14 REPORT OF THE DIRECTOR CORPORATE AND COMMERCIAL

14.1 Monthly Financial Report: July 2026

CSP Objective: Outcome 4.1 Public funds and assets are managed strategically, transparently and efficiently.

CSP Strategy: 4.1.1 Public funds are managed in accordance with Financial Management Standards and the Local Government Act, with accurate and timely reporting.

Delivery Program: 4.1.1.1 Strengthen financial reporting, ensure legislative compliance, and promote long-term sustainability by enhancing scrutiny and oversight processes while optimising funding opportunities, and improving procurement practices.

Summary

The Monthly Financial Report for YTD 31 July 2026 includes both consolidated and individual Income Statements for Council on a consolidated basis and some of its various business activities, along with summary program and service-level operating result information. A consolidated Statement of Financial Position is also provided. This report highlights any material variances from the year-to-date budget and outlines any changes to the adopted budget that have been approved outside the formal Quarterly Budget Review process.

Financial implication

This report relates directly to the financial performance of Council. Monitoring of the budget monthly enables timely financial management to effectively manage the resources available to Council to provide public services and amenities.

Risk implication

The risk related to this information is non-compliance with legislation for monitoring and reporting of Council's financial performance.

Part 9, Division 3, Clause 203 (1) of the *Local Government (General) Regulation 2021* legislates the preparation of this report. As such Kiama Council complies with the legislation by preparation of this report.

Policy

Local Government Act 1993

Local Government (General) Regulation 2021

Consultation (internal)

Chief Executive Officer

Director Corporate and Commercial

Budgeting and Analysis Team

Communication/Community engagement

N/A

Attachments
Nil

Enclosures

1 Monthly Financial Statements - July 2026⇨

RECOMMENDATION

That Council receives and adopts the Monthly Financial Report for July 2026.

1. Executive summary

The current Performance Improvement Order (PIO) received on 30 June 2026 specifies Council must demonstrate sustainable financial performance for the 2027-28 financial year, including a net surplus operating position before capital grants, and maintaining positive unrestricted cash balances. This report tracks progress on these key financial measures for 2026-27.

Progress against key financial metrics

Item ($'000)	YTD			Full Year		
	Actual	Budget	Variance	Original Budget	Adopted Budget	Variance
Net Operating Result before Capital Grants	782	383	399	(3,849)	(3,876)	(26)
Unrestricted Cash Balance	187	TBD	TBD	9,820	8,210	(1,610)

As at 31 July 2026, Council's YTD interim operating results of $782K from continuing operations before capital grants is $399K favourable to budget.

Council's YTD unrestricted cash position is $187K. Like previous years, cash reserves and unrestricted cash decrease in the month of July. This is due to the payment of year-end invoices and new year annual subscriptions, before the first rates instalment is received.

Changes to the projected year-end results are reflected in the adopted budget via the QBRS. Operating result changes relate to minor carry forward of expenditure, while the $1.6M reduction in unrestricted cash relates mainly to capital program carry forwards/revotes, which will be investigated and reviewed with a view to be re-balanced at an upcoming QBR. There may be instances where the funds have already been committed.

Results are interim, as financial year-end adjusting entries were not finalised at the time of report production.

2. Operating results

As at 31 July 2026, Council's YTD operating surplus of $782K before capital grants is $399K (104%) favourable to budget. When income from capital grants is included, the net operating result of $842K is favourable by $387K (85%).

