adopted Budget	Updated Budget Estimates	Year to Date Actual	Estimated Year at End Amount	Predicted Variance
	\$	(a)	\$	(b)	(b) - (a)
<b>OPERATING ACTIVITIES</b>					
<b>Revenue from operating activities</b>					
General rates	3,817,957	3,817,957	3,790,657	3,786,971	(30,986) ▼
Grants, subsidies and contributions	1,905,396	1,905,396	1,114,135	1,905,396	0
Fees and charges	1,292,750	1,292,750	638,545	1,143,801	(148,949) ▼
Service charges	0	0	0	0	0
Interest revenue	275,394	275,394	90,743	267,809	(7,585) ▼
Other revenue	391,312	391,312	223,275	426,884	35,572 ▲
Profit on asset disposals	46,524	46,524	20,464	46,524	0
	7,729,333	7,729,333	5,877,819	7,577,386	(151,947)
<b>Expenditure from operating activities</b>					
Employee costs	(2,429,594)	(2,429,594)	(1,127,441)	(2,334,404)	95,190 ▲
Materials and contracts	(3,161,349)	(3,191,349)	(1,150,891)	(3,052,905)	108,444 ▲
Utility charges	(414,566)	(414,566)	(141,176)	(414,566)	0
Depreciation	(10,484,642)	(10,484,642)	(5,225,948)	(10,484,642)	0
Finance costs	(185,352)	(185,352)	(73,458)	(185,352)	0
Insurance	(321,864)	(321,864)	(331,406)	(346,979)	(25,115) ▼
Other expenditure	(227,828)	(227,828)	(101,917)	(227,828)	0
Loss on disposal of assets	(37,943)	(37,943)	(4,683)	(37,943)	0
	(17,263,138)	(17,293,138)	(8,156,919)	(17,084,820)	178,518
Non-cash amounts excluded from operating activities	10,476,060	10,476,061	5,210,167	10,476,061	0
<b>Amount attributable to operating activities</b>	<b>942,255</b>	<b>912,256</b>	<b>2,931,066</b>	<b>968,827</b>	<b>26,571</b>
<b>INVESTING ACTIVITIES</b>					
<b>Inflows from investing activities</b>					
Capital grants, subsidies and contributions	3,947,005	3,947,005	3,223,475	5,891,247	1,944,242 ▲
Proceeds from disposal of assets	328,000	328,000	84,884	328,000	0
Proceeds from self supporting loans	108,410	108,410	53,638	108,410	0
	4,383,415	4,383,415	3,361,997	6,327,657	0
<b>Outflows from investing activities</b>					
Purchase land and buildings	(3,108,501)	(3,108,501)	(1,588,293)	(3,062,211)	46,290 ▲
Purchase plant and equipment	(847,000)	(847,000)	(77,609)	(992,000)	(145,000) ▼
Purchase Infrastructure assets - roads	(4,252,205)	(4,252,205)	(2,996,309)	(6,189,429)	(1,937,224) ▼
Purchase infrastructure assets - other	(852,971)	(822,971)	(214,520)	(887,247)	(34,276) ▼
	(9,060,677)	(9,030,677)	(4,876,731)	(11,130,887)	(2,070,210)
Non-cash amounts excluded from investing activities	0	0	0	0	0
<b>Amount attributable to investing activities</b>	<b>(4,677,262)</b>	<b>(4,647,262)</b>	<b>(1,514,734)</b>	<b>(4,803,230)</b>	<b>(2,070,210)</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash inflows from financing activities</b>					
Transfer from reserve accounts	1,620,000	1,620,000	585,000	1,765,000	145,000 ▲
	1,620,000	1,620,000	585,000	1,765,000	145,000
<b>Cash outflows from financing activities</b>					
Repayment of borrowings	(271,390)	(271,390)	(134,243)	(271,390)	0
Transfer to reserve accounts	(289,004)	(289,004)	(193,075)	(305,643)	(16,639) ▼
	(560,394)	(560,394)	(327,318)	(577,033)	(16,639)
<b>Amount attributable to financing activities</b>	<b>1,059,606</b>	<b>1,059,606</b>	<b>257,682</b>	<b>1,187,968</b>	<b>128,361</b>
<b>MOVEMENT IN SURPLUS OR DEFICIT</b>					
Surplus or deficit at the start of the financial year	2,675,401	2,684,779	2,684,779	2,684,779	0
Amount attributable to operating activities	942,255	912,256	2,931,066	968,827	56,571
Amount attributable to investing activities	(4,677,262)	(4,647,262)	(1,514,734)	(4,803,230)	(155,968)
Amount attributable to financing activities	1,059,606	1,059,606	257,682	1,187,968	128,362
<b>Surplus or deficit after imposition of general rates</b>	<b>0</b>	<b>9,378</b>	<b>4,358,793</b>	<b>38,343</b>	<b>28,965</b>