Item ($'000)	YTD			Full Year		
	Actual	Budget	Variance	Original Budget	Adopted Budget	Variance
Operating Revenue	4,911	5,008	(97)	69,835	69,835	-
Operating Expenditure	4,070	4,554	484	66,375	66,402	(26)
Employee Benefits	2,140	2,218	78	29,139	29,139	-
Materials & Contracts	1,145	1,549	404	26,300	26,327	(26)
Other *(Borrowing costs & Other Expenses)*	16	18	3	1,708	1,708	-
Depreciation & Amortisation	769	769	-	9,228	9,228	-
Operating results	**842**	**454**	**387**	**3,460**	**3,433**	**(26)**
Capital Grants *(inc. in operating revenue above)*	60	72	(12)	7,309	7,309	-
Operating results before Capital Grants	**782**	**383**	**399**	**(3,849)**	**(3,876)**	**(26)**

Key material variances

Category	YTD vs Adopted Budget		Original v Adopted Budget – Full Year Change	
User charges and fees	$114K 7% (U)	• Holiday Parks $168K U lower occupancy with parks impacted by construction works and cost of living pressures reducing visitor discretionary spend • Leisure Centre $40K U – seasonal timing • Footpath occupation and other assessments revenue $48K F – backlog of processing • Other operations $46K F	N/A	N/A
Materials and Contracts	$404K 26% (F)	• Favourable timing variances across council relating to: - Utilities $93K F - Subscriptions & Licenses $60K - Building & other maintenance $56K F - Holiday Park Commission fees $30K F	$26K (U)	• Carry forward of expenditure committed from FY26.

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Category	YTD vs Adopted Budget		Original v Adopted Budget – Full Year Change	
		- Other minor variances totalling $165K F – in part due to the ongoing accrual finalisation at EOFY.		

Risks and opportunities

Emerging material financial risks and opportunities to the budget to be considered at a QBRS.

Description*	Amount ($'000)	Status
Nil		
Total Surplus/(Deficit)		

*Material risks & opportunities of $250K+ individually or in aggregate

3. Unrestricted cash

Overall cash balance decreased by $3.9M from $43.1M to $39.2M, with unrestricted cash decreasing by $4.98M to $187K. This seasonal reduction is due to the first instalment of Council rates and charges being due on 31 August 2026 (with a portion of payments falling into early September). In addition, the following significant events reduced or impacted cash balances:

- Capital works of $1.3M
- Software application subscription annual payments e.g. Microsoft, TechnologyOne: $1.2M
- No Blue Haven Terralong ILU sales (or refunds)

Based on the adopted budget, unrestricted cash is expected to rise to $8.2M by year end, pending audited unrestricted cash closing balance. Refer to the Investment Report – July 2026 for further detail.

Cash Balances ($'000)	Actual			Full Year		
	30/06/26	31/07/26	YTD Change	Original Budget	Adopted Budget	Variance
Total Cash, Cash Equivalents and Investments	43,106	39,194	(3,912)	50,346	46,484	(3,862)
Net Reserves (internal and external)	37,942	39,007	1,065	40,527	38,275	(2,252)
Unrestricted Cash	**5,164**	**187**	**(4,977)**	**9,820**	**8,210**	**(1,610)**

Performance Ratios as at July 2026

Operating Sustainability

Ratio	YTD Actual	Benchmark (Regional towns/cities)	Status
Operating Performance Ratio	16%	> 0.0%	●
Operating Performance Ratio (Excl. Depreciation)*	32%	> 20.0%	●
Own Source Revenue Ratio	95%	> 60.0%	●

** Indicates new ratio/proposed change to existing local government performance ratio*

The Operating Performance ratio is overly favourable for the month, due to lower materials and services – timing of expenditure/revenue will have a disproportionate impact early in the financial year.

Liquidity

Ratio	YTD Actual	Benchmark (Regional towns/cities)	Status
Unrestricted Current Ratio	0.4	> 1.5x	●
Unrestricted Cash Expense Cover Ratio	0.2	> 3.0 months	●

Leverage

Ratio	YTD Actual	Benchmark (Regional towns/cities)	Status
Debt Service Cover Ratio	168.6	> 2.0x	●

Developer Contributions

Ratio	YTD Actual	Benchmark (Regional towns/cities)	Status
Contributions Expenditure Performance Ratio	0%	≥ 20.0%	●