**SHIRE OF KONDININ**  
**NOTES TO AND FORMING PART OF THE BUDGET REVIEW REPORT**  
**FOR THE PERIOD ENDED 31 DECEMBER 2025**

**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 Kondinin 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 cash flow and 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 Kondinin 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.

**Judgements and 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 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.

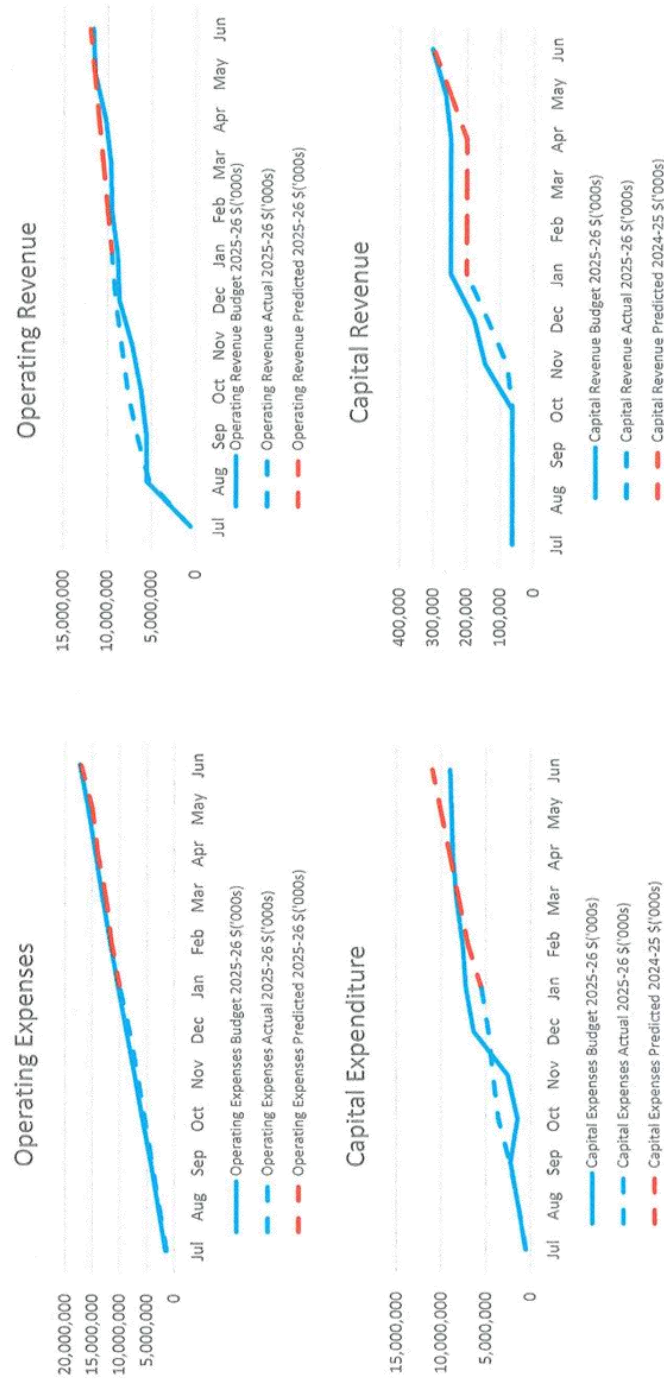
- estimated fair value of certain financial assets
- impairment of financial assets
- estimation of fair values of land and buildings, infrastructure and investment property
- estimation uncertainties made in relation to lease accounting
- estimation of fair values of provisions