Appendix 1: Consolidated P&L

Consolidated Income Statement for the Period Ending 31 July 2026 *As of 31st August 2026,*	**Year to Date**				**Full Year**		
	Actual	**Adopted Budget**		**------ Variance ----**	**Last Year Actual**	**Original Budget**	**Adopted Budget**
	26-27	**26-27**		**26-27**	**25-26**	**26-27**	**26-27**
	$'000	**$'000**	**$'000**	**%**	**$'000**	**$'000**	**$'000**
Income							
Rates, Levies & Annual Charges	2,607	2,594	14	1%	30,333	31,287	31,287
User charges and fees	1,541	1,655	(114)	-7%	19,258	19,729	19,729
Interest & Investment Revenue	176	148	27	18%	1,725	1,780	1,780
Other Revenue	336	398	(62)	-16%	3,905	4,774	4,774
Operating Grants and Contributions	192	142	50	36%	5,112	4,727	4,727
Capital Grants and Contributions	60	72	(12)	-16%	9,938	7,309	7,309
Other Income	-	-	-	0%	2,279	135	135
Net Gain / (Loss) from disposal of assets	-	-	-	0%	453	93	93
Total Income from continuing operations	**4,911**	**5,008**	**(97)**	**-2%**	**73,030**	**69,835**	**69,835**
Expenses							
Employee Benefits	2,140	2,218	78	3%	30,173	29,139	29,139
Borrowing Costs	10	10	0	2%	66	667	667
Materials & Contracts	1,145	1,549	404	26%	26,203	26,300	26,327
Other Expenses	6	8	2	29%	1,322	1,040	1,040
Project costs re-classified to Operating					4,590		
Total Expenses from continuing operations	**3,301**	**3,785**	**484**	**13%**	**62,355**	**57,147**	**57,173**
Operating result from continuing operations excluding Depreciation & Amortisation	**1,611**	**1,223**	**387**	**32%**	**10,675**	**12,688**	**12,662**
Depreciation & Amortisation	769	769	-	0%	9,349	9,228	9,228
Operating result from continuing operations	**842**	**454**	**387**	**85%**	**1,298**	**3,460**	**3,433**
Net Operating result before grants and contributions provided for capital purposes	**782**	**362**	**420**	**116%**	**(8,639)**	**(3,849)**	**(3,876)**

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14.2 Statement of Investments - August 2026

CSP Objective:	Outcome 4.1 Public funds and assets are managed strategically, transparently and efficiently.
CSP Strategy:	4.1.1 Public funds are managed in accordance with Financial Management Standards and the Local Government Act, with accurate and timely reporting.
Delivery Program:	4.1.1.1 Strengthen financial reporting, ensure legislative compliance, and promote long-term sustainability by enhancing scrutiny and oversight processes while optimising funding opportunities, and improving procurement practices.

Summary

This report provides an overview of Council's cash and investment portfolio and investment performance as at 31 August 2026 and endorsement of the restricted funds position.

Financial implication

Investments are undertaken based upon the best rate on the day and after consideration of spreading Council's Investment risk across various institutions as per the Investment Policy and section 625 of the *Local Government Act 1993*. The distinction between restricted and unrestricted funds is a key operational and financial understanding.

Risk implication

The risk related to this information is non-compliance with Council's Investment Policy and Office of Local Government guidelines for appropriate monitoring and reporting of changes and the position of restricted funds.