**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.

**SHIRE OF KONDININ**  
**SUMMARY GRAPHS - BUDGET REVIEW**  
**For the Period Ended 31 December 2025**

**2. SUMMARY GRAPHS - BUDGET REVIEW**



This information is to be read in conjunction with the accompanying financial statements and notes.



SHIRE OF KONDININ  
NOTES TO THE BUDGET REVIEW REPORT  
FOR THE PERIOD ENDED 31 DECEMBER 2025

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	Updated Budget Estimates 30 June 2026	Year to Date Actual 31 December 2025	Estimated Year at End Amount 30 June 2026
<b>(a) Composition of estimated net current assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	8,726,574	5,886,722	5,886,722	8,526,889	7,515,687
Financial assets	108,410	54,772	54,772	54,772	113,045
Trade and other receivables	495,766	785,228	785,228	961,767	785,228
Inventories	7,148	20,000	20,000	30,904	20,000
Other assets	14,087	0	0	961	0
Contract assets	63,868	0	0	0	0
	9,415,853	6,746,722	6,746,721	9,575,393	8,433,960
<b>Less: current liabilities</b>					
Trade and other payables	(1,658,151)	(986,973)	(986,973)	(310,475)	(986,973)
Capital grant/contribution liability	0	(2,044,115)	(2,044,115)	(278,765)	(3,612,156)
Borrowings	(271,390)	(271,390)	(271,390)	(137,146)	(283,261)
Employee related provisions	(485,162)	(502,370)	(502,370)	(485,162)	(502,370)
	(2,414,703)	(3,804,847)	(3,804,847)	(1,211,549)	(5,384,760)
<b>Net Current Assets</b>	7,001,149	2,941,874	2,941,874	8,363,844	3,049,200
<b>Less: Total adjustments to net current assets</b>	(4,316,371)	(2,941,874)	(2,941,874)	(4,005,051)	(3,075,007)
<b>Net current funding surplus / (deficit)</b>	2,684,779	0	0	4,358,793	(25,807)

**(b) Current assets and liabilities excluded from budgetary 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.

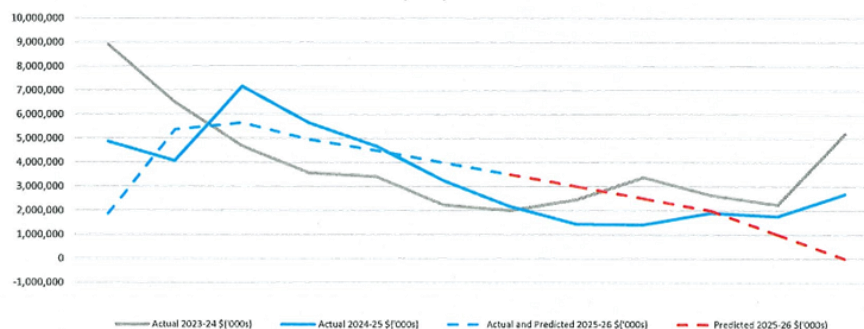
	Audited Actual 30 June 2025	Adopted Budget 30 June 2026	Updated Budget Estimates 30 June 2026	Year to Date Actual 31 December 2025	Estimated Year at End Amount 30 June 2026
<b>Adjustments to net current assets</b>					
Less: Reserve accounts	(4,479,350)	(3,148,354)	(3,148,354)	(4,087,425)	(3,293,354)
Less: Financial assets at amortised cost - self supporting loans	(108,410)	(108,410)	(108,410)	(54,772)	(108,410)
Less: Current assets not expected to be received at end of year - rates receivable	0	0	0	0	0
Add: Current portion of long term borrowings	271,390	271,390	271,390	137,146	283,261
Add: Provisions - employee	0	43,500	43,500	0	43,500
<b>Total adjustments to net current assets</b>	(4,316,371)	(2,941,874)	(2,941,874)	(4,005,051)	(3,075,007)