Policy

Clause 625 of the *Local Government Act 1993*

Clause 212 of the *Local Government (General) Regulation 2021*

Kiama Municipal Council – Investment Policy

Kiama Municipal Council – Restricted Funds Policy

Consultation (internal)

Chief Executive Officer

Director Corporate and Commercial

Chief Financial Officer

Senior Financial Accountant

Communication/Community engagement

N/A

Attachments

Nil

Enclosures
Nil

RECOMMENDATION

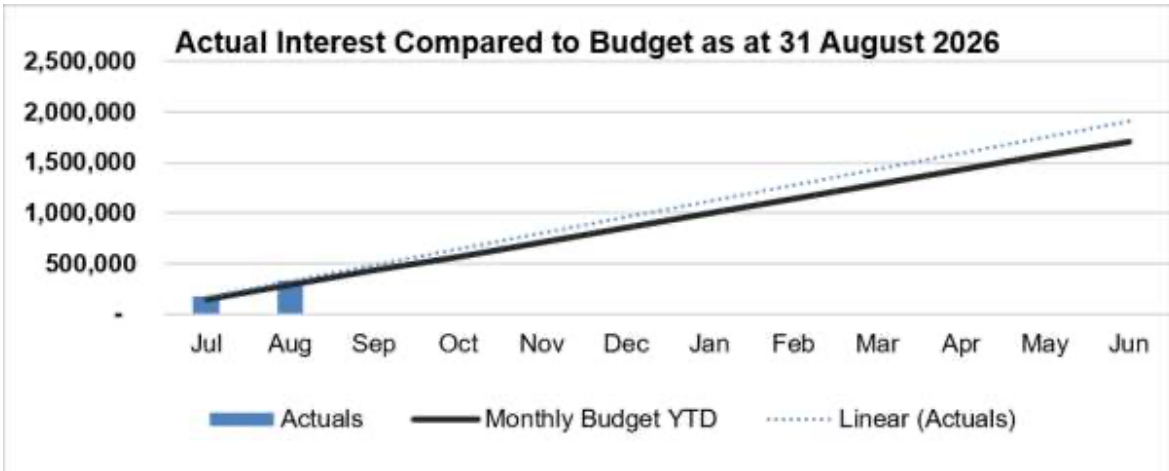
That Council receives the information relating to the Statement of Investments as at 31 August 2026.

Background

Council is required to invest its surplus funds in accordance with the Ministerial Investment Order and Office of Local Government guidelines. The Order reflects a conservative approach and restricts the investment types available to Council. Council's Investment Policy provides a framework for the credit quality, institutional diversification, and maturity constraints that Council's portfolio can be exposed to. Council's investment portfolio was controlled by Council's Finance Department during the period to ensure compliance with the Investment Policy. External investment advisor advice is also considered at the time.

Return on investments

For the month of August, excluding cash, the total portfolio provided a return of +0.43% (actual) or +5.24% p.a. (annualised), outperforming the benchmark AusBond Bank Bill Index return of +0.38% (actual) or +4.53% p.a. (annualised). All time periods are now comfortably above benchmark returns.



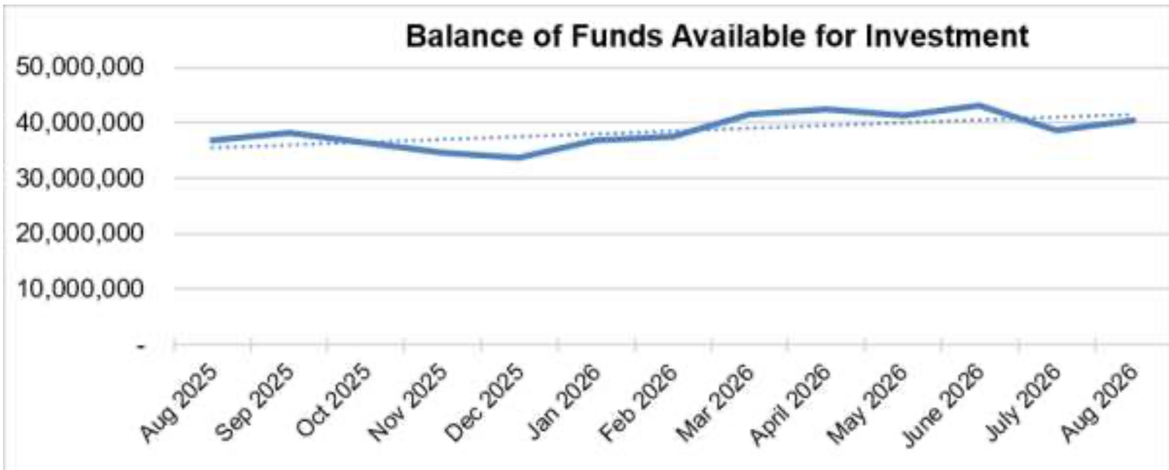
Council's portfolio has begun the 2026-27 financial year by outperforming interest benchmarks, with overall interest income performance exceeding the adopted 2026-27 Budget.

Portfolio compliance

As at month-end, all individual counterparties were within policy limits. Council will consider further diversification with new banks if they are competitive at the time of investment and within policy limits.

Compliant	Issuer	Rating	Invested ($)	Invested (%)	Max. Limit (%)	Available ($)
✓	Westpac	AA-	$5,490,848	13.90%	40%	$10,305,491
✓	NAB	AA-	$9,000,000	22.79%	40%	$6,796,339
✓	ING	A	$8,000,000	20.26%	30%	$3,847,254
✓	Bendigo and Adelaide	A-	$1,000,000	2.53%	30%	$10,847,254
✓	BOQ	A-	$4,000,000	10.13%	30%	$7,847,254
✓	Heritage Bank	BBB+	$2,000,000	5.06%	15%	$3,923,627
✓	Hume Bank	BBB+	$1,000,000	2.53%	15%	$4,923,627
✓	P&N Bank	BBB+	$5,000,000	12.66%	15%	$923,627
✓	State Bank of India	BBB	$4,000,000	10.13%	15%	$1,923,627
			$39,490,848	**100.00%**		

Movement in investments



Trades matured in August:

Issuer	Rating	Type	Interest	Purchase	Maturity	Rate %	Value
NAB	AA-	TD	At Maturity	06/08/2025	05/08/2026	4.16	1,000,000
Total							**1,000,000**

No new trades were entered into during August.

Portfolio summary:

Issuer	Rating	Type	Interest	Purchase	Maturity	Rate %	Value
NAB	AA-	TD	At Maturity	11/03/2026	09/09/2026	5.06	1,000,000
BOQ	A-	TD	Annual	08/04/2026	07/10/2026	5.34	1,000,000
BOQ	A-	TD	At Maturity	08/04/2026	07/10/2026	5.34	2,000,000
NAB	AA-	TD	Annual	14/01/2026	14/10/2026	4.50	1,000,000
P&N Bank	BBB+	TD	Annual	08/04/2026	21/10/2026	5.38	1,000,000
NAB	AA-	TD	At Maturity	04/09/2025	04/11/2026	4.11	1,000,000
ING Bank (Australia) Ltd	A	TD	Annual	18/12/2025	18/11/2026	4.55	2,000,000
BOQ	A-	TD	Annual	04/12/2025	02/12/2026	4.39	1,000,000
NAB	AA-	TD	Annual	24/06/2026	09/12/2026	5.24	2,000,000
State Bank of India, Sydney Branch	BBB	TD	At Maturity	29/04/2026	18/12/2026	5.35	2,000,000
ING Bank (Australia) Ltd	A	TD	At Maturity	07/01/2026	06/01/2027	4.64	1,000,000
P&N Bank	BBB+	TD	Annual	08/04/2026	13/01/2027	5.38	1,000,000
P&N Bank	BBB+	TD	Annual	08/04/2026	20/01/2027	5.38	1,000,000
ING Bank (Australia) Ltd	A	TD	At Maturity	04/02/2026	03/02/2027	4.83	1,000,000
ING Bank (Australia) Ltd	A	TD	At Maturity	11/02/2026	10/02/2027	4.89	2,000,000
ING Bank (Australia) Ltd	A	TD	At Maturity	11/03/2026	10/03/2027	5.14	1,000,000
NAB	AA-	TD	At Maturity	29/04/2026	24/03/2027	5.45	2,000,000
ING Bank (Australia) Ltd	A	TD	Annual	08/04/2026	07/04/2027	5.43	1,000,000
Bendigo and Adelaide	A-	TD	Annual	08/04/2026	14/04/2027	5.39	1,000,000
NAB	AA-	TD	Annual	27/05/2026	12/05/2027	5.35	1,000,000
Heritage and Peoples Choice Limited	BBB+	TD	At Maturity	08/07/2026	12/05/2027	5.35	2,000,000
State Bank of India, Sydney Branch	BBB	TD	At Maturity	28/05/2025	28/05/2027	4.25	1,000,000
P&N Bank	BBB+	TD	At Maturity	04/06/2026	09/06/2027	5.45	1,000,000
State Bank of India, Sydney Branch	BBB	TD	At Maturity	30/06/2026	23/06/2027	5.60	1,000,000
P&N Bank	BBB+	TD	Annual	10/06/2026	23/06/2027	5.40	1,000,000
Hume Bank	BBB+	TD	Annual	06/08/2025	04/08/2027	3.95	1,000,000
NAB	AA-	TD	Annual	27/05/2026	24/05/2028	5.35	1,000,000
Westpac	AA-	CASH	Monthly	31/08/2026	31/08/2026	4.26	5,490,848
NAB	AA-	TD	At Maturity	11/03/2026	09/09/2026	5.06	1,000,000
BOQ	A-	TD	Annual	08/04/2026	07/10/2026	5.34	1,000,000
BOQ	A-	TD	At Maturity	08/04/2026	07/10/2026	5.34	2,000,000
NAB	AA-	TD	Annual	14/01/2026	14/10/2026	4.50	1,000,000
P&N Bank	BBB+	TD	Annual	08/04/2026	21/10/2026	5.38	1,000,000
NAB	AA-	TD	At Maturity	04/09/2025	04/11/2026	4.11	1,000,000

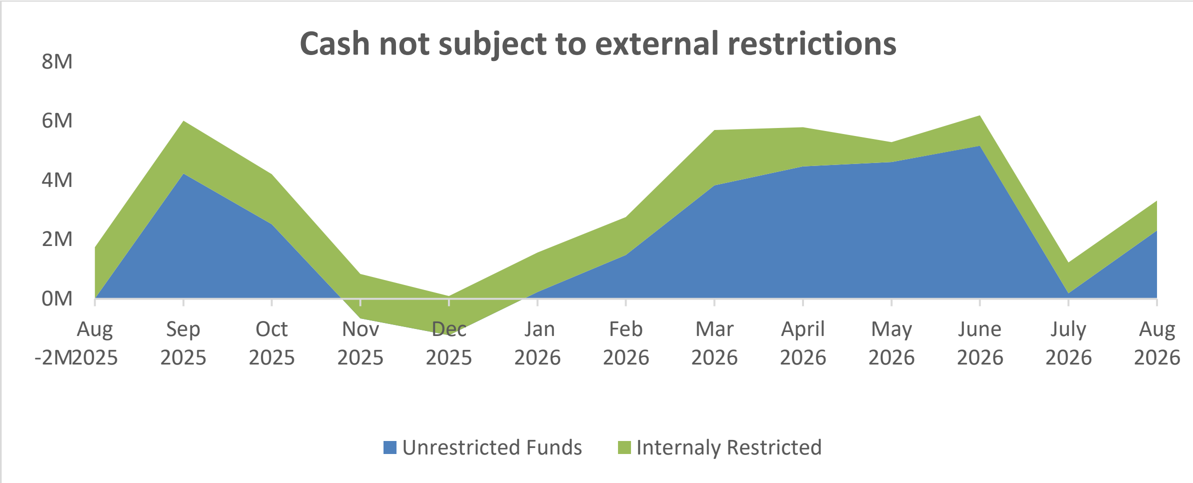
Issuer	Rating	Type	Interest	Purchase	Maturity	Rate %	Value
Westpac	AA-	CASH	Monthly	18/12/2025	18/11/2026	4.55	3,287,419
Total 39,490,848							

Restricted Funds movements

The restricted funds movement for August 2026 are presented in the tables below.