**(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	Updated Budget Estimates 30 June 2026	Year to Date Actual 31 December 2025	Estimated Year at End Amount 30 June 2026
<b>Adjustments to operating activities</b>					
Less: Profit on asset disposals	(70,202)	(48,524)	(48,524)	(20,464)	(48,524)
Less: Fair value adjustments to financial assets at fair value through profit or loss	2,663	0	0	0	0
Less: Fair value adjustments to investment in associate	24,424	0	0	0	0
Add: Loss on disposal of assets	9,472	37,943	15,125	4,683	37,943
Add: Depreciation	10,094,607	10,485,142	9,791,833	5,225,946	10,484,642
<b>Non-cash movements in non-current assets and liabilities:</b>					
Repossession of land and buildings	(345,965)	0	0	0	0
Pensioner deferred rates	581	0	0	0	0
Employee benefit provisions	18,500	0	0	0	0
<b>Non-cash amounts excluded from operating activities</b>	9,743,575	10,476,561	9,760,434	5,210,167	10,476,061

Liquidity Over the Year



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

4. PREDICTED VARIANCES

	Variance	F(U)
	\$	
<b>Revenue from operating activities</b>		
4.1 <b>General rates</b>	(30,986)	(U)
Lower due to property revaluation adjustment subsequent to budget adoption.		
4.2 <b>Fees and charges</b>	(148,949)	(U)
Mid November Medical practice changeover - new management a contractor. Adjustment of projected revenue for the financial year.		
4.3 <b>Interest revenue</b>	(7,585)	(U)
Net high and low in cash reserves and investments term deposits.		
4.4 <b>Other revenue</b>	35,572	F
Insurance reimbursement (claimed) not in the original budget.		
<b>Expenditure from operating activities</b>		
4.5 <b>Employees costs</b>	95,190	F
Adjustment of projected employees costs (medical centre) due to management changeover in November 2025.		
4.6 <b>Materials and contracts</b>	108,444	F
Adjustment of projected GP Locum costs (medical centre) due to management changeover in November 2025.		
4.7 <b>Insurance</b>	(25,115)	(U)
Added coverage for risk management program and adjustment of workers compensation premiums.		
<b>Inflows from investing activities</b>		
4.8 <b>Capital grants, subsidies and contributions</b>	1,944,242	F
Additional grants provided for roads construction at the nearby mining and windfarm projects.		
<b>Outflows from investing activities</b>		
4.9 <b>Purchase land and buildings</b>	46,290	F
Lower projected contractor's costs in current financial year due to progress payment towards the end of the last financial year.		
4.10 <b>Purchase plant and equipment</b>	(145,000)	(U)
Fleet replacement 2025-2026 amendment per Item 9.3.1 December OCM.		
4.11 <b>Purchase infrastructure assets - roads</b>	(1,937,224)	(U)
Additional grant funded roads per 4.8 above.		
4.12 <b>Purchase infrastructure assets - other</b>	(34,276)	(U)
Budget amendment per council resolution 4651 plus grant funded water tanks for community standpipes.		
<b>Cash inflows from financing activities</b>		
4.13 <b>Transfer from plant reserve account</b>	145,000	F
To cover for plant purchase/replacement per 4.10 above.		
<b>Cash outflows from financing activities</b>		
4.14 <b>Transfer of projected cash reserves interests (restricted).</b>	(16,639)	(U)
4.15 <b>Surplus or (deficit) after imposition of general rates</b>	28,965	F
Due to variances described above.		