Cash and Investments Held	31/07/2026	Movement	31/08/2026
Cash at Bank - Transactional Account	3,287,419	2,203,430	5,490,848
Other Cash and Investments	35,000,000	(1,000,000)	34,000,000
Total Portfolio Balance (agrees to Arlo Advisory report)	**38,287,419**	**1,203,430**	**39,490,848**
Cash on Hand	5,400	100	5,500
Unpresented cheques & other items	901,107	(494,121)	406,986
Book Value of Cash and Investments	**39,193,925**	**709,408**	**39,903,334**
Unspent Loan Funding	400,000	-	400,000
Unexpended Grants	4,988,668	(1,195,039)	3,793,629
Developer Contributions (Unexpended)	15,700,195	138,020	15,838,215
Stormwater Levy	669,202	59,386	728,588
Security bonds, Deposits & Retentions	2,510,095	9,479	2,519,574
Crown Reserve	3,217,874	(413,726)	2,804,148
Domestic Waste Management	8,657,451	23,358	8,680,809
Blue Haven Terralong ILU Maintenance Levy	1,788,824	-	1,788,824
Roads Reserve	35,200	-	35,200
External Restrictions	**37,967,510**	**(1,378,523)**	**36,588,987**
Employee Leave Liabilities	1,440,502	-	1,440,502
Land Development	-	-	-
Temporary Funding of Disaster Recovery Funding Agreement Works	(998,420)	-	(998,420)
Blue Haven Terralong ILU Prudential Cover	500,000	-	500,000
Plant Replacement	-	-	-
Risk Improvement Incentive	96,954	(27,746)	69,208
Terralong ILU Capital Works	-		-
Internal Restrictions	**1,039,035**	**(27,746)**	**1,011,289**
Unrestricted Cash	**187,380**	**2,115,677**	**2,303,058**

Unrestricted funds



During the month of August Council's overall cash balance increased by $709K from $39.2 to $39.9M.

In addition, the following significant events affected cash balances:

- Rates Revenue $7.2M
- Grant revenue received $437K, this was offset by expenditure related project costs of $1M
- Capital works of $357K
- Plant purchases of $229K
- Net ILU refunds of $769K

As a result, Council's unrestricted cash increased overall by $2.1M during August to $2.3M. The majority of this increase is due to first quarter rates revenue being received, which will be utilised in the coming months until the next instalment, due on 31 December 2026. Although Council's overall unrestricted cash position is $2.3M, Council's cash forecast for 2026-27 shows that cash flow management will continue to remain critical.

The following table shows the formal use of these internal restricted reserves. No repayment of previous drawdowns of internal restricted reserves is planned at this stage until available funds exist. This will be reviewed during 2026/27 with a coinciding review of all restricted reserves.

Reference	Date effective	Reserve	Amount	Reason
24/316OC	30/11/2024	Waste Business Unit Reserve	**-1,420,704**	Insufficient unrestricted cash balance – to be repaid when funds available

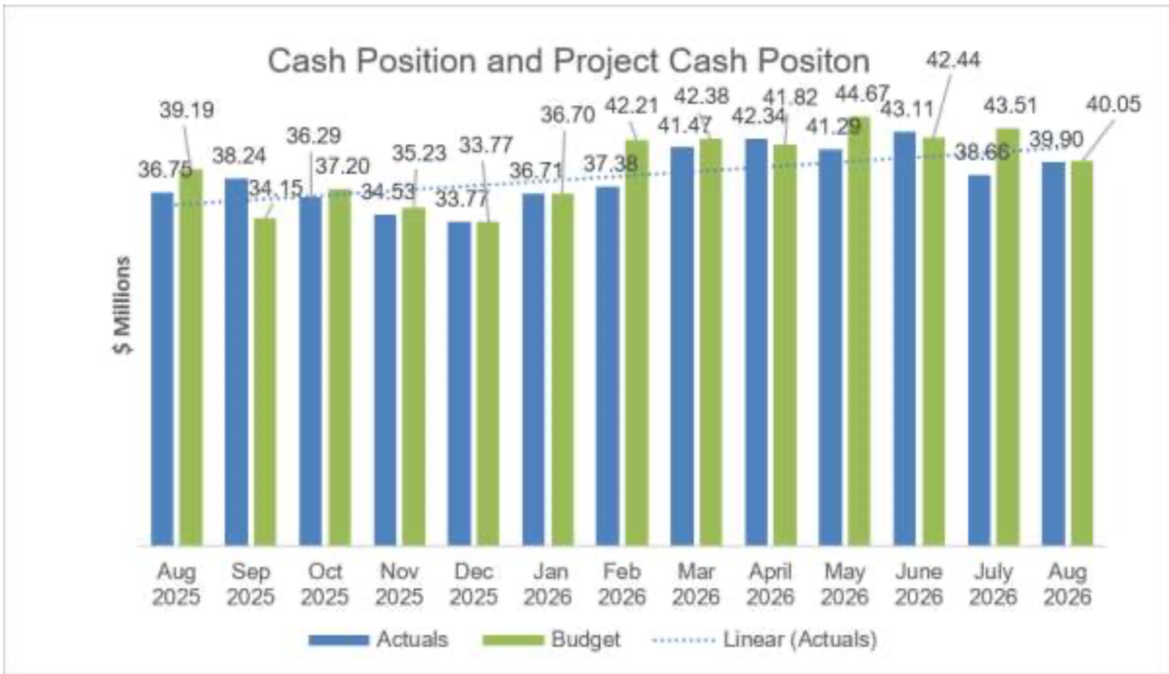
Reference	Date effective	Reserve	Amount	Reason
25/144OC	30/04/2025	Land Development	**-476,308**	Insufficient unrestricted cash balance – to be repaid when funds available
25/144OC	30/04/2025	Plant Replacement	**-900,000**	Insufficient unrestricted cash balance – to be repaid when funds available
25/144OC	30/04/2025	Terralong ILU Capital Works	**-1,100,000**	Insufficient unrestricted cash balance – to be repaid when funds available
25/259OC	31/07/2025	Plant Replacement	**-874,588**	Insufficient unrestricted cash balance – to be repaid when funds available
25/289OC	31/08/2025	Employee Leave Liabilities	**-1,500,000**	Insufficient unrestricted cash balance – to be repaid when funds available
25/289OC	31/08/2025	Terralong ILU Capital Works	**-1,000,000**	Insufficient unrestricted cash balance – to be repaid when funds available
		Total repayable transfers	**-7,271,600**	

As noted earlier and as per each resolution in accordance with the policy, above transfers will be repaid as soon as unrestricted funds become available. While the unrestricted cash position in the earlier table is positive, any possible transfer to the above reserves is not recommended at this stage. A review will be undertaken after the first Quarterly Budget Review to determine appropriate balance targets for each internal reserve and a report presented to Council. This information is a requirement of the varied performance improvement order and will be actioned as a priority.

Consolidated cash position and cash flow forecast

The below graph depicts the historical cash balances for a period of 12 months including August 2026, comparing to budget.

Note: The monthly profiling for the FY27 budget is in the process of being finalised.



Certification – Responsible Accounting Officer

I hereby certify that the investments listed in this report have been made in accordance with Section 625 of the *Local Government Act 1993*, clause 212 of the Local Government (General) Regulation 2021 and Council's Investment Policy.

Jose Diaz
Chief Financial Officer

08/09/2026